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CONSOLIDATED ANNUAL REPORT 2021

160 1862 - 2022

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Growing sustainably.

For a carbon neutral 2030

Postevita
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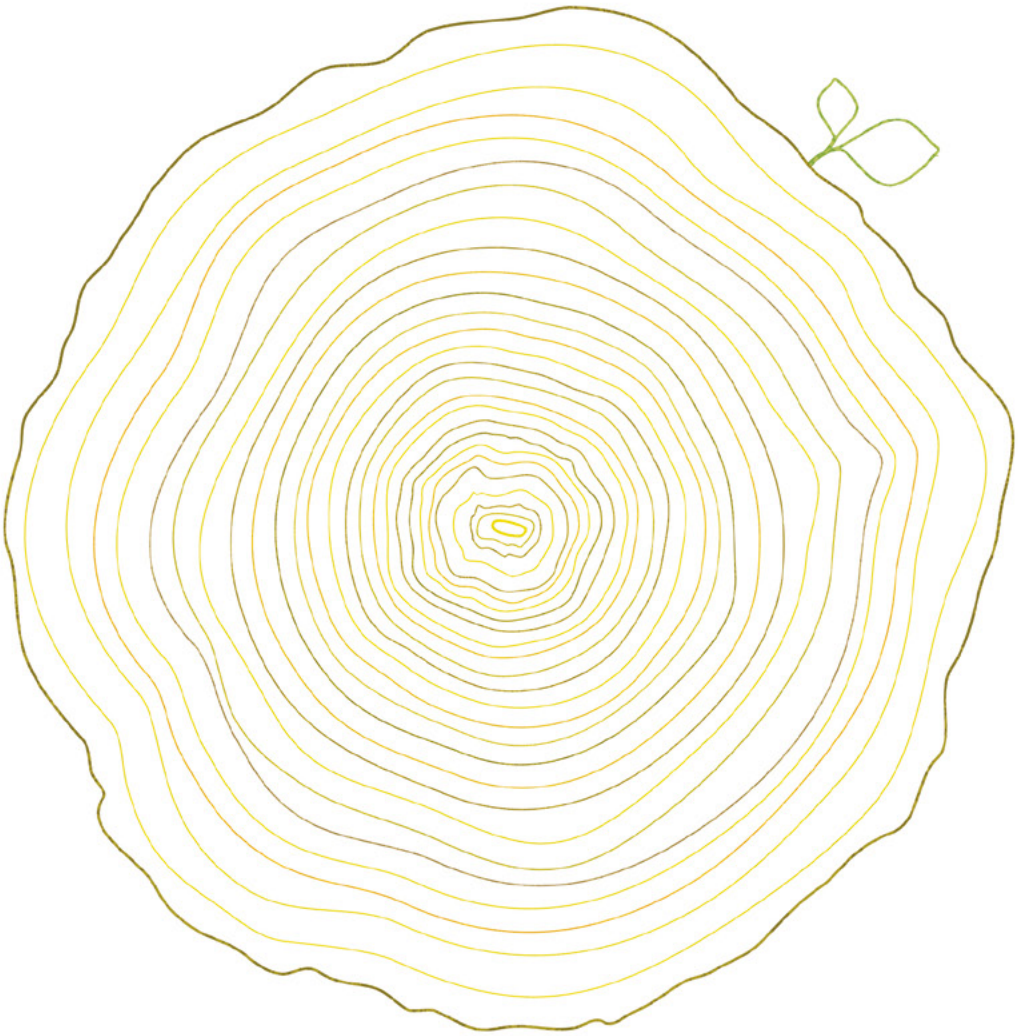
ROOTED IN OUR COUNTRY, BUILDING THE FUTURE.

CONSOLIDATED ANNUAL REPORT 2021



General

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Composition of the Corporate and Control Bodies of the Parent Company Poste Vita SpA

BOARD OF DIRECTORS[1]

Chairperson
Saverio Capolupo[2]

Chief Executive Officer and General Manager
Andrea Novelli

Directors
Vladimiro Ceci[2]
Laura Furlan
Guido Maria Nola
Maria Cristina Vismara[3]
Fulvia Astolfi[3]

Internal Control and Risks and Related Party Transactions Committee

Vladimiro Ceci[6] (Chairman)
Maria Cristina Vismara
Fulvia Astolfi

Remuneration Committee[2]

Guido Maria Nola (Chairman)
Maria Cristina Vismara
Fulvia Astolfi

1. The Board of Directors and the Board of Statutory Auditors were appointed by the General Meeting of Shareholders held on 19 May 2020 and will serve for three-year terms of office, until approval of the financial statements for 2022.
2. On 7 September 2021, the Board of Directors, following the resignation of Vladimiro Ceci from his position as Chairman of the Board of Directors of the Company and of Monica Biccari from her position as Director, appointed Saverio Capolupo as a Director, pursuant to article 2386, paragraph 1 of the Civil Code and as Chairman of the Board of Directors. At its meeting on 23 December 2021, the Shareholders' Meeting approved this appointment. Mr. Capolupo's term, pursuant to the provisions of article 2386, paragraph 3 of the Civil Code, will expire at the same time as the other members of the Board of Directors and, therefore, on the date the Shareholders' Meeting approves the Company's financial statements at 31 December 2022.
3. Independent Directors.

BOARD OF STATUTORY AUDITORS

Chairman
Luca Aurelio Guarna

Standing Auditors
Marco De Iapinis
Maria Giovanna Basile

Alternate Auditors
Mario Stefano Ravaccia
Mara Palacino

SUPERVISORY BOARD[4]

Chairman
Bruno Assumma

Members
Matteo Petrella
Luciano Loiodice

INDEPENDENT AUDITORS[5]

Deloitte&Touche SpA

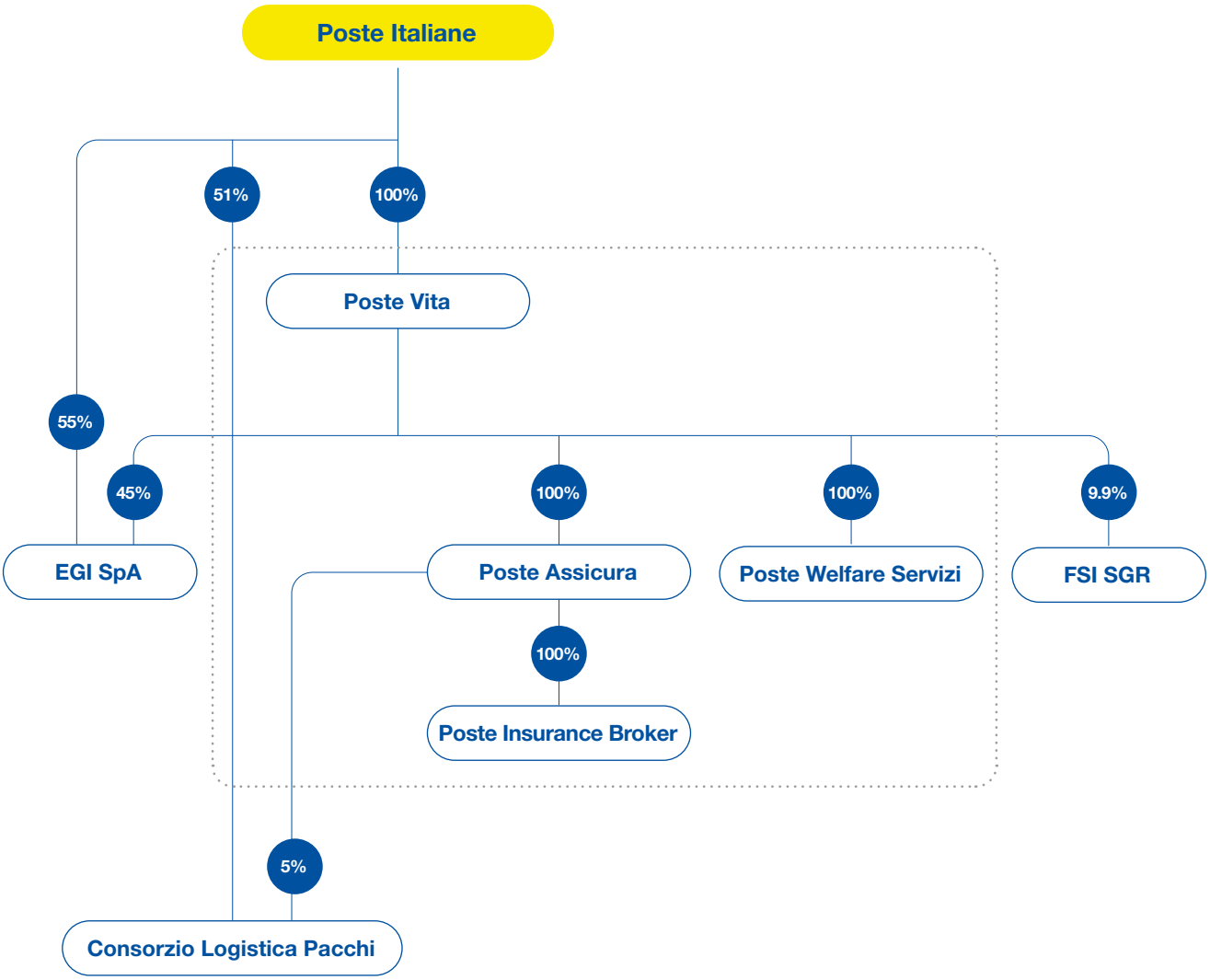
FINANCIAL REPORTING MANAGER[7]

Monica Biccari

4. The Supervisory Board, appointed by the Board of Directors at their meeting of 25 May 2021, has a three-year term of office that will expire on the date of approval of the financial statements for 2023.
5. The Shareholders' Meeting, which met on 28 November 2019, approved the engagement of Deloitte & Touche SpA to audit the annual and consolidated financial statements of Poste Vita for the nine year period from 2020-2028. The firm is the Group auditor selected following a single tender launched by Poste Italiane SpA in compliance with the provisions of Regulation (EU) 573 of 16 April 2014 and of Italian Legislative Decree 39 of 17 January 2010, as amended by Italian Legislative Decree 135/2016.
6. Vladimiro Ceci was appointed through a Board decision on 7 September 2021, to replace Monica Biccari, who had resigned from her position as Director and as Chair of the Internal Control and Risks and Related Party Transactions Committee.
7. Appointed by the Board of Directors on 30 September 2021.

Group Structure

The Poste Vita Insurance Group's current structure and its scope of consolidation are briefly described below:



The Poste Vita Insurance Group operates mainly in the life and non-life insurance sectors and has a leading position in the life sector and a growth strategy in the non-life sector.

The scope of consolidation includes:

1. Poste Assicura SpA, an insurance company founded in 2010 to provide non-life insurance, excluding motor insurance, wholly owned by the parent company Poste Vita;
2. Poste Welfare Servizi Srl, a company that primarily provides its customers with administrative, technical and software assistance relating to the management of healthcare funds and data acquisition and validation, also wholly owned by Poste Vita;
3. Poste Insurance Broker Srl, a company incorporated on 12 April 2019 and wholly owned by Poste Assicura SpA, has been engaged in insurance brokerage activities since December 2019, in accordance with its bylaws.

For the equity investment in Poste Welfare Servizi, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane SpA 100% of the shares held in Poste Welfare Servizi. The aforesaid operation was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares for a consideration of around € 70 million, a value that sits within the valuation range provided by the independent expert appointed by the company, as described in the “Other Information” section.

In relation to this, the Poste Vita Group proceeded to restate € 24.6 million in assets held by the subsidiary Poste Welfare Servizi, in accordance with IFRS 5, to item 6.1 of the assets “Non-current assets or disposal groups held for sale” and to restate € 6.6 million in liabilities held by the same subsidiary to item 6.1 of the liabilities “Liabilities included in disposal groups held for sale”.

Poste Assicura SpA, Poste Welfare Servizi Srl and Poste Insurance Broker Srl have relations with the Parent Company, Poste Vita, which are governed by specific service contracts, written and regulated at market conditions.

Additionally, Poste Vita holds a non-controlling interest in Europa Gestioni Immobiliari S.p.A (EGI), while mainly operates in the real estate sector, managing and developing Poste Italiane real estate assets no longer used in operations. This investment is not consolidated on a line by line basis but measured using the equity method.

On 30 June 2020, Poste Assicura SpA acquired 5% of the share capital of “Consorzio Logistica Pacchi Scpa” as a minority interest. The company mainly provides sorting, tracking and delivery services for the Poste Italiane SpA packages service. This investment is measured at cost.

In addition, the Parent Company, Poste Vita, holds a 9.9% interest in FSI SGR share capital (acquired from Cassa Depositi e Prestiti during the fourth quarter of 2016), which is not a controlling interest either in law or in fact, either individually or jointly, nor is it linked to Cassa Depositi e Prestiti and/or other shareholders of FSI SGR.

This investment is measured at fair value through profit or loss in accordance with IFRS 9.

Lastly, on 31 January the company transaction approved by the company’s Board of Directors on 28 April was finalised, regarding the entry of Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR SpA (hereinafter ECRA) through the subscription of a dedicated paid capital increase. Following the subscription of the capital increase, the company holds, at the reporting date, alongside Banco Posta Fondi SGR, a total equity investment (to be split equally between the two) equal to 40% of the share capital of ECRA and 24.5% of the voting rights.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1. Executive summary

In the period between 1 January 2021 and 31 December 2021 (hereinafter also "the period"), the management of the Poste Vita insurance group, in line with the strategic objectives set out in the 2021-2024 business plan, was mainly aimed at:

- consolidating the leadership in the life market through a rebalancing of the funding focused on the multi-class products that, albeit a priority with regard to the needs and characteristics of customers, also have greater added value in terms of lower capital absorption, and at the same time are characterised by a rather moderate risk/return profile but potentially with more attractive returns on investments for customers;
- achieving growth in the protection and welfare segment;
- in the non-life segment, the continuous development of the modular offer, the strong growth in the employee benefits business and the launch of the marketing of the new integrated offer with the parent company Poste Vita between life products and non-life guarantees.

The reclassified statement of profit or loss at 31 December 2021 is provided below, which distinguishes between the results achieved in Life and Non-Life Business, with comparison figures from the same period in 2020. In this document, numbers indicating monetary amounts are mainly indicated in millions of Euros, which is the functional currency of the Poste Vita Group. Therefore, there may be discrepancies in the final digit when adding expressed values, due to rounding.

	31/12/21			31/12/20		
RECLASSIFIED INCOME STATEMENT (€m)	**Non-life business**	**Life business**	**Total**	**Non-life business**	**Life business**	**Total**
Net premium revenue	**267.2**	**17,564.6**	**17,831.8**	**215.2**	**16,651.5**	**16,866.7**
Gross premium revenue	*297.0*	*17,574.1*	*17,871.1*	*236.5*	*16,661.1*	*16,897.6*
Outward reinsurance premiums	*(29.7)*	*(9.5)*	*(39.3)*	*(21.3)*	*(9.6)*	*(30.9)*
Fee income		81.1	81.1		55.8	55.8
Net finance income on securities related to traditional products	**8.5**	**3,365.0**	**3,373.5**	**7.0**	**3,365.5**	**3,372.5**
Income	*8.5*	*2,984.6*	*2,993.0*	*6.9*	*2,724.2*	*2,731.1*
Realised gains/losses	*0.1*	*162.5*	*162.6*	*0.2*	*15.5*	*15.7*
Unrealised gains/losses	*(0.0)*	*217.9*	*217.9*	*(0.1)*	*625.8*	*625.7*
Net financial income on unit-linked hedging securities		**590.3**	**590.3**		**141.9**	**141.9**
Net claims expenses	**(166.0)**	**(19,813.2)**	**(19,979.3)**	**(103.0)**	**(18,685.4)**	**(18,788.4)**
Claims paid	*(134.6)*	*(9,498.7)*	*(9,633.4)*	*(83.6)*	*(11,044.8)*	*(11,128.4)*
change in technical provisions	*(43.7)*	*(10,320.8)*	*(10,364.6)*	*(27.2)*	*(7,643.5)*	*(7,670.8)*
Share attributable to reinsurers	*12.3*	*6.4*	*18.7*	*7.9*	*2.9*	*10.8*
Investment management expenses	**(0.9)**	**(60.9)**	**(61.8)**	**(0.9)**	**(49.8)**	**(50.7)**
Operating expenses	**(66.6)**	**(601.1)**	**(667.7)**	**(50.4)**	**(529.6)**	**(580.0)**
Net commissions	*(43.4)*	*(483.6)*	*(527.0)*	*(28.6)*	*(433.4)*	*(462.0)*
Operating costs	*(23.2)*	*(117.6)*	*(140.8)*	*(21.8)*	*(96.2)*	*(118.0)*
Other net revenue / costs	**6.2**	**(55.0)**	**(48.8)**	**5.5**	**(41.4)**	**(35.9)**
GROSS OPERATING PROFIT	**48.4**	**1,070.8**	**1,119.2**	**73.5**	**908.5**	**982.0**
Net finance income from investment in free capital		100.0	100.0		90.5	90.5
Interest expense on subordinated debt	(0.0)	(46.1)	(46.1)		(47.8)	(47.8)
PROFIT BEFORE TAX	**48.3**	**1,124.7**	**1,173.1**	**73.5**	**951.1**	**1,024.6**
Taxes	**(10.8)**	**(336.2)**	**(346.9)**	**(17.2)**	**(226.3)**	**(243.4)**
NET PROFIT	**37.6**	**788.5**	**826.1**	**56.4**	**724.8**	**781.2**

Premiums from the Life segment during the period in question totalled around € 17.6 billion, recording an increase of around 5.5% compared to the figure from the previous twelve months with a strong contribution of funding pertaining to multi-class products. In particular, premiums related to the multi-class product increased from € 5.7 billion in late December 2020 to € 10.2 billion at the end of 2021, therefore increasing from 34% of the total funding to the current 57.8%, compared to the approximately 49% called for in the budget.

Outgoings for **payments** totalled around €9.5 billion, down by around €1.5 billion compared to the figure recorded in 2020, mainly due to a significant reduction in maturities (around -€3.2 billion) recorded in the period. The decrease in maturities was only partially offset by the increase in claims for around € 0.7 billion, also including the effect associated with dormant policies, and by the increase in surrenders which increased from around € 3.2 billion in December 2020 to the current € 4.2 billion, with a frequency compared to the initial reserves of around 3.1% against around 2.5% in the same period in 2020; a figure that nevertheless remains at levels much lower than the average market figure at 31 December 2021 (latest data published on the Ania website) of 6.08%[1].

In relation to this, the **net inflows** at the end of 2021 were positive for around € 8.1 billion, contributing to the increase in assets under management, and has significantly increased on the same figure from 2020 (around € 5.6 billion) thanks to the favourable trend in production and the significant reduction in the aforementioned maturities, as well as favourable changes in the COVID-19 pandemic.

In the **non-life segment**, the commercial results recorded **business** of € 311.2 million, an increase of € 72 million compared to the figure from the same period in 2020 (equal to € 239.6 million) driven by all sectors: i) payment protection (CPI) policies +43%; ii) the "goods, property and personal protection" line +17%; iii) the "welfare" segment with premiums increasing from € 83.4 million at the end of 2020 to the current € 121.5 million, mainly supported by the new distribution agreements signed with corporate customers (employee benefits). These premiums, net of the change in the premium reserve, came to € 297 million compared to € 236.5 million recorded in the same period in 2020.

Furthermore, during the period premiums were collected for € 7.6 million pertaining to the new integrated life/non-life offer, which for the purposes of preparing the Consolidated Financial Statements, are offset by the corresponding costs incurred by the parent company Poste Vita.

During 2021, **claims expenses** were equal to € 178.3 million compared to € 110.9 million in the same period in 2020, mainly due to the increase in the corporate "Illness" business and the "Accident" class.

In particular, in the context of the welfare business, a non-recurring loss was recorded in the period for around € 14 million. Furthermore, the result for the period was also formed of non-recurring components for around € 16 million, attributable for € 10 million to COVID guarantees granted to employees of the Poste Italiane Group participating in the Poste Italiane supplementary healthcare fund and for € 6 million to expenses for claims associated with the phenomenon of dormant policies. Against these dynamics, the overall loss ratio was 60.1%, compared to 46.9% in late December 2020.

Life business **technical provisions** at 31 December 2021, excluding the Deferred Policyholder Liability (DPL) reserve for around € 13.2 billion, described below, totalled around € 145.6 billion, recording an increase (around +€ 10 billion) on the figure from late 2020 (around € 135.6 billion) due to the aforementioned positive net inflows, as well as accrual of technical interest recognised to the insured parties. The item is mainly formed of: i) € 136.3 billion in mathematical reserves pertaining to traditional products (€ 129.2 billion in late 2020) and ii) € 7.8 billion (€ 5 billion at 31 December 2020) in reserves related to unit-linked products. With reference to the Non-life business, technical provisions at the end of the period amount to € 295.3 million, up (+€ 58.1 million) from € 237.2 million at the end of the period, given the growth in business.

In terms of **financial management,** the investment policy continues to be marked by the utmost prudence, based on the guidelines established by the Board of Directors. As a result, the portfolio is primarily invested in Italian government securities (representing around 56.2% in total of the entire portfolio compared to 60.2% at the end of the previous period). The remainder of the portfolio is mainly invested in UCITS style open-end harmonised multi-asset funds, disclosure of which is provided in the following pages, in addition to corporate bonds.

The returns gained during the period by Separately Managed Accounts were positive (2.64% for PostaPensione accounts and 2.35% for PostaValorePiù accounts) positively influenced during the period, by € 351 million (of which around € 338 million relative to pro-rata revaluation of the capital portion), for the increase in the Italian and European inflation rate relative to "inflation-linked" securities held in the portfolio for a nominal value of around € 9.4 billion at 31 December 2021 and for around € 109.6 million related to the conclusion of forward sales registered in the year.

The trends of the financial markets recorded during the period albeit positive were less favourable than at the end of 2020, giving

1. Source: Ania Trends – Life flows and provisions – Publication No. 4, February 2022

rise to a decrease in the unrealised capital gains that decreased from around € 18.4 billion in late 2020 to around € 13.5 billion at the end of the reporting period, referring almost exclusively to the investments included in the Separately Managed Accounts, and therefore reflected in the DPL reserve in compliance with the so-called "shadow accounting" methodology pursuant to IFRS5[2] (therefore, the balance of the DPL provisions decreased by around € 17.9 million at 31 December 2020 to around € 13.2 million at 31 December 2021).

As a result of the above operating and financial performance, technical provisions, including the DPL reserve, amount to € 159.1 billion, up from € 153.8 billion at the end of 2020.

In relation to the management of "**free capital**", the result continued to be positive (equal to around € 100 million) and increased compared to the figure reported at the end of December 2020 (equal to around € 90.5 million) mainly due to the registration during the period of higher ordinary income accrued on the portfolio mainly formed of Italian bonds.

Operating costs[3] came to € 140.8 million at the end of 2021, compared to € 118 million recognised in the same period of 2020, mainly relative to personnel expenses, commercial costs, costs for IT services and professional services/consulting to support the business. The increase recorded in the period for € 22.8 million is mainly attributable to the impact of higher costs for IT fees payable to the DTO function of Poste Italiane, and for professional services incurred also in support of the analyses conducted by the parent company Poste Vita for the IVASS inspection concluded with the inspection report on 26 July. This means that operating costs continue to remain in line with best market practices at 0.8% of earned premiums and 0.1% of provisions.

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By virtue of the trends mentioned, **gross profit for the period** was around € 1,173.1 million, up by € 148.5 million compared to the around € 1,024.6 million reported at 31 December 2020. Taking into account the estimate of the related taxation, determined with a tax rate of around 29.6%4, the **net result** was around € 826.1 million, up by around € 44.9 million compared to around € 781.2 million reported in the same period in 2020.

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Finally, note that the ratio between total financial assets and Poste Vita Group equity is equal to around 27.8, with a historic average in the three year period from 2019-2021 of around 30.2; this ratio is above the average for the Group's main market competitors, even if it has suffered a downward trend over time.

2. Application of the "shadow accounting" methodology, as an option adopted by the Company upon the initial application of IFRS9 on financial instruments from 2018, makes it possible to reduce the accounting mismatch existing between the fair value measurement of financial instruments according to IFRS9 and the measurement at cost of insurance liabilities according to IFRS4 (which, in turn, refers to national accounting standards).
3. Overheads allocated to acquisition costs and administrative expenses.
4. The tax rate for financial year 2020 (totalling approx. 23.8%) benefited from the application of the "Patent Box" subsidised taxation scheme, which led to lower taxes for approx. € 57.6 million.

Key performance indicators

A summary of the principal KPIs is shown below:

PRINCIPAL FINANCIAL KPIs (€m)	31/12/21	31/12/20	Change	
Equity	5,935.8	5,272.7	663.2	12.6%
Solvency SII ratio	285.4%	299.3%	(13.8%)	
Technical provisions for insurance business	159,089.9	153,794.7	5,295.1	3.4%
Financial Investments*	163,279.8	157,022.8	6,257.0	4.0%
Financial Investments/Shareholders' Equity***	27.8	30.3	-2.5	
Workforce	490	483	6.7	

PRINCIPAL OPERATIONAL KPIs	31/12/21	31/12/20	Change	
Gross premium revenue	17,871.1	16,897.6	973.5	5.8%
EBIT	1,119.2	982.0	137.2	14.0%
Net Profit	826.1	781.2	44.9	5.8%
ROE**	14.9%	16.3%	(1.4%)	(1.4%)
Return PostaValorePiù	2.35%	2.16%	0.2%	
Return PostaPensione	2.64%	2.82%	(0.2%)	
Surrender ration on initial reserves	3.1%	2.5%	0.6%	
Operating costs / Premiums	0.8%	0.7%	0.0	
Operating costs / Provisions	0.1%	0.1%	(0.0)	

* Including cash and cash equivalents.
** Calculated as the ratio between the net result for the period and the half sum of equity for the current year and equity for the previous year net of the FVOCI reserve.
*** Shareholders' equity is expressed net of the FVOCI reserve.

2. Economic and market environment

The most recent research indicates that the international economic cycle continues to expand, thanks to progress in vaccination campaigns and the loosening of pandemic restrictions, as well as the gradual recovery in the services sector. However, the upsurge in the pandemic and persistent shortages on the supply side have led to longer delivery times for suppliers, slowing production and increasing uncompleted orders in the manufacturing sector, which continues to create risks for a slowdown in global economic activity. In this context, the Global Purchase Manager Index in December 2021 continued to fall below the recent highs achieved (54.3 against 58.5 in May), although still in line with optimism, and was stable with regards to the levels of October for the second consecutive month.

Inflation has further increased almost everywhere, suffering from the increase in energy prices, normalisation of the sectors hardest hit by the pandemic and the recovery of internal demand: in OECD countries, YoY growth in the consumer price index in December was 6.5%.

This inflation, which is higher and more persistent than expected, has led central banks in the advanced economies to change their approaches, and they are beginning to normalise their monetary policies: the Federal Reserve and the ECB have begun to reduce their net purchases of financial assets, while the Bank of England raised the discount rate for the first time since October 2017.

Fiscal policies continue to be focussed on supporting economic growth, although in the future they are likely to be less expansive.

In the United States the macroeconomic situation saw a substantial change in the first half of 2021, thanks to the approval of a new package of fiscal stimulus measures ($ 1,900 billion) and the notable acceleration of the vaccination campaign, which allowed real GDP to return pre-pandemic levels by mid-2021. The US economy currently features excess demand which, combined with the rising costs of raw materials and issues in supply at the international level, is contributing to a persistent upward push in prices, even in sectors not directly affected by the pandemic. At the end of 2021, the consumer price index showed YoY growth of 7.0% with respect to the 1.4% recorded twelve months prior. In the labour market, economic growth translated to an unemployment rate of 3.9%, compared to 6.7% in December 2020.

Thanks to progress in vaccination campaigns, during 2021 the Eurozone became progressively more resilient to the effects of the pandemic, allowing governments to continue loosening restrictions, with positive impacts on mobility and production. Despite an overall positive trend, the Eurozone economy is still exposed to the negative effects of a worsening of the pandemic, the increase in energy prices, especially natural gas, and the supply side issues at the global level. Inflation YoY went from -0.3% in December 2020 to 5.0% in December 2021, driven by increases in energy prices, the upswing in the prices of inputs (due to supply chain issues) and the increase in prices due to demand in services sectors returning after restrictions began to be lifted. At the end of 2021, inflationary pressures appeared to be less intense than in the United States, but more widespread with respect to the initial part of the year and unlikely to disappear rapidly.

In Europe, the prospects for the British economy continue to be affected not only by trends in the pandemic but also shortages in sectors associated with distribution and post-Brexit obstacles. At the end of 2021, the Bank of England increased the cost of money from 0.10% to 0.25%, communicating that additional increases were possible to slow the increase in consumer prices, which in December were 7.5% YoY, compared to 1.2% 12 months prior.

In Italy, the acceleration of the vaccine campaign and the reopening of many services-sector businesses (for example, tourism) allowed economic growth to accelerate. Nonetheless, prospects for the economic recovery are still affected by supply side problems and the energy shock, as well as developments in the most recent wave of the pandemic.

The main emerging economies continue to see weaker cyclical conditions with respect to the advanced economies, above all in manufacturing. In Brazil and Russia inflationary pressures made it necessary to increase the cost of money. In China, where authorities are still implementing severe policies to limit the spread of the pandemic, the economy has showed signs of slowing, mainly due to the decrease in investments in the real estate sector.

Financial markets

During 2021, inflation expectations rose: expected forecasts in the United States rose from 1.97% at the beginning of the year to 2.41% at the end, while during the same period, that expected in the Eurozone rose from 1.26% to 1.97%. In the light of inflation trends and the change in the monetary policies implemented by the central banks, nominal returns on core government bonds have increased, only partially limited by the spread of Covid-19 variants. The **nominal ten year return on US government bonds** hence rose during 2021 from 0.91% to 1.51%, while the curve (in the portion between 10 and 2 years) remained unchanged, given that financial markets began to price for an increase in the cost of money by the Federal Reserve already in 2022. The increase in returns on the **German bund** was more limited, as they went from -0.56% to -0.17%, while the curve increased by around 30 basis points in the absence of expectations of an increase in the cost of money in the Eurozone in the near future.

In mid-October, returns on Italian government bonds increased, although to a limited degree, influenced in part by political questions associated with the presidential elections and also by the ECB's decision to reduce its rate of net purchases, even if gradually. At the end of 2021, the ten year return on Italian bonds was 1.15%, while the differential relative to the German ten year was 134 basis points.

In terms of **corporate lending**, both in the Investment Grade and High Yield sectors, the spread on corporate indexes for issues in Euros began to rise again, although only slightly. Fundamentals remain solid, financial conditions expansive and default rates are at historic lows. Nonetheless, during the final part of the year, the spread suffered both from decisions by central banks relative to tapering, as well as by repricing of rates on the free-risk curve. At the end of the year, the average spread was 94 basis points for the Investment Grade index and around 312 for High Yield.

At the end of 2021, annual performance for all the main **stock indexes** was positive. During 2021, growth on stock markets was driven both by progress in vaccination campaigns and by corporate results. Nonetheless, the final part of the year saw some weakening due to the spread of the Omicron variant and monetary policy decisions.

Finally, expectations about less expansive monetary policies in the United States with respect to the Eurozone saw a depreciation of the US dollar in 2021, which went from 1.22 to 1.13.

Italian life insurance market

New individual and collective life insurance policies, totalling around € 88.1 billion at the end of 2021, saw a +4.6% increase with respect to the same period in 2020. If new life business reported by EU undertakings is taken into account, the figure reaches € 105.4 billion, up +9.5% with respect to the same period of 2020.

Analysing the figures by class of insurance, Class I premiums amount to € 52 billion at the end of December 2021, down -5.9% compared to the same period the previous year. This result was easily offset by greater production in Class III (solely in the unit-linked form) which saw growth of 38.7% with respect to 2020 at the end of the period, against total volumes of € 34 billion (almost all individual policies). Residual inflows came from capitalisation products (€ 1 billion) which fell sharply in the year (-37.4%) compared to the figures at the end of December 2020. The trend for new premiums relative to long-term health policies (Class IV) continued to be moderate (around € 78 million), although still up (+14.4%) with respect to the previous twelve months.

New contributions coming from pension fund management saw revenues of € 879 million (of which € 722 million for collective policies), showing a decrease of 66.5% with respect to the same period in 2020 (in large part due to the acquisition of a large fund by an insurance company at the end of the first half).

Single premiums continued to be the preferred form of payment for policyholders, representing 94.8% of total premiums written and 58.3% of policies by number.

New Individual and Collective life business by class*

(data updated to December 2021 in €m)

Premiums by class/product	Premiums YTD	% change 12 2021 vs 12 2020
Life - class I	52,046	(5.9%)
Unit-Linked - class III	34,042	38.7%
Capitalisations - class V	1,047	(37.4%)
Pension funds class VI	879	(66.5%)
Illness class IV	78	14.4%
Italian insurers - non-EU	**88,092**	**4.6%**
EU insurers**	**17,272**	**44.3%**
Total	**105,364**	**9.5%**

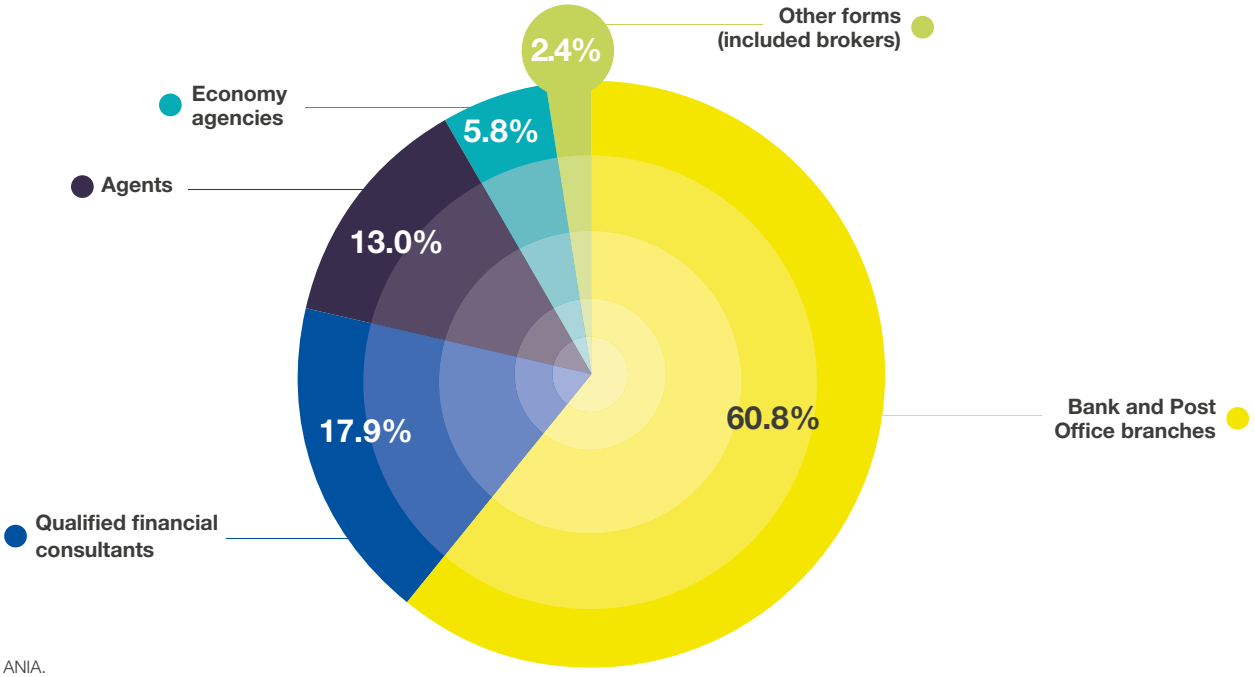
* Source: ANIA.
** The term "EU insurers" refers to the Italian subsidiaries of undertakings with a registered office in an EU country operating under the right of establishment and freedom to provide services. The figures refer solely to undertakings taking part in the survey.

With regard to the distribution channel, 60.8% of new business in 2021 was obtained through banks and post offices, with premium revenue of € 53.6 billion, down slightly (-1.7%) compared with the same period of 2020. With regard to the entire agency channel, the volume of new business distributed reached €16.6 billion during the period in question, substantially in line with the figure for 2020 (€ 17 billion) and with an incidence on total intermediated business of 18.9%.

The performance of new business obtained through authorised financial advisors was €15.8 billion, significantly up (+38.9%) compared with the figure for the previous year and with an incidence compared to the total of brokered premiums equal to 17.9%.

Finally, the broker and distance sales channel recorded growth at the end of 2021 of +51.1% compared to 2020 with a volume of premiums placed of €2.1 billion (or 2.4% of the total brokered).

Nuova produzione Vita collettive ed individuali per canale distributivo



Source: ANIA.

Italian non-life insurance market

Relative to the **P&C insurance market**, total direct Italian premiums, also including policies sold in Italy by Italian companies and by overseas undertakings, based on the most recently available official data (source: ANIA) at the end of the third quarter of 2021, totalled € 27.3 billion, up 2.8% compared to the same period of 2020, when the sector, while recovering slightly from the lockdown imposed to confront the spread of the pandemic, recorded a fall of 3%. The above increase is mainly attributable to the non-Motor sector (+5.9%); while premiums in the Motor sector remained more or less stable (-0.9%). With reference to the latter, the reduction in premiums for motor TPL was 3.6%, while premiums for the land vehicle class benefited from growth of 10%.

With reference to the non-Motor sector, the growth seen during the period in question, as noted before, was 5.9%, with contributions from all the main insurance classes: i) the Health class, with volumes of € 2,255 million and a growth of 7.6%; ii) the Personal Injuries class, with premiums of € 2,556 million and an increase of 4.8%; iii) the General TPL class, with premiums of € 3,037 million and an increase of 4.4%; iv) the Property damage class with an increase of 6.3% and volumes of € 2,493 million; v) finally, the Fire class, with total business of € 1,908 million and a growth of 5.5%.

Direct non-life premiums by class*

(data updated to December 2021 in €m)

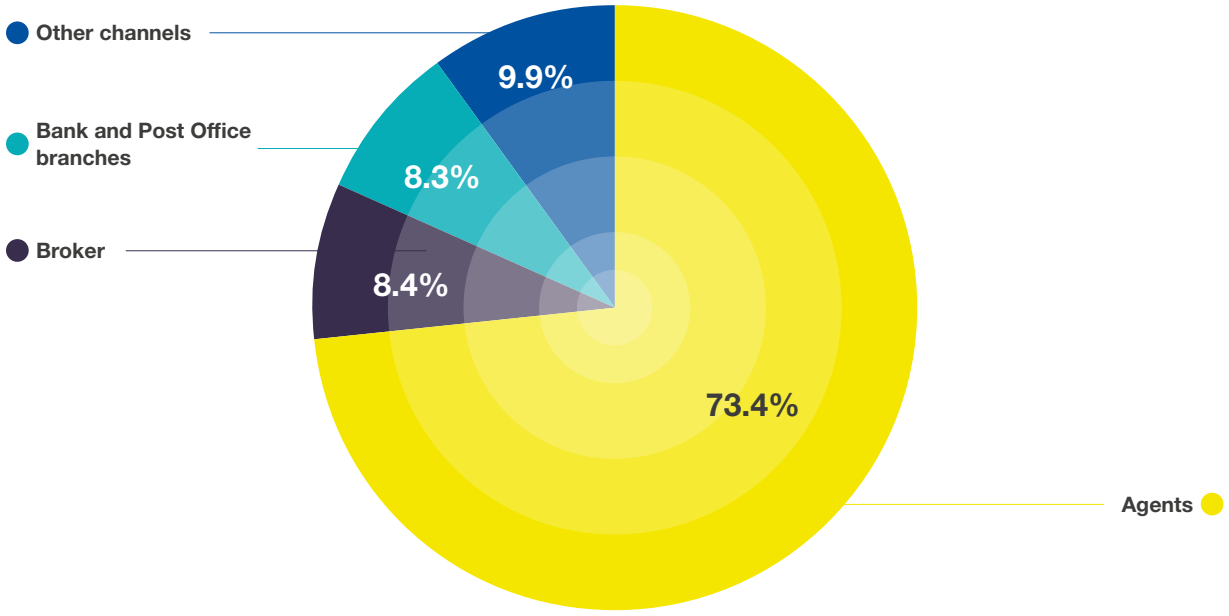
Premiums by class**	Premiums YTD	% Change Q3 2021 vs Q3 2020
Total motor segment	11,972	(0.9%)
Other P&C classes	15,312	5.9%
Total P&C classes	**27,284**	**2.8%**

* Source: ANIA.
** Premiums refer to Italian and non-EU undertakings and EU undertakings.

As regards the **distribution channels**, the agency one is confirmed as the leader with a market share of 73.4%, down slightly on the figure recorded in the same period of 2020 of 74.3%. Brokers represent the second P&C premium distribution channel with a market share of 8.4% (8.7% at the end of September 2020), while bank and post office branches recorded a market share of 8.3% (7.3% in the first nine months of 2020).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of September 2021, there was an incidence of 9.5% (9.3% in the corresponding period of 2020). The remaining 0.4% (0.3% at the end of September 2020) refers to premiums brokered by qualified financial advisors.

Distribution of direct Non-life premiums by distribution channel*



Source: ANIA.
* Italian insurers and non-EU insurer representatives operating as an establishment.

3. Operating review

During 2021, premium **income** net of outward reinsurance came to a total of around € 17,831.8 million, up by 5.7% with respect to the € 16,866.7 million recorded in the same period of 2020, thanks to the strong contribution, as noted above, from premiums associated with multi-class products. The table below breaks down premium revenue, net of outward reinsurance premiums, by type of business compared with the same period of 2020.

Premium revenue for the year €m	31/12/21	31/12/20	Change	
Class I	16,618.6	15,898.3	720.3	4.5%
Class III	863.0	680.9	182.2	26.8%
Class IV	9.3	9.5	(0.2)	(2.0%)
Class V	83.1	72.3	10.8	14.9%
Gross life premium revenue	17,574.1	16,661.1	913.1	5.5%
Outward premiums	(9.5)	(9.6)	0.0	(0.3%)
Net life premium revenue	**17,564.6**	**16,651.5**	**913.1**	**5.5%**
Non-life premiums	311.2	239.6	71.6	29.9%
Outward reinsurance premiums	(29.5)	(20.7)	(8.8)	42.7%
Change in premium reserve	(14.2)	(3.1)	(11.1)	361.9%
Change in share of premium reserve attributable to reinsurers	(0.3)	(0.7)	0.4	(57.3%)
Net non-life premium revenue	**267.2**	**215.2**	**52.0**	**24.2%**
Total net premium revenue for the year	**17,831.8**	**16,866.7**	**965.1**	**5.7%**

Life business

Relative to Life business, as part of the strategic guidelines outlined in the 2021-2024 Business Plan, which envisage improving the product mix with a particular focus on multi-class products, the following were launched during the period:

- The multi-class policies "**Poste Progetto Dinamico**" (with the relative restyling: "**Poste Progetto Dinamico New**") and "**Poste Progetto Dinamico Più**". The benefits are linked to the separate account "Posta Valore Più" and to the value of the units in one of the two Internal Insurance Funds (one of which is ESG). These policies provide the possibility of accessing the opportunities offered by the financial markets through a gradual approach, and the service of gradual reallocation of risk as the product maturity date approaches;
- The "**Poste Soluzione Valore**" policy, a multi-class life insurance contract the benefits of which are linked to the "Posta Valore Più" separate account and to the value of the units in one of the two available Internal Insurance Funds (one of which is ESG). The duration is 10 years. In December, the restyling of the product was launched with: "**Poste Soluzione Valore New**", with a duration of 15 years;
- The "**Poste Domani Per Te Plus**" policy, a 10-year class I product with a guarantee at maturity on the premium invested, net of any partial surrenders and coupons already liquidated;
- The policy **"Poste Progetto Capitale",** a multi-class recurring life insurance contract with a 10-year duration**,** which combines the stability of the Gestione Separata Posta ValorePiù (class I) product with the potential of the two Internal Insurance Funds (one of which is ESG).

Furthermore, in order to reduce the country's under-insurance by raising customer awareness of the importance of protection needs, as envisaged in the strategic plan, the marketing of the new **integrated Life/P&C offer** was launched during the reporting period, whereby subscribers to specific Life policies are offered a P&C policy free of charge, which recorded total volumes of € 7.6 million during the period.

During the period, management of Life business, in line with the strategic objectives set out in the business plan, was mainly aimed at consolidating the leadership in the life market through an increase of funding focussed on multi-class products that, albeit a priority with regard to the needs and characteristics of customers, also have greater added value in terms of lower capital absorption, and at the same time are characterised by a rather moderate risk/return profile but potentially with more attractive returns on investments for customers.

Premium income totalled € 17.6 billion, up by 5.5% with respect to the same period in 2020, due to the strong contribution coming from the Multiclass product, which increased by € +4.5 billion during the period, only partially offset by a reduction in amounts coming from traditional products (€ -3.6 billion).

The table below provides a breakdown of the portfolio by product type, which above all shows a strong focus on more profitable products; therefore, the impact of Multiclass with respect to total production rose from 34% at the end of December 2020 to the current 57.8%, with a total of € 10.2 billion during the period, +79% with respect to the figure for 2020.

Gross premium revenue €m	31/12/21	Proportion	31/12/20	Proportion	Delta	Delta %
Traditional revalued	6,109.3	34.8%	9,731.5	58.4%	(3,622.2)	(37.2%)
Pension products	1,122.7	6.4%	1,094.8	6.6%	27.9	2.5%
Multi-class	10,152.4	57.8%	5,671.6	34.0%	4,480.8	79.0%
Unit and index-linked	20.1	0.1%	13.2	0.1%	6.9	52.6%
Retail protection	67.0	0.4%	60.3	0.4%	6.7	11.1%
Welfare protection	19.6	0.1%	17.3	0.1%	2.2	13.0%
Capitalisation	83.1	0.5%	72.3	0.4%	10.7	14.8%
Total	**17,574.1**	**100.0%**	**16,661.1**	**100.0%**	**913.1**	**5.5%**

The schedule below provides an overview of **premium revenue during the period by class**, net of outward reinsurance premiums in which revalued class I products prevail (including the relevant portion of Multi-class for € 9.3 billion), accounting for 94.6% of total revenue, with a 26.8% increase in class III revenues.

Premium revenue for the year €m	31/12/21	31/12/20	Change	
Class I	16,618.6	15,898.3	720.3	4.5%
Class III	863.0	680.9	182.2	26.8%
Class IV	9.3	9.5	(0.2)	(2.0%)
Class V	83.1	72.3	10.8	14.9%
Gross life premium revenue	17,574.1	16,661.1	913.1	5.5%
Outward premiums	(9.5)	(9.6)	0.0	(0.3%)
Net life premium revenue	**17,564.6**	**16,651.5**	**913.1**	**5.5%**

The table below shows the composition of gross inflows, in which single premiums account for 89.4% of total business (89.2% in 2020), with volumes of € 15.7 billion, up by +5.7% with respect to 2020.

Breakdown of gross premium revenue for Life business €m	31/12/21	31/12/20	Change	
Regular premiums	**1,863.1**	**1,791.4**	**71.7**	**4.0%**
- of which first year	206.34	174.9	31.4	18.0%
- of which subsequent years	1,656.71	1,616.5	40.2	2.5%
Single premiums	**15,711.1**	**14,869.7**	**841.4**	**5.7%**
Total	**17,574.1**	**16,661.1**	**913.1**	**5.5%**

Non-life business

During the period, with reference to Non-Life business, the Poste Vita Group continued its strategy from the previous year, developing its modular offer and also beginning a series of discount campaigns, analysis regarding Product Oversight and Governance POG), as well as market and portfolio analysis intended to identify possibilities for improvement, to ensure they increasingly respond to the needs of customers, in line with the rapid changes in the market situation and the constant focus on customer satisfaction. To that end, the Subsidiary Poste Assicura has taken advantage of the flexibility of modular offers, revising the levels of insured amounts which can be chosen in the injury area, so as to guide customers towards selecting the most appropriate maximums that guarantee full coverage in the case of an event.

Additionally, potential growth in the credit protection sector, as well as evidence obtained through POG monitoring, incentivised the subsidiary Poste Assicura to plan a restyling of its entire Credit Protection Insurance (CPI) product line. With reference to the latter, the option of selecting the most appropriate formula for paying the insurance premium was introduced. More specifically, the possibility of paying the premium in a single unfunded instalment was introduced.

Further, with the aim of developing insurance offerings and making them even more complete, an integrated solution between life and non-life products was established during 2021, protecting individuals holding specific life products in the case of serious illness, with € 7.6 million collected at the end of the period. For the purposes of preparing the Consolidated Financial Statements, these were cancelled with the corresponding costs incurred by the parent company Poste Vita.

Finally, during the last part of the year, in line with the growth strategies of the ultimate parent Poste Italiane, the subsidiary Poste Assicura took over insurance offerings combined with salary-backed loans, replacing the previous insurance partner. The offer involves a joint non-life and life proposal, in order to cover the customer who requests a salary-backed loan, in the event of loss of employment or death.

Relative to initiatives established for the modular offer, the volumes of premiums associated with the “Goods, Property and Modular” line saw a 16.8% increase with respect to the previous year and, with reference to the “payment protection” line business, growth of 43.3% was achieved with respect to the same period in 2020 (affected by the effects of the health emergency).

Additionally, during the period development of collective policies in the Welfare segment continued, with an increase of € 38.1 million in premiums (+45.6%).

As a result of the above, gross premiums recognised during the period in question amounted to around € 311.2 million, up sharply (+29.9%) with respect to the same period the previous year (€ 239.6 million).

Gross premium revenue (€m)	31/12/21	Impact %	31/12/20	Impact %	Delta	Delta %
Goods, property and personal protection line	150.2	48%	128.6	54%	21.6	16.8%
Credit protection line	39.4	13%	27.5	11%	11.9	43.3%
Welfare and other management	121.5	39%	83.4	35%	38.1	45.6%
Total	**311.2**	**100%**	**239.6**	**100%**	**71.6**	**29.9%**

The following table shows the distribution of premiums by class of insurance, demonstrating: i) the prevalence with respect to total premiums of the Health (44%) and Injury (31%) classes; ii) the 44.6% increase in the Health class recorded during the period, thanks to development in this business relative to Employee Benefits; iii) the 20.1% increase in premiums from the Injury class, in particular due to development of the aforementioned modular offer and iv) the 18.9% and 60.6% growth seen respectively in the Fire and Natural Disaster and Monetary Losses classes, thanks to the strong recovery in CPI business with respect to 2020 (impacted, as noted above, by the events associated with the pandemic).

Gross premium revenue (€m)	31/12/21	Impact %	31/12/20	Impact %	Delta	Delta %
Accident	96.3	31%	80.1	33%	16.1	20.1%
Medical	136.3	44%	94.3	39%	42.1	44.6%
Fire and natural disaster	15.7	5%	13.2	6%	2.5	18.9%
Other damage to property	11.7	4%	11.1	5%	0.6	5.0%
General liability	20.3	7%	18.4	8%	1.9	10.2%
Financial losses	16.7	5%	10.4	4%	6.3	60.6%
Legal expenses	3.1	1%	2.8	1%	0.3	10.6%
Health	11.1	4%	9.2	4%	1.8	19.9%
Total	**311.2**	**100%**	**239.6**	**100%**	**71.6**	**29.9%**

Payments and change in technical provisions

Payments amounted to € 9,633.4 million during the period in question, showing a drop of € 1,495.1 million (-13.4%) with respect to the € 11,128.4 million during the same period the previous year, as detailed below:

Payments (€m)	31/12/21	31/12/20	Change	
Non-life business				
Claims paid	124.8	74.6	50.2	67.3%
Costs for settling claims	9.9	9.1	0.8	8.9%
Total Non-life claims paid	**134.6**	**83.6**	**51.0**	**61.0%**
Life business				
Claims paid	9,492.3	11,033.5	(1,541.3)	(14.0%)
of which: Surrenders	4,168.2	3,244.2	924.1	28.5%
Maturities	2,944.7	6,129.0	(3,184.4)	(52.0%)
Claims	2,379.4	1,660.3	719.0	43.3%
Costs for settling claims	**6.5**	**11.3**	**(4.8)**	**(42.6%)**
Total Life claims paid	**9,498.7**	**11,044.8**	**(1,546.1)**	**(14.0%)**
Total	**9,633.4**	**11,128.4**	**(1,495.1)**	**(13.4%)**

Total claims paid on Non-life policies amount to € 134.6 million, including settlement and direct costs of € 9.9 million, up 61% on the figure for the same period in 2020 (€ 83.6 million), mainly due to claim trends in the Illness and Injury segments.

With reference to life, the item amounts to € 9,498.7 million, down by 14% with respect to the amounts recognised in the same period in 2020 (€ 11,044.8 million) and refer to: i) periodic maturities (including coupons) for € 2,944.7 million, down by € 3,184.4 million with respect to the figures for 2020 and mainly relative to revalued class I products; ii) claims for € 2,379.4 million, up by € +719 million with respect to the figure for the same period in 2020; iii) surrenders of € 4,168.2 million, up by +28.5% with respect to the figure recorded at the end of 2020 and with an impact on initial provisions of 3.1%, up with respect to 2020 when the figure was 2.5% and iv) settlement costs of € 6.5 million (€ 11.3 million in 2020).

The **change in technical provisions**, totalling € 10,364.6, increased significantly with respect to the € 7,670.8 million recognised in the previous twelve months. This mainly refers to a corresponding increase in insurance liabilities, reflecting the aforementioned operating and financial trends.

With regard to the mathematical provisions for class I, IV and V products, the 19% increase compared to the figure for 2020 is mainly due to the increase in net revenue recorded for the period. The amount also includes the change in the DPL provision associated with measurement of securities in Separately Managed Accounts and classified in the FVTPL category, which was positive for € 308.7 million during the period, although lower than the € 607.9 million recognised in 2020 due to less favourable conditions on the financial markets. With regard to the mathematical provisions relating to class III products, the change recorded during the period (positive for € 2,871.7 million) showed strong growth with respect to the € 1,045.1 million in 2020, attributable to the effects of positive net revenue. In addition, the change in technical provisions relating to non-life business amounts to € 43.7 million and up with respect to the € 27.2 million recorded during the same period of 2020 due to business growth.

Change in technical provisions (€m)	31/12/21	31/12/20	Change	
Non-life technical provisions	**43.7**	**27.2**	**16.5**	**60.6%**
Class I, IV and V mathematical provisions	7,141.4	5,999.2	1,142.2	19.0%
Class III mathematical provisions	2,871.7	1,045.1	1,826.6	174.8%
DPL provisions	308.7	607.9	(299.2)	(49.2%)
Other technical provisions	(0.9)	(8.7)	7.8	(89.6%)
Total Life technical provisions	**10,320.8**	**7,643.5**	**2,677.3**	**35.0%**
Total	**10,364.6**	**7,670.8**	**2,693.8**	**35.1%**

With reference to outward reinsurance premiums, **claims expenses**, including changes in technical provisions, came to € 18.7 million during the period, a decrease of € 7.9 million with respect to the € 10.8 million recorded during the same period of 2020:

Claims expenses attributable to reinsurers (€m)	31/12/21	31/12/20	Change	
Non-life business				
Claims paid	14.5	8.1	6.4	79.6%
Costs for settling claims	0.2	0.2	0.0	10.1%
Total paid	**14.8**	**8.3**	**6.5**	**77.9%**
Change in technical provisions	(2.4)	(0.4)	(2.0)	511.5%
Total Non-life	**12.3**	**7.9**	**4.4**	**56.0%**
Life business				
Claims paid	6.2	5.3	0.9	17.2%
Costs for settling claims	0.0	0.0	0.0	0.0%
Total paid	**6.2**	**5.3**	**0.9**	**17.2%**
Change in technical provisions	0.2	(2.4)	2.6	(107.0%)
Total Life	**6.4**	**2.9**	**3.5**	**119.9%**
Total	**18.7**	**10.8**	**7.9**	**73.1%**

Distribution

To place its products, the Poste Vita Group makes use of the Post Offices of the ultimate parent Poste Italiane SpA - Sole shareholder company- BancoPosta Ring-Fenced capital, duly registered under letter D of the single register of insurance brokers, pursuant to ISVAP Regulation 5 of 16 October 2006. The sales network of Poste Italiane SpA consists of around 13,000 Post Offices throughout the country. Insurance contracts are signed in the Post Offices by qualified and suitably trained personnel. Training activity for personnel in charge of product sales is conducted according to regulations.

Professional training programmes focused both on new products and on general technical-insurance aspects (classroom or e-learning). These courses were accompanied by training in asset management (specific behavioural training), savings protection and training in provision of the guided consulting service.

The Parent Company, Poste Italiane SpA, received a total of €335 million in commissions for distribution and collection, recognised on an accruals basis for €341.7 million (€335.2 million in 2020), reflecting the amortisation of pre-counted commissions paid for the placement of pension policies.

The Poste Vita Group avails itself of brokers to sell collective policies, to which it paid sales commissions of € 7.7 million during the period (€ 4.4 million at 31 December 2020). Additionally, during 2021, the parent was paid maintenance commissions totalling € 185.6 million (€ 133.7 million in 2020).

Reinsurance strategy

Life business

For the Life business, the effects of existing treaties, entered into with leading reinsurers, relating to Term Life Insurance policies and reinsurance coverage with regard to LTC (Long-Term Care) and CPI insurance continued during the period. Outward reinsurance premiums amount to €9.5 million (€9.6 million at 31 December 2020). Claims expense, net of the change in mathematical provisions and other technical provisions, came to € 6.4 million (€ 2.9 million in the same period of 2020). In relation to this, outward policies, including commissions received from reinsurers amounting to € 1.2 million (€ 1.4 million during the same period of 2020) showed a negative balance of € -1.9 million, an improvement with respect to the € -5.3 million recognised in the previous twelve months.

Non-life business

With regard to the non-life business, the reinsurance strategy adopted by the Poste Vita Group is increasingly oriented towards a non-proportional approach, thus allowing it to:

- mitigate risks, stabilising the variability of insurance business results and ensuring the technical balance of the portfolio;
- mitigate risks arising from peak exposures or catastrophic events;
- strengthen financial soundness, if possible and/or necessary, optimising costs in terms of capital allocation and optimisation.

The reinsurance structure applied in 2021 provides:

- for the Accident and Illness segments, including the Credit Protection line, a non-proportional excess of loss agreement per risk and/event, aimed at protecting against peak exposures and catastrophic events. Quota share treaties continue to be valid in relation to the main accident risks insured prior to 2013, with risk attaching coverage; the excess-of-loss treaty covers the retained share;
- for the Fire, AB and General Civil Liability classes, including the Professional Civil Liability component, adoption of a non-proportional excess-of-loss agreement for the accident, fire, ADB and general civil liability lines of business in the retail risk area, aimed at protecting large losses, including catastrophic risks (e.g. Earthquake);

- for certain specific retail illness risk modules, adoption of a quota share proportional agreement, with fixed reinsurance commission and profit sharing on a loss occurring basis;
- for Illness risk relative to the Healthcare Fund for the personnel of Poste Italiane Group member companies, proportional treatment, on a loss occurring transfer basis and with reinsurance commissions in favour of the Company;
- for risks relative to legal expenses, a quota share proportional agreement, with fixed reinsurance commission and profit sharing on a loss occurring basis;
- use of optional and/or special acceptance reinsurance treaties, primarily in cases where the risk is not covered by the existing reinsurance treaty. In particular, this principle is valid for underwriting risks that do not meet the qualitative and quantitative criteria provided for in existing reinsurance treaties, but which however fall within Poste Assicura underwriting philosophy. The entity of the risk retained by Poste Assicura and the most appropriate reinsurance structure are decided on, from time to time, based on the nature of the risk involved.

In view of the above reinsurance strategy and the operating performance, the degree of retained risk, in relation to the remaining exposure to claims of the Poste Vita Group following outward reinsurance, is equal to 93.1% (92.9% in the same period of 2020).

The ratio of outward premiums at the end of the period to gross premium revenue is 9.5%, up slightly relative to the 2020 figure (8.6%).

Given the sales trends and effects of the reinsurance policy described above, the **balance of outward policies** for non-life business comes to € -10.6 million at the end of the period in question, worse than the € 3.6 million recorded during the previous period.

Complaints

During 2021, the parent company Poste Vita SpA received 2,424 new complaints, compared to 3,046 at the end of 2020. The average time taken to respond to complaints in the period was around 28 days (31 days in the corresponding period of 2020).

Poste Vita received 813 complaints regarding its Personal Injury Protection (PIP) product in 2021 compared to 1,228 at the end of the previous year. The average time taken to respond to complaints during the period was around 28 days (30 days in 2020).

During 2021, the subsidiary Poste Assicura SpA received 2,229 new complaints, while those relative to 2020 totalled 1,580. The average time taken to respond to complaints in 2021 was around 29 days (21 days in 2020).

With reference to both companies, the average time taken to respond was lower than the maximum period set by IVASS, of 45 days.

4. Financial review

Below is a reclassified statement of financial position at 31 December 2021 with a comparison with the figures at the end of 2020:

ASSETS (€m)	31/12/21	31/12/20	Change	
Investments	**158,695.8**	**156,060.0**	**2,635.8**	**1.7%**
Investments in subsidiaries, associates and joint ventures	108.8	107.4	1.4	1.3%
Financial assets measured at amortised cost	2,427.5	2,052.7	374.7	18.3%
Financial assets measured at fair value through other comprehensive income	111,384.5	113,556.8	(2,172.3)	-1.9%
Financial assets measured at fair value through profit or loss	44,775.0	40,343.0	4,432.0	11.0%
Cash and cash equivalents	**4,584.1**	**962.8**	**3,621.2**	**376.1%**
Tangible and intangible assets	**21.0**	**44.1**	**(23.0)**	**-52.3%**
Non-current assets or disposal groups held for sale	**24.6**	**0.0**	**24.6**	**n/s**
Receivables and other assets	**3,055.4**	**3,157.5**	**(102.1)**	**-3.2%**
Total assets	**166,380.9**	**160,224.4**	**6,156.4**	**3.8%**
LIABILITIES				
Equity	**5,935.8**	**5,272.7**	**663.2**	**12.6%**
Technical provisions	**159,089.9**	**153,794.7**	**5,295.1**	**3.4%**
Provision for risks	**19.3**	**15.9**	**3.4**	**21.0%**
Liabilities included in disposal groups held for sale	**6.6**	**-**	**6.6**	**n/s**
Payables and other liabilities	**1,329.2**	**1,141.1**	**188.2**	**16.5%**
Total Liabilities	**166,380.9**	**160,224.4**	**6,156.5**	**3.8%**

Financial investments

At 31 December 2021, financial investments totalled € 158,695.8 million (€ 156,060 million at the end of 2020).

(€m)	31/12/21	31/12/20	Change	
Investments in associates	108.8	107.4	1.4	1.3%
Financial assets measured at amortised cost	2,427.5	2,052.7	374.7	18.3%
Financial assets measured at fair value through other comprehensive income	111,384.5	113,556.8	(2,172.3)	(1.9%)
Financial assets at fair value through profit or loss	44,775.0	40,343.0	4,432.0	11.0%
Total Investments	**158,695.8**	**156,060.0**	**2,635.8**	**1.7%**

The item **equity investments,** at € 108.8 million, refers to the investment in the associated company EGI, measured using the equity method, for € 108.8 million, with the remaining € 36.9 thousand relative to the cost of the equity investment in "Consorzio Logistica Pacchi Scpa" acquired on 30 June 2020 from Poste Assicura SpA, representing 5% of share capital.

Relative to EGI, the Company, owned by Poste Italiane SpA and Poste Italiane SpA with 45% and 55% equity interests, operates primarily in the real estate sector, managing and developing real estate assets no longer used by the parent company. The amounts for 2021 show equity of € 241.8 million and net profit for the year of € 3.1 million, up with respect to the figure reported in the corresponding period of 2020 of € 0.3 million.

Relative to the Consorzio, this mainly provides sorting, tracking and delivery services for the Packages service which the parent company Poste Italiane SpA has undertaken to provide. The Company ended the present period with equity of € 787.9 thousand.

Financial instruments measured at amortised cost, or securities held to collect cash flows represented solely by payment of principal and interest (SPPI) amounted to € 2,427.5 million at 31 December 2021, showing growth of € 374.7 million with respect to the end of 2020 figure of € 2,052.7 million and mainly relative to Free Capital. Relative to this category, net latent capital gains were recognised at the end of the period totalling € 209.6 million, up with respect to the € 332.1 million at the end of 2020.

(€m)	31/12/2021	31/12/2020	Change	
Equity instruments				
Debt securities	2,019.9	1,857.9	162.0	8.7%
of which: *government bonds*	2,001.0	1,838.9	162.1	8.8%
corporate bonds	18.9	19.0	(0.1)	(0.4%)
UCITS units				
Receivables and loans	407.5	194.8	212.7	109.2%
Total	**2,427.5**	**2,052.7**	**374.7**	**18.3%**

Receivables recorded in this category (amounting to € 407.5 million at the end of 2021) mainly refer to: i) € 383.2 million (€ 173.8 million at 31 December 2020) for the balance of the current account with the parent company Poste Italiane and ii) receivables for commissions on internal funds of € 24.3 million (€ 15.3 million at the end of 2020). The impairment at 31 December 2021 regarding loans and financial receivables measured at amortised cost, recognised as a direct adjustment to the carrying amounts of the same, amounts to €361 thousand (€209 thousand at 31 December 2020).

Financial assets measured at FVTOCI amount to a total of around € 111,384.5 million (of which € 524.8 million for the security issued by Cassa Depositi e Prestiti as a private placement) down by € 2,172.3 million with respect to the € 113,556.8 million at the end of 2020) due to the fair value change recorded during the period.

These investments refer to securities assigned to Separately Managed Accounts for € 108,055.1 million and, secondarily, to the Company's Free Capital for around € 3,329.4 million.

(€m)	31/12/2021	31/12/2020	Change	
Equity instruments				
Debt securities	111,384.5	113,556.8	(2,172.3)	(1.9%)
of which: *government bonds*	90,034.9	95,005.9	(4,971.0)	(5.2%)
corporate bonds	21,349.6	18,550.9	2,798.7	15.1%
UCITS units				
Total	**111,384.5**	**113,556.8**	**(2,172.3)**	**(1.9%)**

Relative to this category, financial market trends, although positive, were less favourable with respect to the end of the previous year, leading to a decrease in the fair value reserve for these instruments which at the end of 2021 came to € 11,619.8 million in net capital gains from measurement, compared to € 16,702.8 million at the end of 2020, of which: i) € 11,536.9 million net of the ECL component[5] (€ 16,571.2 million at the end of 2020) relative to financial instruments in Separately Managed Accounts and hence attributed to the policyholders using shadow accounting and ii) € 82.9 million (€ 131.6 million at the end of 2020) relative to net capital gains on FVOCI securities in the Company's "free capital" and hence attributed to a specific equity reserve (equal to € +58.1 million net of the relative tax effect and ECL against € +92.1 million recognised at the end of the previous period).

5. For financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, a provision must be established to cover expected credit losses, determined using the Expected Credit Losses (ECL) model. In particular, the new impairment method based on the new Expected Losses model takes a forward looking view of credit losses throughout the life of the financial instrument, requiring immediate recognition rather than when a trigger event occurs.

Financial assets at fair value through profit or loss (FVTPL) come to a total of € 44,775 million (of which € 21.8 million relative to the security issued by Cassa Depositi e Prestiti as a private placement) and rose by € 4,432 million (+11%) with respect to the € 40,343 million at the end of 2020, mainly due to net investments made during the period and the positive change in Fair Value.

(€m)	31/12/21	31/12/20	Change	
Equity instruments	217.2	199.7	17.5	8.8%
Debt securities	2,600.6	2,013.7	586.8	29.1%
of which: *government bonds*	14.9	50.1	(35.2)	(70.3%)
corporate bonds	2,585.7	1,963.6	622.1	31.7%
UCITS units	41,916.2	38,114.6	3,801.6	10.0%
Derivative assets	-	-	0.0	
Receivables	41.0	15.0	26.0	174.0%
Total	**44,775.0**	**40,343.0**	**4,432.0**	**11.0%**

The item refers to:

- investments in Separately Managed Accounts for € 37,015.1 million, mainly relative to: i) € 30,854.4 million for UCITS units (mainly open-ended multi-asset harmonised UCITS), ii) € 1,859.1 million for mutual funds mainly consisting of bonds, and iii) € 2,113.6 million in Euro real estate funds;
- financial instruments backing unit-linked products for € 7,600.4 million, mainly relative to mutual funds;
- financial instruments included in the Company's free capital for € 118.5 million and mainly relative to corporate bonds;
- financial receivables for € 41 million, regarding underwriting and capital calls on mutual investment funds for which the corresponding units have not yet been issued.

Trends on financial markets, although positive, were less favourable than in the previous year, giving rise to the recognition of net capital gains from measurement of € 637 million, compared to net capital gains from measurement of € 846.9 million in 2020.

The net capital gains from measurement recognised during the period mainly refer to: i) € 217.9 million in investments in Separately Managed Accounts and hence entirely attributed to policyholders through shadow accounting and ii) € 422.1 million in assets covering unit-linked products which, therefore, are substantially offset by the corresponding remeasurement of the reserves.

Gains/losses FVTPL (€m)	31/12/21 Net gains/losses	31/12/20 Net gains/losses	Delta
Separately Managed Accounts	217.9	625.7	(407.8)
Unit/index hedging assets	422.1	220.7	201.4
Free Capital	(3.0)	0.4	(3.4)
Total	**637.0**	**846.9**	**(209.9)**

With reference to **derivatives**, the Poste Vita Group makes use of the option provided for by IFRS 9 to value them in accordance with IAS 39.

In relation to **operations in derivatives**, at 31 December 2021 all operations on derivatives had matured, of which three, subscribed in February 2021 for a nominal value of € 700 million, had matured in November 2021, while the previous five positions, subscribed during 2020 for a nominal value of € 1,260 million, matured in the second quarter of 2021. The maturity of these positions has been set to take into account the mismatch of cash flows between the financial asset and liability portfolios.

These are forward sale transactions, fair value hedging in nature, in order to mitigate the risk of changes in the fair value of the underlying securities, subject to hedging, deriving from interest rate fluctuations.

These transactions during the period gave rise to the recognition of net capital gains from sales totalling € 109.6 million, as detailed below:

ISIN (€m)	description	nominal sold	underwriting	maturity	P/M realised
IT0005390874	BTP 0.85 01/15/27	(250.0)	16/11/20	11/05/21	10.7
IT0005390874	BTP 0.85 01/15/27	(250.0)	05/11/20	20/05/21	10.6
IT0005390874	BTP 0.85 01/15/27	(250.0)	09/11/20	04/06/21	10.4
IT0005390874	BTP 0.85 01/15/27	(250.0)	26/10/20	07/06/21	10.4
IT0005390874	BTP 0.85 01/15/27	(260.0)	25/11/20	14/06/21	10.7
IT0005370306	BTP 2.1 07/15/26	(250.0)	25/02/21	01/11/21	19.0
IT0005370306	BTP 2.1 07/15/26	(200.0)	05/02/21	03/11/21	17.2
IT0005370306	BTP 2.1 07/15/26	(250.0)	03/02/21	15/11/21	20.6
Total		**(1,960.0)**			**109.6**

The composition of the financial investments portfolio according to issuing country is in line with the situation in 2020, being marked by a strong prevalence of securities issued by Italian issuers, accounting for 62.6% of the total (65.1% at the end of 2020).

Country (€m)	FVTPL	FVOCI	CA	TOTAL	weight %
DUTCH ANTILLES	28	227	-	255	0.2%
AUSTRIA	103	365	-	469	0.3%
BELGIUM	14	492	-	505	0.3%
BERMUDA	-	5	-	5	0.0%
CANADA	0	110	-	110	0.1%
SWITZERLAND	8	367	-	375	0.2%
CZECH REPUBLIC	-	118	-	118	0.1%
GERMANY	652	1,425	-	2,077	1.3%
DENMARK	42	214	-	255	0.2%
SPAIN	122	3,409	8	3,538	2.2%
EUROPE	-	190	-	190	0.1%
FINLAND	50	355	-	405	0.3%
FRANCE	1,736	3,594	4	5,334	3.4%
UNITED KINGDOM	1,078	2,108	-	3,185	2.0%
GREECE	-	30	-	30	0.0%
IRELAND	2,638	331	-	2,968	1.9%
ISLE OF MAN	-	22	-	22	0.0%
ITALY	**7,026**	**89,980**	**2,006**	**99,012**	**62.6%**
JAPAN	3	433	-	437	0.3%
CAYMAN ISLANDS	-	20	-	20	0.0%
LUXEMBOURG	30,438	667	-	31,105	19.7%
MEXICO	55	56	-	111	0.1%
HOLLAND	527	2,611	2	3,140	2.0%
NORWAY	-	122	-	122	0.1%
NEW ZEALAND	-	150	-	150	0.1%
POLAND	-	28	-	28	0.0%
PORTUGAL	0	154	-	155	0.1%
SWEDEN	66	810	-	876	0.6%
SINGAPORE	-	25	-	25	0.0%
USA	149	2,881	-	3,030	1.9%
VENEZUELA	-	86	-	86	0.1%
	44,734	**111,384**	**2,020**	**158,138**	**100.0%**

The distribution of the financial investment portfolio at 31 December 2021 by duration class is shown below, indicating that the portfolio is heavily weighted towards securities with durations of 1-10 years (72.4%).

Remaining duration (€m)	FVTPL	FVOCI	CA	TOTAL
up to 1	36,017	5,498	147	41,662
1 to 3	423	18,826	264	19,514
3 to 5	604	16,595	221	17,420
5 to 7	1,652	15,174	274	17,100
7 to 10	2,632	15,880	220	18,731
10 to 15	506	14,597	444	15,548
15 to 20	1,637	8,927	247	10,811
20 to 30	266	13,088	202	13,556
more than 30	997	2,800	-	3,797
Overall total	**44,734.0**	**111,384**	**2,020**	**158,138**

Returns for Separately Managed Accounts during the observation period (1 January 2021 to 31 December 2021) came to 2.35% (2.16% at the end of 2020) for PostaValorePiù and 2.64% (2.82% at the end of 2020) for PostaPensione, with average invested capital coming to € 133,701.6 million (€ 126,343.1 million the previous year):

	31/12/21		31/12/2020	
	Gross Return	Average Invested Capital	Gross Return	Average Invested Capital
Separately Managed Accounts	rates %	€m	rates %	€m
Posta Valore Più	2.35%	124,291.2	2.16%	117,928.6
Posta Pensione	2.64%	9,410.4	2.82%	8,414.5
Total		**133,701.6**		**126,343.1**

Cash and cash equivalents at the end of the period amount to € 4,584.1 million (€ 962.8 million at the end of 2020). These will be invested during 2022 in response to market trends.

Tangible and intangible assets total € 21 million (€ 44.1 million at 31 December 2020) and refer; i) to goodwill totalling € 17.8 million, arising from the difference between the cost of the equity investment in Poste Welfare Servizi and the corresponding fraction of equity following acquisition by Posta Vita; ii) rights of use for assets associated with contracts falling under the scope of IFRS 16 and mainly relative to the leased property, for € 1.9 million (€ 24 million at the end of 2020), representing the current value of periodic rent contractually required to utilise the assets which are the subject of the contracts; iii) the unamortised portion of capital assets used in operations for € 1.3 million. The decrease compared to 2020 is mainly attributable to the reduction in the value relative to rights of use of stated leaded property, due to the cancellation option for the lease exercised by Poste Vita on 7 October 2021 (in light of the transfer of the offices of the Poste Vita Group companies to the premises owned by the parent company Poste Italiane) and taking effect, as per contract, on 12 May 2022.

The item **non-current assets or disposal groups held for sale** amounted to € 24.6 million at 31 December 2021 and refers solely to assets held by the subsidiary Poste Welfare Servizi, reclassified under this item in application of IFRS 5, following the transfer of 100% of the units held by Poste Vita to the ultimate parent Poste Italiane, which transaction is described in detail in this document.

Equity and solvency margin

Equity, at 31 December 2021, amounted to € 5,935.8 million, up by € 663.1 million with respect to the figure at the end of 2020, when it was € 5,272.7 million. The increase is mainly due to profit for the period totalling € 826.1 million, as well as the recognition under other equity instruments of the perpetual equity instrument issued by the Company on 26 July 2021 for € 300 million, entirely subscribed by the ultimate parent Poste Italiane, as better specified below. This change was only partially offset by the payment approved by the Poste Vita Shareholders' Meeting on 28 April 2021, made to the ultimate parent Poste Italiane for a total of € 428.9 million (of which € 238.2 million through partial distribution of the "Provision for retained profit and losses" and € 190.7 million through distribution of a dividend based on the profits at 31 December 2020) and the negative change of € 34.1 million in the reserve following measurement of securities in the FVOCI category (net of tax effects and the ECL component). Changes in equity during the period are shown below:

Equity

€k	31/12/20	allocation of 2020 profit	distribution of prior profit	dividends	ECL Reserve	FVOCI Reserve	Other gains or losses recognised directly through equity	Tier 1 Perpetual Capital Instrument	2021 profit	31/12/2021
Share capital	**1,216,608**									**1,216,608**
Other equity instruments								**300,000**		**300,000**
Revenue reserve and other equity reserves:	3,182,923	781,183	(238,195)	(190,725)					-	3,535,186
Legal reserve	218,944	23,700								242,644
Extraordinary reserve	648									648
Organisation fund	2,582									2,582
Consolidation reserve	426									426
Other provisions	8									8
Retained earnings	**2,960,315**	**757,483**	**(238,195)**	**(190,725)**			**-**			**3,288,877**
of which retained earnings	2,960,315	757,483	(238,195)	(190,725)						3,288,877
Reserve for FVTOCI securities	**92,147**				**(151)**	**(33,905)**				**58,091**
of which - AFS/FVOCI Reserve	90,649					(33,905)				56,745
of which ECL Reserve	1,498				(151)					1,346
Other gains/losses recognised directly through equity	**(176)**						**20**			**(156)**
Net profit for the period	**781,183**	**(781,183)**							**826,119**	**826,119**
Total	**5,272,685**	**(0)**	**(238,195)**	**(190,725)**	**(151)**	**(33,905)**	**20**	**300,000**	**826,119**	**5,935,848**

Below is a schedule reconciling equity and net profit for the year during the period:

Reconciliation of Parent company's financial statements and IAS/IFRS consolidated financial statements

(€k)	Equity 31/12/19	Net profit/ (loss) 31/12/20	Changes in equity 31/12/20	Equity 31/12/20	Net profit/ (loss) 31/12/21	Changes in equity 31/12/21	Equity 31/12/21
Italian GAAP financial statements	**3,916,884**	**762,901**	**0**	**4,679,785**	**719,538**	**(428,921)**	**4,970,403**
Valuation of financial assets	342,519	(20,745)	0	321,774	71,482	-	393,256
Hybrid Subordinated Loan					4,895	300,000	304,895
Measurement of FVTOCI financial assets less deferred policyholder liabilities	37,831	-	47,237	85,068	-	(31,104)	53,964
Actuarial gains/(losses) on employee benefits	(141)	-	(3)	(144)	-	(21)	(165)
Adjustments for deferred acquisition costs	-	-	-	-	-	-	-
Other minor adjustments	48	(1,826)	-	92	(42)	-	(190)
Parent Company's IAS/IFRS financial statements	**4,297,035**	**740,198**	**47,234**	**5,086,336**	**795,873**	**(160,045)**	**5,722,163**
Consolidated subsidiary's undistributable retained earnings	172,825	40,866	254	213,954	28,967	36	242,964
Balance of subsidiary's FVTOCI reserve	3,478	-	3,601	7,079	-	(2,952)	4,127
Measurement of investment using the equity method	(34,819)	100	(3)	(34,722)	1,315	(4)	(33,412)
Elimination of effects of intercompany transactions	20	19	-	39	(35)	-	5
IAS/IFRS consolidated financial statements	**4,438,538**	**781,183**	**51,086**	**5,272,685**	**826,119**	**(162,965)**	**5,935,848**

The item **other equity instruments**, as stated previously, includes as of the period in question the issue value of the perpetual regulatory capital instrument, non-convertible and with a fixed rate, approved by the Board of Directors of the company at the extraordinary meeting on 7 June 2021 and by the Shareholders' Meeting on 16 June 2021, and issued on 26 July 2021 for a nominal amount of € 300 million and fully subscribed by the ultimate parent Poste Italiane SpA. The instrument can be recalled after the tenth year and after each interest payment date. The fixed-rate security is issued at par with an annual coupon of 5.00%, with deferred half-yearly payment (26 July and 26 January).

In relation to the issue details, which do not establish an obligation for the issuer to return the capital or pay coupons, the instrument was recognised in the consolidated financial statements under the equity items, in compliance with IAS 32, as the documents were prepared using international accounting standards. The loan has features that allow it to be included when calculating the elements of the solvency ratio and has a subordination level classifiable as Tier 1.

At 31 December 2021, the subordinated loan issued on 18 April 2008 amounted to a total of € 250 million (the same as the amount at the end of 2020), referring solely to the loan subscribed by the ultimate parent Poste Italiane SpA with indefinite maturity. For Solvency purposes, this instrument can be included in its entirely when calculating Tier 2 capital until 1 January 2026.

This loan is remunerated at market conditions, regulated in accordance with the conditions set out in article 45, chapter IV, title III of Legislative Decree no. 209 of 7 September 2005 and subsequent amendments, is fully available for the purpose of hedging the solvency position and is measured at amortised cost.

With regard to the **solvency margin**[6] of the Poste Vita Insurance Group at 31 December 2021, own funds qualifying for inclusion amount to € 12,677 million, an increase of € 1,483 million compared to the € 11,194 million at the end of 2020. Moreover, capital requirements increased during the year by approximately €701 million (from €3,740 million at the end of 2020 to €4,441 million at 31 December 2021).

As a result of the above trends, the Group's solvency ratio decrease by about 14 percentage points compared to 31 December 2020 (from 299.3% at the end of 2020 to 285.4% in December 2021), whilst remaining above the regulatory requirement.

Note that without the use of transitional measures for technical provisions, the Company's Solvency Ratio would be around 260.7%.

6. Note that the solvency figures cannot be considered official until they have been approved by the Board of Directors, which is expected to occur at the end of April 2022.

SCR coverage (€m)	31/12/2021	31/12/2020	delta
EOF with SCR coverage	12,677	11,194	(274)
SCR	4,441	3,740	61
Solvency Ratio	**285.4%**	**299.3%**	**(13.8%)**

MCR coverage (€m)	31/12/2021	31/12/2020	delta
EOF with MCR coverage	10,927	9,581	1,346
MCR	2,029	1,714	315
MCR Ratio	**538.5%**	**558.9%**	**(20.4%)**

The decrease in the Solvency Ratio compared to 31 December 2021 was determined by an increase in own funds available to the company, which was less than proportionate to the increase in the capital requirement.

Specifically, the increase in own funds, net of the subscription of the new subordinate Tier1 Restricted instrument (market value of € 298 million), is due to greater capitalisation of the Group, determined by the profit recognised for the year by the two companies and by the increase in the reconciliation reserve, which expresses the measurement differences between the Solvency II and Local GAAP standards.

	31/12/21			
Available own funds (dati in migliaia di Euro)	TOTAL	TIER 1 Unrestricted	TIER 1 Restricted	TIER 2
Total available own funds to meet the SCR	12.676.835	10.364.195	298.590	2.014.050
Total available own funds to meet the MCR	10.926.835	10.364.195	298.590	264.050
Total eligible own funds to meet the SCR	12.676.835	10.364.195	298.590	2.014.050
Total eligible own funds to meet the MCR	10.926.835	10.364.195	298.590	264.050

With reference to the capital requirement, an increase of around € 701 million compared to 31 December 2020 was recorded. The increase was mainly due to the increase in the SCR with reference to underwriting, counterpart, market and operational risk. Finally, a benefit was seen in SCR due to greater diversification of risks with respect to December 2020.

Lastly, for completeness, the Board of Directors of the parent company Poste Vita on 24 February 2022 approved the new Strengthened Emergency Plan (“SEP”), which among other things, introduced a new “recovery option” relative to the share capital increase of the parent company Poste Vita through the issue of new shares to be subscribed by the sole shareholder Poste Italiane.

Technical provisions

As a result of the above operating and financial performance (positive net revenue), technical provisions amounted to € 159,089.9 million, up by € 5,295.0 million with respect to the € 153,794.7 million at the end of 2020, broken down as follows:

Technical provisions (€m)	31/12/21	31/12/20	Change	
Non-life business:				
Premium reserve	118.3	104.1	14.2	13.6%
Outstanding claims provisions	176.9	133.0	43.9	33.0%
Other technical provisions	0.1	0.1	(0.0)	(16.4%)
Total Non-life business	**295.3**	**237.2**	**58.1**	**24.5%**
Life business:				
Mathematical provisions	136,898.5	129,795.7	7,102.8	5.5%
Class III technical provisions	7,846.4	4,974.8	2,871.7	57.7%
Outstanding claims provisions	789.8	800.7	(10.9)	(1.4%)
DPL provisions	13,190.5	17,916.1	(4,725.6)	(26.4%)
Other technical provisions	69.5	70.3	(0.7)	(1.0%)
Total Life	**158,794.6**	**153,557.5**	**5,237.1**	**3.4%**
Total	**159,089.9**	**153,794.7**	**5,295.0**	**3.4%**

Technical provisions relating to the Non-Life business, gross of outward reinsurance, amount to € 295.3 million at the end of the period (€ 237.2 million at the end of 2020), and consist of: the premium reserve of € 118.3 million and the claims reserve of € 176.9 million. Claims reserve for claims incurred but not reported (IBNR) amount to €67 million.

Provisions for the Life classes came to a total of € 158,794.6 million (€ 153,557.5 million at the end of 2020) and were established to comply with all commitments relative to policyholders, including the mathematical provisions (€ 136,898.5 million), technical provisions established against unit-linked products (€ 7,846.4 million), the provision for outstanding claims (€ 789.8 million), the Deferred Policyholder Liability reserve (DPL), established in application of the shadow accounting criteria for € 13,190.5 million, as well as sundry other technical provisions (€ 69.5 million). The latter includes only the reserve for future expenses.

In order, therefore, to report assets and liabilities intended to match each other in a consistent manner, the Company has, as in previous years, adopted the “shadow accounting” method introduced by IFRS 4.

The Deferred Policyholder Liability (DPL) reserve, the amount of which is correlated with net capital gains from measurement of financial instruments covering insurance liabilities in Separately Managed Accounts, amounted to € 13,190.5 million at the end of 2021, down with respect to the € 17,916.1 million at the end of 2020, due less favourable trends on financial markets.

Contracts classified as “insurance contracts” and those classified as “financial instruments with a discretionary participation feature”, for which use is made of the same recognition and measurement criteria as in statutory financial statement, were subjected to the LAT - Liability Adequacy Test required by paragraph 15 of IFRS 4. The test was conducted by taking into account the present value of future cash flows, obtained by projecting the expected cash flows generated by the existing portfolio as of period end, based on adequate assumptions underlying expiration causes (death, termination, surrender, reduction) and expense trends.

The outcome of this test revealed that the technical provisions recorded in the financial statements at the end of the period were fully adequate.

The provision for risks and charges at 31 December 2021, amounts to € 19.3 million (€ 15.9 million at the end of 2020) and includes the amounts allocated to cover any probable liabilities in the year and/or in the quantum. The breakdown of this item and a comparison with the figures recorded at the end of the previous period are shown below:

Composition (€m)	31/12/21	31/12/20	Delta
Legal disputes	5.4	5.1	0.3
Tax disputes	-	0.1	(0.1)
Other liabilities	13.9	10.8	3.2
Total	**19.3**	**15.9**	**3.4**

Below is a breakdown of the provision for risks at the end of the period:

- legal disputes for € 5.4 million, for the most part relative to "dormant policies" falling under the scope of the "biennial statute of limitations" instead of the current ten-year statute of limitations;
- other liabilities totalling € 13.9 million relative to:
  - € 5.2 million for provisioning relative to the intention of Intesa San Paolo to charge the parent company Poste Vita for VAT paid following the facilitated settlement regarding greater VAT assessed by the tax authorities with reference to tax periods 2003 and 2004. This case is associated with the cooperative relationship (non-invoicing of the direct cost of personnel seconded to Poste Vita) and the coinsurance contract (non-invoicing of commissions on proxies and waivers), signed in September 1999 by Sanpaolo Vita (subsequently Eurizon and now Intesa San Paolo Vita) and Poste Vita. Investigations are under way with Intesa San Paolo to verify the possibility of reaching a settlement to resolve the dispute;
  - € 4.7 million regarding several cases of fraud which occurred between 2019 and mainly involving the settlement of life insurance policies accompanied by falsified documentation sent directly to the parent company Poste Vita, as a result of which insurance payments were made to parties found not to be legitimate for a total value of around € 6 million. At 31 December 2021, the parent company Poste Vita had already reactivated positions for a total of around € 1.3 million. Hence, for the remaining positions a provision of € 4.7 million was established which will be progressively removed when the position of the customer concerned is reactivated;
  - € 4 million for other provisions, of which: i) € 1.6 million for the provision for future expenses relative to the "Da Grande" product; ii) € 1 million for pending mediations, although in relation to the procedures the parent company Poste Vita is not exposed to risk and iii) € 0.5 million for the provisioning carried out during the period by the subsidiary Poste Assicura for penalties associated with likely delays in the handling of claims relative to the policy signed by the Enasarco Foundation, as better detailed in the "Other Information" section.

The increase recorded in the period for € 3.3 million is mainly attributable: i) for € 2.8 million to the provision pertaining to the cases of fraud; ii) for € 1 million to the provision for the aforesaid pending mediations; iii) for € 0.3 million to the provision for legal disputes and iv) for € 0.5 million to the provision recorded in the period with regard to the aforesaid management of claims related to the policy signed by Fondazione Enasarco. This change was only partially offset by the utilisation of the provision established following the extension granted by INPS to Group companies regarding application of the regulation on contributions for the loan of the family allowance (CUAF) for € 1 million.

The item **non-current liabilities or disposal groups held for sale** amounted to € 6.6 million at 31 December 2021 and refers solely to liabilities held by the subsidiary Poste Welfare Servizi, reclassified under this item in application of IFRS 5, following the transfer of 100% of the units held by Poste Vita to the ultimate parent Poste Italiane, which transaction is described in detail in this document.

Receivables and other assets

The item *receivables and other assets* amounting to € 3,055.4 million at the end of December 2021 (€ 3,157.5 million at the end of 2020) mainly refers to:

- amounts due from tax authorities for advances pursuant to Law 202/2002, for € 2,290.2 million (€ 2,262.4 at 31 December 2020) representing the advance on withholdings and the substitute tax on capital gains for life policies;
- deferred tax assets of €466.7 million (€438.1 million at 31 December 2020). The amount recorded in the financial statements at 31 December 2021 mainly refers to the receivable recognised with reference to the non-deductible portion of the change in the mathematical provisions;
- current tax assets of € 17.3 million at the end of 2021 (of which € 13.5 million relative to the ultimate parent Poste Italiane SpA for tax consolidation). The amount at the end of 2020 was € 176.2 million (of which € 138.1 million relative to the ultimate parent Poste Italiane SpA for tax consolidation). The decrease in the item with respect to the previous period is due to the almost entirely offsetting with the corresponding current tax liabilities;
- amounts due from policyholders for stamp duty on Class III and Class V policies amounting to € 95.2 million (€ 84.7 million at the end of 2020); This item refers: i) for € 34.3 million to the amount of tax duties on policies at 31 December 2021, balanced by the payable due to tax authorities for stamp duties commented on below and ii) for € 60.9 million to the advance on stamp duty paid by the company over the years, used to offset tax due upon expiry/surrender of policies;
- amounts due from policyholders for € 48.9 million for premiums for the period not yet collected for € 48.5 million and for € 0.4 million relative to sums to be recovered at 31 December 2021 (€ 38.4 million at the end of 2020);
- technical provisions transferred to reinsurers amounting to € 50.4 million (€ 53.5 million at the end of 2020);
- the portion not yet amortised of charges relative to acquisition commissions in the pre-counted form for the FIP product (Individual Pension Schemes) of € 42.2 million (€ 48.9 million at 31 December 2020);
- receivables due from brokers for premiums collected but not yet paid to companies for € 8 million (€ 10.7 million at the end of December 2020);
- amounts due from reinsurers of €4.9 million (€4.9 million at the end of 2020) relating to recoveries to be obtained from reinsurers for claims and commissions;
- amounts due from tax authorities for advances on insurance for € 15.1 million (€ 13.3 million at the end of the previous year);
- receivables due from Mirto S.rl. for the amount paid to the lessor as a deposit to lease the registered offices, of € 3.6 million (€ 3.5 million at the end of 2020).

Payables and other liabilities

The item *payables and other liabilities* amounted to € 1,329.2 million at the end of 2021 (€ 1,141.1 million at 31 December 2020) and mainly refers to:

- financial liabilities measured at amortised cost of € 254.7 million at 31 December 2021 (€ 276.2 million at the end of 2020) mainly relate to: i) € 251.3 million relating to the subordinated loan with indefinite maturity, taken out entirely by the parent company Poste Vita from the ultimate parent Poste Italiane, inclusive of accrued interest expense and ii) € 1.9 million in financial liabilities arising from the application of IFRS 16, representing the remainder of the fees to be settled at the end of the period;
- payables due to tax authorities for the advance on the mathematical provisions tax accruing during the period for € 362.2 million (€ 250 million at the end of the previous year);
- current tax liabilities of € 54.3 million at the end of 2021 (of which € 45.2 million relative to the ultimate parent Poste Italiane SpA for tax consolidation). These payables were not included at the end of the previous year as they were entirely offset by the corresponding current tax receivables;
- amounts due to brokers relating to commissions accrued for the placement of insurance products and the maintenance of the portfolio during the year amounting to €242.4 million (€227.1 million at the end of 2020);
- deferred tax liabilities for € 214 million (€ 194.9 million at the end of 2020), mainly attributable to the change in finance income between international accounting standards and statutory standards, as well as the change in the reserve deriving from measurement of securities in the FVTOCI category during the period;
- amounts due to tax authorities for the substitute tax on FIP, equal to € 20.7 million at the end of the period (€ 18.6 million at the end of 2020);
- amounts due to suppliers and Group companies for services received during the period totalling € 62.2 million (€ 87.5 million at the end of the previous year);
- the amount due to the tax authorities for stamp duty on life insurance policies in class III and V of € 34.3 million (€ 21.7 million at the end of 2020);
- liabilities for fee and commission expenses on internal funds for €24.2 million (€15.2 million at the end of 2020);
- payables for withholding and substitute taxes on capital paid on life insurance policies for € 7.7 million (€ 9.5 million at the end of the previous year);
- payables to MEF, for € 4.1 million (€ 33 thousand at the end of 2020), refer to sums to the be paid to the Fund established by the MEF and relative to policies signed after 28 October 2008, the date on which Law 166/2008 took effect, introducing regulations regarding “dormant policies”;
- payables to reinsurers for € 11.9 million (€ 2.9 million at 31 December 2020). This balance refers to payables due for outward premiums based on reinsurance treaties in effect as of 31 December 2021.

5. Operating results

The reclassified income statement by type of business for the year ended 31 December 2021 is shown below, compared with the same period of 2020:

The schedule for **Life Business**, commented on below, includes solely the figures for the parent company Poste Vita SpA, excluding the portion relative to Non-Life business.

RECLASSIFIED INCOME STATEMENT (€m)	Life business			
	31/12/21	31/12/20	Change	
Net premium revenue	**17,564.6**	**16,651.5**	**913.1**	**5%**
Gross premium revenue	*17,574.1*	*16,661.1*	*913.1*	*5%*
Outward reinsurance premiums	*(9.5)*	*(9.6)*	*0.0*	*0%*
Fee income	**81.1**	**55.8**	**25.3**	**45%**
Net finance income on securities related to traditional products	**3,365.0**	**3,365.5**	**(0.5)**	**0%**
Income	*2,984.6*	*2,724.2*	*260.3*	*10%*
Realised gains/losses	*162.5*	*15.5*	*147.0*	*948%*
Unrealised gains/losses	*217.9*	*625.8*	*(407.9)*	*-65%*
Net financial income on unit-linked hedging securities	**590.3**	**141.9**	**448.4**	**316%**
Net claims expenses	**(19,813.2)**	**(18,685.4)**	**(1,127.8)**	**6%**
Claims paid	*(9,498.7)*	*(11,044.8)*	*1,546.1*	*-14%*
Change in technical provisions	*(10,320.8)*	*(7,643.5)*	*(2,677.3)*	*35%*
Share attributable to reinsurers	*6.4*	*2.9*	*3.5*	*121%*
Investment management expenses	**(60.9)**	**(49.8)**	**(11.1)**	**22%**
Operating expenses	**(601.1)**	**(529.6)**	**(71.5)**	**13%**
Net commissions	*(483.6)*	*(433.4)*	*(50.1)*	*12%*
Operating costs	*(117.6)*	*(96.2)*	*(21.4)*	*22%*
Other net revenue / costs	**(55.0)**	**(41.4)**	**(13.6)**	**33%**
GROSS OPERATING PROFIT	**1,070.8**	**908.5**	**162.3**	**18%**
Net finance income from investment in free capital	100.0	90.5	9.5	11%
Interest expense on subordinated debt	(46.1)	(47.8)	1.8	-4%
PROFIT BEFORE TAX	**1,124.7**	**951.1**	**173.6**	**18%**
Taxes	**(336.2)**	**(226.3)**	**(109.9)**	**49%**
NET PROFIT	**788.5**	**724.8**	**63.7**	**9%**

Premium revenue for 2020, net of outward reinsurance premiums, amounts to €17,564.6 million, up 5% compared with the €16,651.5 million recorded in the same period of 2020.

Fee and commission income from the management of internal funds related to unit-linked products amounts to €81.1 million, up €25.3 million compared with the figure for the same period of 2020 (€55.8 million) as a result of the increase in assets under management.

Relative to investment management, **net financial income on securities related to traditional products** realised during the period was positive at € 3,365 million, in line with the results seen in the same period of 2020 (€ 3,365.5 million). The increase in ordinary income and from sales, totalling € 407.3 million, was offset by the decrease in net capital gains from measurement due to less favourable conditions on the financial markets than in the previous year (which went from € 625.8 million in 2020 to the

current € 217.9 million). These are, however, net gains on investments included in Separately Managed Accounts and therefore almost entirely attributable to policyholders through the shadow accounting method.

Note that the positive result for the period was also supported by the increase in the inflation rate which led to the recognition of revenue of around € 350.6 million for Inflation Linked securities held in the portfolio of the parent company Poste Vita for a nominal value of € 9.4 billion, of which € 337.6 million relative to pro-rata measurement of the capital portion.

ISIN Code (€m)	Description of Security	Nominal at 31/12/2021	Market Value at 31/12/2021	Income from inflation	Of which inflation due to coupon collection	Of which inflation due to revaluation of capital
IT0005188120	BTPS I/L 0.1 05/15/22	14.5	16.1	0.6	0.0	0.6
IT0005436701	BTPS I/L 0.15 05/15/51	70.0	73.3	2.6	0.0	2.6
IT0005387052	BTPS I/L 0.4 05/15/30	65.0	74.4	2.7	0.0	2.6
IT0005138828	BTPS I/L 1,25 09/15/32	63.5	82.2	2.7	0.0	2.7
IT0005246134	BTPS I/L 1.3 05/15/28	11.0	13.7	0.5	0.0	0.5
IT0004604671	BTPS I/L 2.1 09/15/21	-	-	10.1	0.8	9.3
IT0005004426	BTPS I/L 2.35 09/15/24	221.5	270.1	9.7	0.3	9.4
IT0004243512	BTPS I/L 2.6 09/15/23	697.5	941.3	37.4	3.8	33.7
IT0004735152	BTPS I/L 3.1 09/15/26	20.0	28.1	1.0	0.1	0.9
IT0005312142	BTPS ITALIA I/L 0,25 11/20/23	231.2	241.4	5.2	0.0	5.2
IT0005105843	BTPS ITALIA I/L 0,5 04/20/23	966.4	1,004.2	19.4	0.0	19.4
IT0005217770	BTPS ITALIA I/L 0.35 10/24/24	458.6	485.5	8.9	0.0	8.9
IT0005174906	BTPS ITALIA I/L 0.4 04/11/24	676.0	710.5	14.5	0.0	14.5
IT0005253676	BTPS ITALIA I/L 0.45 05/22/23	618.4	643.7	14.2	0.0	14.2
IT0005332835	BTPS ITALIA I/L 0.55 05/21/26	340.0	360.9	7.7	0.0	7.7
IT0005388175	BTPS ITALIA I/L 0.65 10/28/27	565.3	607.5	10.6	0.0	10.6
IT0005410912	BTPS ITALIA I/L 1.4 05/26/25	155.5	169.7	3.8	0.0	3.8
IT0005138828	BTPS I/L 1,25 09/15/32	1,770.5	2,292.4	76.0	1.3	74.7
IT0005246134	BTPS I/L 1.3 05/15/28	922.5	1,147.2	39.5	0.8	38.7
IT0004604671	BTPS I/L 2.1 09/15/21	-	-	2.8	0.3	2.5
IT0003745541	BTPS I/L 2.35 09/15/35	60.0	107.5	3.1	0.4	2.7
IT0004545890	BTPS I/L 2.55 09/15/41	710.5	1,312.8	42.5	2.7	39.8
IT0004735152	BTPS I/L 3.1 09/15/26	617.5	866.9	29.7	2.3	27.3
ES00000127C8	SPAIN I/L BOND 1 11/30/30	125.0	165.4	5.2	0.1	5.1
		9,380.5	**11,614.9**	**350.6**	**13.0**	**337.6**

Relative to **investments hedging unit-linked products**, given the positive effects deriving from market trends, financial income achieved during the period was positive at €590.3 million, compared to the positive € 141.9 million seen in 2020 (affected, especially during the first half of the year, by the well-known impacts of the health emergency). This amount is almost entirely reflected in the valuation of the correlated technical provisions.

Insurance **settlements** paid to customers during the period, totalling € 9,498.7 million feel by € 1,546.1 million with respect to the figures during the same period of 2020 and refer to: i) maturities (including coupons) of € 2,944.7 million, down by € 3,184.4 million with respect to the figure for 2020; ii) claims, including effects linked to dormant policies, of € 2,379.4 million which grew by € +719 million with respect to the figure during the same period of 2020 of € 1,660.3 million; ii) surrenders of € 4,168.2 million, up by € 924.1 million (+28.5%) with respect to the figure at the end of 2020 and accounting for 3.1% of initial provisions, up with respect to the 2.5% in 2020, but always much lower than the market average[7] and iv) settlement costs of € 6.5 million.

7. Average market figure at 31 December 2021 of 6.08% (last figure published on the Ania website)

As a result of the aforementioned commercial and financial trends, the corresponding **change in technical provisions for life business** amounts to € 10,320.8 million at the end of December 2021, compared with € 7,643.5 million recognised in 2020.

After taking into account the aforementioned settlements and the reinsurers' share, amounting to € 6.4 million, **net claims expenses** amount to € 19,813.2 million at the end of the period, compared to € 18,685.4 million at the end of the same period in 2020.

Total **commissions** paid for distribution, collection and portfolio maintenance amount to approximately € 478.1 million; on an accruals basis, the amount totals € 484.8 million (€ 434.9 million in 2020), reflecting the amortisation of pre-counted commissions on the sale of pension products and with an incidence of around 2.8% on earned premiums (2.6% at the end of the previous period). After the commissions received from reinsurers, the figure is €483.6 million, compared with €433.4 million at 31 December 2020.

Operating costs[8] during the period in question came to a total of around € 117.6 million, an increase of € +21.4 million with respect to the € 96.2 million recorded in the same period of 2020, mainly due to greater costs for professional services incurred, to support analysis carried out following the IVASS inspection, which ended with the inspection report dated 26 July, as better detailed in the Other Information section, as well as greater costs for services relative to IT fees paid to the Poste Italiane DTO function. The impact of costs with respect to premiums issued and reserves continues to be in line with market best practices, respectively at 0.7% and 0.1% (substantially unchanged with respect to 2020).

Other net revenue (costs) at the end of the period amount to € -55 million (€ -41.4 million at the end of 2020) and mainly refer to: i) the reversal of premiums relating to previous years for € -25.1 million; ii) the substitute tax on the FIP product for € -20.4 million and iii) charges for dormant policies of € -3.8 million.

In relation to the above trends, **EBITDA** at the end of the period amounts to € 1,070.8 million, an increase of € 162.3 million with respect to the € 908.5 million recognised during the same period In 2020.

Net financial income from Free Capital investment, mainly relative to ordinary income, gave rise to a positive result of € 100 million, up by € +9.5 million with respect to the figure registered the previous year, mainly due to the registration of greater ordinary income during the year accrued on the portfolio mainly consisting of Italian bonds.

Free Capital Income (€m)	31/12/21	31/12/20	Delta
Ordinary income	100.4	89.3	11.0
Realised gains/losses	2.7	0.8	1.9
Unrealised gains/losses	(3.0)	0.4	(3.4)
Total	**100.0**	**90.5**	**9.5**

Interest expense came to € 46.1 million (€ 47.8 million in 2020) and refers: i) to commission expense on ancillary funds paid to the ultimate parent Poste Italiane SpA for € 39.8 million, based on the letter of commitment signed on 15 November 2018 and ii) to interest expense on the subordinated loan received from the same ultimate parent for € 6.3 million.

Interest expense (€m)	31/12/21	31/12/20	Delta
Interest on Poste Italiane subordinated loan	39.8	39.9	(0.1)
Commissions on Ancillary Fund	6.3	6.8	(0.5)
Other		1.1	(1.1)
Total	**46.1**	**47.8**	**(1.8)**

Due to the aforementioned trends, **gross profit for the period** comes to € 1,124.7 million, compared to € 951.1 million in 2020. Considering the tax load, determined using an estimated tax rate of around 29.9% (around 23.8% in 2020, due to application of the Patent Box subsidised taxation regime, which gave rise to lower taxes for a total of € 57.4 million), the period ended with **net profit** of € 788.5 million, up by € 63.7 million with respect to the € 724.8 million recognised in 2020.

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8. Overheads allocated to acquisition costs and administrative expenses.

The reclassified Income Statement schedule relative to **Non-Life Business,** commented on below, includes amounts for the subsidiaries Poste Assicura, Poste Welfare Servizi and Poste Insurance Broker, as well as amounts from the Non-Life segment of the parent company Poste Vita.

RECLASSIFIED INCOME STATEMENT (€m)	Non-life business			
	31/12/21	31/12/20	Change	
Net premium revenue	**267.2**	**215.2**	**52.0**	**24.2%**
Gross premium revenue	*297.0*	*236.5*	*60.5*	*25.6%*
Outward reinsurance premiums	*(29.7)*	*(21.3)*	*(8.4)*	*39.5%*
Net finance income on securities related to traditional products	**8.5**	**7.0**	**1.5**	**21.1%**
Income	*8.5*	*6.9*	*1.6*	*22.6%*
Realised gains/losses	*0.1*	*0.2*	*(0.1)*	*(53.1%)*
Unrealised gains/losses	*(0.1)*	*(0.1)*	*0.0*	
Net claims expenses	**(166.0)**	**(103.0)**	**(63.1)**	**61.3%**
Claims paid	*(134.6)*	*(83.6)*	*(51.0)*	*61.0%*
change in technical provisions	*(43.7)*	*(27.2)*	*(16.5)*	*60.6%*
Share attributable to reinsurers	*12.3*	*7.9*	*4.4*	*55.7%*
Investment management expenses	**(0.9)**	**(0.9)**	**(0.1)**	**7.0%**
Operating expenses	**(66.6)**	**(50.4)**	**(16.2)**	**32.2%**
Net commissions	*(43.4)*	*(28.6)*	*(14.8)*	*51.9%*
Operating costs	*(23.2)*	*(21.8)*	*(1.4)*	*6.4%*
Other net revenue / costs	**6.2**	**5.5**	**0.7**	**12.7%**
PROFIT BEFORE TAX	**48.3**	**73.5**	**(25.2)**	**(34.3%)**
Taxes	(10.8)	(17.2)	6.4	(37.3%)
NET PROFIT	**37.6**	**56.4**	**(18.8)**	**(33.3%)**

Gross premiums earned on non-life business and on policies placed during the period total € 297 million (+26% compared with the same period of 2020), above all due to the increase in earnings relative to modular offers and employee benefits business; taking into account outward reinsurance, **net premiums earned** amount to € 267.2 million compared with € 215.2 million in 2020.

Prudent **financial management** aimed at preserving the company's financial solidity generated net financial income during the period for € 8.5 million, up compared to the amount recognised in the same period in 2020 (€ 7 million), mainly due to the € +1.6 million increase in ordinary income associated with portfolio growth.

During the period, the **amounts paid** including liquidation costs and direct expenses total €134.6 million, up sharply from €83.6 million in 2020. The **change in technical provisions**, including the provision for late claims, amounts to € 43.7 million during the period, compared with € 27.2 million in the same period of 2020.

After taking into account the reinsurers' share, amounting to € 12.3 million, **net claims expenses** amount to € 166 million at the end of the period, compared to € 103 million at the end of the same period in 2020, mainly due to the increase in Health class in the Corporate segment and in the Injury segment.

For distribution and collection activities, **commissions** total approximately € 50.3 million, which, net of commissions received from reinsurers, amount to € 43.4 million, up with respect to the € 28.6 million recognised in the previous twelve months, mainly due to growth in gross inflows. The impact of commissions (gross of the component received from reinsurers) with respect to gross premium revenue was 16.9%, up with respect to the figure recognised during the same period in 2020 (16.2%).

Operating costs which total € 23.2 million mainly refer to personnel expense, commercial costs/publicity expenses, costs for IT services and professional consulting/services. They are rose by € 1.4 million (+6%) with respect to the figure recognised for the same period the previous year mainly due to higher intercompany costs for IT, call center and back office DTO costs. The impact of these on gross premium revenue fell with respect to 2020, from 9.2% to the current 7.8%.

The item **other net revenue (costs)**, amounting to € 6.2 million at the end of the period (€ 5.5 million in the same period of 2020) consists primarily of: i) core revenue of € 9.8 million generated by the subsidiary Poste Welfare Servizi, ii) reversals of premiums issued in previous years for € -3.5 million, and iii) reversals relative to commissions from previous years for € 0.9 million.

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Due to the aforementioned trends, **gross profit for the period** for non-life business comes to € 48.3 million, compared to the € 73.5 million recorded in 2020. Considering the tax load, **net profit** is € 37.6 million, down by € 18.8 million with respect to the € 56.4 million recorded during in 2020.

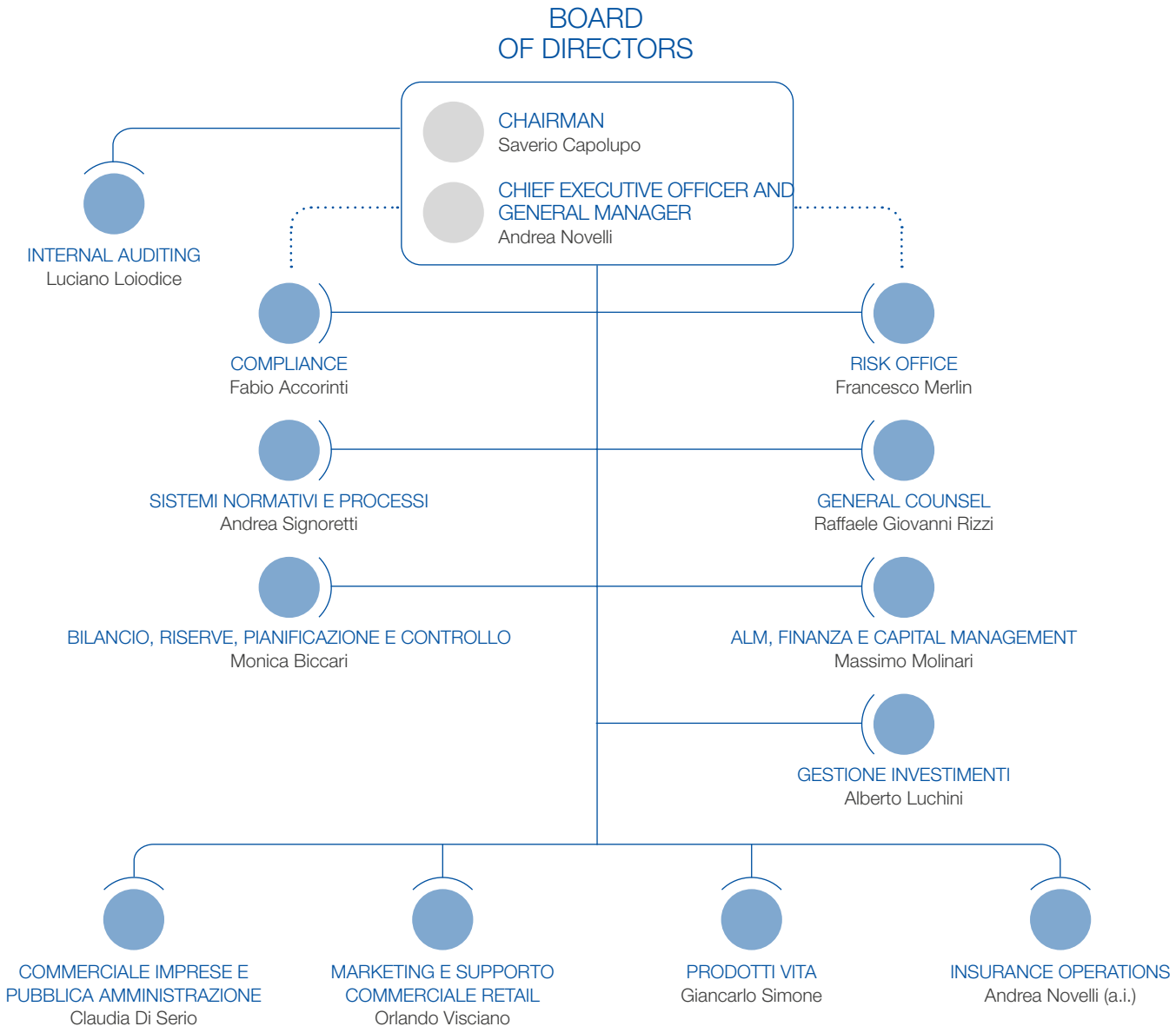
6. Organisation of the Poste Vita Group

Organisational Structure

It is appropriate initially to note that 2021 saw extraordinary organisational developments for the Group and, especially the parent company Poste Vita, part of a massive project to strengthen and consolidate the entire internal control and risk systems, also in line with that indicated in the Action Plan approved by the Board of Directors in response to the recent findings contained in the IVASS inspection report, relative to "Governance, investment management and control and financial risks".

In the context of the Report at 31 December 2021, the Financial Reporting Manager illustrated these developments and the progressive strengthening of the internal control system relative to financial reporting still under way, as well as the more extensive strengthening of the overall internal control and risk management system.

Below is the organisational chart for the parent company Poste Vita at 31 December 2021:



Below are details on the main changes in the organisational structure during 2021, in chronological order:

- Assignment of the position of General Manager to the CEO, effective as of 11 January 2021, confirming all the powers already granted to the General Manager, also relative to transactions or activities not yet completed or executed, as well as the special proxies granted for the same. Consequent placement of company departments which previously reported to the General Manager under the CEO and General Manager within the organisational chart.
- Elimination of the "Commercial" function with the "Commercial, Businesses and Public Administration" function, directly reporting to the CEO and General Manager.
- Elimination of the "Human Resources and Organisation" and establishment of the "Regulatory Systems and Processes" function, directly reporting to the CEO and General Manager, after outsourcing human resources and organisation activities to the ultimate parent Poste Italiane SpA.
- Elimination of the Projects and Business Support function.
- Establishment of the Marketing and Retail Commercial Support function, directly reporting to the CEO and General Manager, simultaneously eliminating the Innovation and Digital and Marketing and Customer Support functions.
- Redefinition of the responsibilities of the Investment Office function, now known as the Investments Management function, which continues to report to the CEO and General Manager, with subsequent revision of the internal structure of the same, including the establishment of safeguards dedicated to financial reporting.
- Establishment of the Financial Statements, Provisions, Planning and Control function and the AML, Finance and Capital Management function, reporting to the CEO and General Manager, with elimination of the Financial Office function.
- Establishment of the Insurance Operations function, reporting to the CEO and General Manager, with inclusion of the Life Settlements function, among others.
- Assignment of monitoring responsibilities for product development to the Life Products function, reporting to the CEO and General Manager (previously provided by the former Life Products and Portfolio function).
- Placement of the Compliance function in direct report to the CEO and General Manager (previously operating in the Risk Office are) with employees responsible for proper implementation of policies and procedures on organisation, management and control over distribution reporting to the manager of the same, previously under the Life Products function.
- Establishment of the Information Security function within the Risk Office area, in line with regulatory and sector guidelines in security and governance for information and communication technology.

Corporate Governance

The governance model adopted by the Parent Company, Poste Vita, is "traditional", i.e. characterised by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.

The Board of Directors, appointed by the General Meeting of Shareholders held on 19 May 2020, has a term of office of three years, which will expire on the date of approval of the financial statements for 2022. The Board has 7 members, 2 of which are independent.

The Board of Directors, as described above, meets periodically to review and adopt resolutions on strategy, operations, results, and proposals regarding the operational structure, strategic transactions and any other obligations under current industry regulations. It represents the main governing body of the Company and is vested with the widest possible powers to manage the company in the pursuit and implementation of the corporate purpose, which it exercises within the scope of the functions, duties and powers set out in current laws and regulations and in the By-laws.

The Board of Directors has ultimate responsibility for the corporate governance system, defines its strategic guidelines and ensures its constant completeness, functionality and effectiveness, also with reference to outsourced activities. It also ensures that the corporate governance system is suitable to achieve the objectives of efficiency and effectiveness of business processes, identification, assessment, including prospective assessment, management and adequate risk control, in line with the strategic guidelines and risk appetite of the company also in a medium-long term perspective, timeliness of the reporting system of corporate information, as well as reliability and integrity of accounting and management information, protection of assets also in a medium-long term perspective and compliance of the company's activities with current regulations, directives and company's procedures.

The Board of Directors of the Parent Company, Poste Vita, as the Ultimate Controlling Agent (UCA) of a group subject to supervision by IVASS, carries out the tasks and functions assigned to it with regard to corporate governance at both individual and Group level; it also adopts, with regard to the companies referred to in art. 210-ter, paragraph 2, of the Private Insurance Code, the measures for the implementation of the instructions given by IVASS in the interests of the stable and efficient management of the Group.

The Chair of the Board of Directors has the role of guiding and overseeing the work of the Board of Directors. In addition to the authority provided for by law and in the By-laws with regard to the activities of corporate bodies and legal representation of the Company, including the power to sign on the Company's behalf and to represent it before the courts, the Chairman, without prejudice to their non-executive position and without any management function, was granted by the Board of Directors powers in the following areas: Communications with Fundamental Functions (Internal Auditing, Compliance, Risk Management and Actuarial) and Institutional Relations.

The Board of Directors also, in accordance with art. 2381 of the Italian Civil Code, granted the Chief Executive Officer all the powers necessary for the administration of the Company, unless otherwise provided for by law, the Company's Bylaws and the resolution appointing to the position. The Chief Executive Officer is also the Company's legal representative within the scope of the powers delegated.

The General Manager is also an established position, to which is granted specific powers within the company, in line with the scope of responsibility assigned.

Finally, in line with the provisions of IVASS Regulation no. 38/2018, the Board of Directors has established specific internal committees, composed of non-executive directors, the majority of which independent, with investigative, consultative and propositional tasks, in order to increase the efficiency and effectiveness of its work and to facilitate decision-making in areas of operations where there is a high risk of conflict of interest.

Specifically, the Board of Directors is supported by the following committees:

a. Internal Control and Risks and Related Party Transactions Committee;

b. Remuneration Committee.

The aforementioned Committees, in line with the indications of the letter to the market of IVASS dated 5 July 2018 and in application of the principle of proportionality therein, carry out the tasks and functions assigned to them both at Company level as an insurance company on an individual basis and at Company level as the Ultimate Controlling Agent (UCA) and, therefore, at Group level.

Additionally, consistent with the results of the process for self-assessment of complexity/risk levels, carried out in June 2020 by the Subsidiary Poste Assicura SpA and in line with the option granted in the IVASS letter of 5 July 2018 to companies adopting an "ordinary" governance model, the Poste Vita Internal Control and Risks and Related Party Transactions Committee, as the ultimate Italian parent company, carried out the tasks and functions assigned to it in relation to the requirements of the Subsidiary Poste Assicura SpA.

The composition, the tasks entrusted to them, the powers and the functioning of each Committee are governed by specific Regulations, approved by the Board of Directors.

The Board of Statutory Auditors, elected by the General Meeting of Shareholders held on 19 May 2020, is made up of 3 standing members and 2 alternates. Under the terms of art. 2403 of the Italian Civil Code it supervises observance of the law and the Articles of Association, observance of the principles of correct administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its concrete operation.

Audit activities required under articles 14 and 16 of Legislative Decree 39/2010 are provided by Deloitte & Touche SpA, the Group's auditing firm, selected after a single call for tenders issued by Poste Italiane SpA, in compliance with the provisions of Regulation (EU) 573 of 16 April 2014 and Italian Legislative Decree 39 of 17 January 2010, as amended by Legislative Decree 135/2016.

The parent company Poste Vita also has a system of technical and conduct procedural rules designed to ensure consistent corporate governance through the coordinated management of the decision-making process regarding aspects, issues and activities of interest and/or of strategic importance, or that might give rise to significant risks for its assets. The governance system is further enhanced by a series of committees with the role of guiding and controlling corporate policies on strategic issues.

Lastly, to ensure compliance with the more advanced governance models and in accordance with the Company's by-laws, a financial reporting manager has been appointed.

After outsourcing of the IT systems to the ultimate parent Poste Italiane SpA, since March 2020 a two committee governance model has been contractually established:

- Operating Committee, responsible for monitoring service levels;
- Governance Committee, responsible for issues of a strategic nature

Internal control system

Within the Corporate Governance System of the Parent Company, Poste Vita, the Internal Control System (SCI) and the Risk Management System (SGR) are the set of instruments, organisational structures, rules and regulations designed to ensure that the Company is managed in a sound, correct and consistent manner with corporate objectives. To be effective, the control system must be integrated, which presupposes that its components are coordinated and interdependent, and that the entire system be an integral part of the general organisational, administrative, and accounting structure of the Company and the Group. Consistently with these principles, Poste Vita has identified a structured corporate governance model in line with the Group's one, which is applied operationally at company level on the basis of the role of the parties involved in internal controls and risk management and in proportion to the nature, scale and complexity of the business. The model provides for the definition of "levels of control" organised, in general, as set out below:

- **Governance:** defines, implements, maintains and monitors the Corporate Governance System (and in this context, the SCI and the SGR). It consists of the Administrative Body (duly supported by the Board Committees) and Senior Management. Specifically:
  - the Board of Directors is the ultimate guarantor and responsible for the Corporate Governance System and, to this end, it does not limit itself to defining its strategic guidelines, but monitors its results and ensures its constant completeness, functionality and effectiveness, also with reference to outsourced activities, consistently with the provisions of the relevant regulations;
  - Senior Management is responsible for the implementation, maintenance and monitoring of the Corporate Governance System and the promotion of the internal control culture in accordance with the instructions issued by the Board of Directors and in compliance with the relevant regulations.

- **First level of control:** identifies, assesses, manages, and monitors those risks for which it is responsible for monitoring, and in respect of which it identifies and implements specific protocols aimed at ensuring operational compliance. It is made up of all the control activities that the individual business and staff organisational units in the parent company Poste Vita (Operating Functions) perform on their own processes as an integral part of each business process. The Operating Functions are, therefore, primarily responsible for the internal control and risk management process (as established by the Board of Directors and Senior Management) as they are called upon, in the course of day-to-day operations, to identify, measure, assess, monitor, mitigate and report risks arising from ordinary business activities in accordance with the risk management process and applicable internal procedures.
- **Second level of control:** monitors company risks, proposes guidelines on all related control systems, and verifies the sufficiency of the same in order to ensure the efficiency and efficacy of the operations, sufficient risk control, prudent business practices, reliability of all disclosures, legal compliance, and adherence to internal rules and procedures. The functions to whom such controls are delegated are autonomous, independent, and distinct from operational functions. Specifically:
  - **the Risk Management function** has the task of controlling and maintaining the entire SGR, whose effectiveness it helps to ensure also through support activities for the Board of Directors and the Senior Management of the parent company Poste Vita in defining and implementing the same;
  - **the Compliance function** continuously identifies the applicable standards and assesses their impact on processes and procedures. In this perspective, it verifies the adequacy of the organisational measures adopted to prevent the risk of non-compliance with the rules and proposes organisational and procedural changes aimed at ensuring adequate risk management;
  - **the Actuarial function** contributes to the application of the Risk Management System through the performance of specific tasks relating to technical provisions, underwriting policies and reinsurance agreements;
  - **the Anti-money laundering function** continuously monitors the parent company Poste Vita's exposure to the risk of money laundering and terrorist financing and supports the Board of Directors in defining policies to govern such risk;
  - **the Information Security function** provides assistance and reports for the administrative body on information security, as well as monitoring and coordinating the relative activities.
- **Third level of control:** the **Internal Auditing function** is responsible for monitoring and evaluating the effectiveness and efficiency of the SCI and the other components of the corporate governance system and the need to adapt it (through independent assurance and any consulting activities to other corporate functions).

Pursuant to article 30 of Legislative Decree 209/2005 - Private Insurance Code, the Risk Management, Compliance, Actuarial and Internal Audit functions are defined as **fundamental Functions**.

The organisational model aims to ensure the presence of effective and efficient business processes, the control of current and future risks, the regular nature and functionality of information flows, reliable and complete information and protection of the Group's assets over the medium and long term.

The functioning of the same also includes the Board Committees (the Remuneration Committee and the Internal Control and Risks and Related Party Transactions Committee of the Poste Vita Group) take part in the model, as well as other functions and persons responsible for corporate control, such as: the financial reporting manager pursuant to Law no. 262/2005, the Supervisory Board pursuant to Legislative Decree 231/01, the Suspect Transactions Reporting Manager, the Tax Manager and the Tax Risk function, the Data Governance Officer and the Single Contact Person for Statistical Reports.

Poste Vita has established an Organisational Model pursuant to Legislative Decree 231/01, with the objective of preventing the commission of the various types of crime provided for in the legislation, and has also appointed an Oversight Committee.

Adoption of the 231 Organisation Model and the rules of conduct contained therein combine with the "Poste Italiane Group's Code of Ethics" adopted by the Poste Vita Group, in keeping with similar code put in place by the Parent Company, Poste Italiane.

The activities carried out during the year by the key functions and control functions contribute, as far as they are concerned, to the assessment of the corporate governance system of the Poste Vita Insurance Group, pursuant to art. 215-bis of the Private Insurance Code (Legislative Decree 209/2005 and subsequent additions and amendments).

Organisational structure and personnel

In line with previous years, with a view to exploiting potential synergies within the Poste Italiane Group, and with the aim of ensuring an increasingly effective response to the needs of the business and its main market, during the year, the Posta Vita Group continues to redesign and streamline its operating model in order to optimise its organisational model. Therefore, as has already been done for other company functions (Communication, Purchasing, Anti-Money Laundering, IT Systems, for administrative/accounting activities and activities to manage tenders in the context of insurance products offered), in 2021 the process was outlined to centralise human resources activities within the parent company relative to human resources and organisation, as and contracts were signed for outsourced services. Additionally, with an eye to strengthening and supporting non-life, auto and non-auto business, the process of re-internalising management planning and control activities within the subsidiary Poste Assicura was completed during the period. These had previously been provided as services by the parent company Poste Vita in favour of the subsidiary Poste Assicura and, additionally, in the first half of 2021 a specific function dedicated to Auto business was established.

The number of direct employees at 31 December 2021 was 490 (expressed in full time equivalent), up slightly with respect to the 483 recognised at 31 December 2020. Below is a breakdown of staff, divided by contract type and the relative changes with respect to the previous year:

Workforce Breakdown expressed in FTE	31/12/21	31/12/20	Change
Executives	34	32	2
Middle managers	235	198	37
Operational staff	214	251	(36)
Flexible contracts	7	3	4
Direct employees	**490**	**483**	**7**

New personnel in the Poste Vita Group were mainly selected to strengthen skills in the Investments and Risk Office area and in response to the organisational and employee adjustment plan agreed on with the supervisory authorities, following the inspection in 2021 and also included the addition of employees with specialised skills relative to salary-backed loans and claims management. With reference in particular to the strengthening of staff in the Risk Office area, new resources were added to the team that develops the Internal Model for risk assessment and to the risk management area, in particular relative to financial risk; in the context of the Investment Management function, resources were added to strengthen skills for traditional investments, both to manage mandates and for multi-asset investments. Other new staff were hired through initiatives internal to the Poste Italiane Group (job postings), as in previous years and with an eye to developing human capital within the larger Poste Italiane Group. Additionally, with the aim of strengthening staff overall, also in terms of diversifying seniority, during the second half of 2021 various 6-month “professional development programmes” were begun with the aim of initiating, with the support of corporate mentors, a professional path forward, especially for young and promising new graduates in the investments and risk management areas.

Relative to training, the continuation of the health emergency did not allow for a full return to on-site training. Therefore, training initiatives were offered in “virtual” classrooms (webinars) and using e-learning methods. Only in June and October 2021 was practical on-site training offered, provided to Emergency Responders in the context of Occupational Health and Safety programmes.

In this context, during 2021 training provided mainly involved the following areas of “insurance compliance”, with specific reference to Anti-Money Laundering, IVASS and product training, regulatory/compliance training, with particular reference to the following aspects: Corruption Prevention, Legislative Decree 231, GDPR, IT Security, Occupational Health and Safety, Diversity & Inclusion, Fraud Management, technical/specialist training in the insurance sector, in particular including webinars on IFRS 17 and the knowledge sharing project known as “Know Yourself to Learn”. Additional training was dedicated to managerial projects, mainly to develop soft skills (effective communication, problem solving, time management, teamworking) with special attention paid to the project known as EST: “Evidence, Sensemaking and Timeliness” provided with the support of the primary Business School and intended to help Middle Management develop a culture of data-based decisions in an uncertain time.

7. Information on international accounting standards

Share-based payments - IFRS 2

Goods and services acquired and liabilities taken on for which share-based payments are established, settled with cash, equity instruments or other financial instruments, are recognised at their fair value. If the payment is made in cash, the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in the income statement, until the amount is extinguished. In the case of employee benefits, the expense is recognised in personnel expenses over the period in which the employee renders the relevant service.

Financial Risks Disclosure - IFRS 7

Information on financial risk management at 31 December 2021 is provided below, prepared by the Risk Management function, in accordance with the requirements of the international financial reporting standard, IFRS 7 - *Financial Instruments: Disclosures*.

The financial instruments held by the **parent company Poste Vita** mainly refer to investments made to cover contractual requirements taken on relative to policyholders, for traditional revalued life policies and for unit-linked products. Other investments in financial instruments regard investment of the insurance company's free capital.

Traditional Life policies, classified under Class I and V, primarily include products whose benefits are revaluated based on the return generated through the management of pools of financial assets, which are separately identifiable in accounting terms only, within the company's assets (so-called Separately Managed Accounts). For these types of product, the Company generally provides a guaranteed minimum return rate to be recognised at policy maturity (at 31 December 2021, the guaranteed minimum falls between 0% and 2.1% for existing policies). Unrealised gains and losses are returned to policyholders and recognised in a specific technical provision using shadow accounting. The calculation technique used in applying this method is based on the prospective yield on each separately managed account, considering a hypothetical realisation of unrealised gains and losses over a period which is consistent with the characteristics of the assets and liabilities held in the portfolio.

The economic impact of financial risks on investments may be fully or partially absorbed by insurance liabilities. More specifically, this absorption is generally a function of the level and structure of minimum return guarantees and the profit sharing mechanisms for the policyholders' Separately Managed Accounts. Sustainability of minimum returns is evaluated by the Company with periodic analysis, carried out with the assistance of an internal financial/actuarial model (Asset Liability Management), which for each individual Separately Managed Account, simulates the evolution of the value of financial assets and expected returns, using both a "central scenario" (based on current financial and commercial hypotheses) and a stress hypothesis, with various commercial developments. This model makes it possible to manage the risks assumed by the parent company Poste Vita SpA on a quantitative basis, thereby fostering reduced earnings volatility and optimal allocation of financial resources.

Unit-linked products, relating to Class III insurance products, regard policies where the premium is invested in mutual investment funds. The parent company Poste Vita constantly monitors developments in the risk profiles of individual products.

The non-life insurance company Poste Assicura SpA's investment policies are designed to preserve the Company's financial strength, as outlined in the Framework Resolution approved by the Board of Directors of Poste Vita SpA on 16 December 2021. Regular analyses of the macroeconomic context and market trends for the different asset classes, with the relevant effects on asset-liability management, are conducted. For the Non-life business, the focus is on the management of liquidity in order to meet claims.

Within the above context, balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including the progressive introduction of appropriate information systems.

Below is a description of the main financial risks and their effects on the portfolio held by the Poste Vita Group at the end of 2021.

Price risk

This is the risk that the value of a financial Instrument will fluctuate as a result of changes in market prices, when the changes derive both from specific factors of the individual instrument or its issuer, and from factors that affect all the instruments traded on the market.

The analysis below refers to financial asset items classified under the categories "fair value in other comprehensive income" or "fair value through profit and loss".

For the purposes of the sensitivity analysis at 31 December 2021, positions potentially exposed to greater changes in value were considered and subjected to a variable stress test calculated with reference to historic one year volatility, held to represent possible market changes. Below are the results of the price risk sensitivity analysis carried out on 31 December 2021 for Poste Vita Group positions.

	Exposure	Change in value		Effect on deferred liabilities		Profit/(Loss) before tax		Reserves before taxes	
(€k)		Delta value +vol	Delta value -vol	Effect on def. liab. +vol	Effect on def. liab. -vol	Res. before taxes +vol	Res. before taxes -vol	Res. gross Eq. +vol	Res. gross Eq. -vol
Financial assets	-	-	-	-	-	-	-	-	-
Investments at FVTOCI	-	-	-	-	-	-	-	-	-
APRE00061 - Shares at FVTOCI		-	-	-	-	-	-	-	-
APRE00063 - Other investments at FVTOCI		-	-	-	-	-	-	-	-
APRE00064 - Structured bonds at FVTOCI		-	-	-	-	-	-	-	-
Financial instruments at fair value through profit or loss	**40,274,313**	**5,270,351**	**(5,270,351)**	**5,270,121**	**(5,270,121)**	**231**	**(231)**	**-**	**-**
APRE00071 - Structured bonds at FVTPL		-	-	-	-	-	-	-	-
APRE00073 - Other investments at FVTPL	40,057,112	5,213,784	(5,213,784)	5,213,553	(5,213,553)	231	(231)	-	-
APRE00074 - Shares at FVTPL	217,201	56,567	(56,567)	56,567	(56,567)	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
APRE00113 - FVTPL		-	-	-	-	-	-	-	-
PPRE00093 - FVTPL liabilities	-	-	-	-	-	-	-	-	-
Variability at end of period	**40,274,313**	**5,270,351**	**(5,270,351)**	**5,270,121**	**(5,270,121)**	**231**	**(231)**	**-**	**-**

Financial assets measured at fair value through profit or loss refer to:

- investments relative to units of mutual funds held by the Poste Vita Group, for which the fair value amounts to € 40,057[9] million, of which around € 32.968 million hedging Class I policies, around € 7,084 million hedging Class III policies and the remaining part relative to free capital;
- shares held by the parent company Poste Vita SpA for € 217 million again Class I products connected to Separately Managed Accounts and for Class III.

Price risk does not involve fixed-income financial instruments (debt securities), because for the risk in question only stock market volatility is considered.

9. Not included in the scope of the analysis in question are €1,859 million of alternative funds with a predominantly bond composition.

Currency risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in the exchange rates of currencies other than the accounting currency.

The sensitivity analysis performed takes into account the most significant positions in other currencies, hypothesising a stress scenario determined by volatility in the exchange rates for each currency position. More specifically, a change in the exchange rate equal to historic one year volatility was applied, held to represent possible market changes.

Below are the results of the currency risk sensitivity analysis carried out on 31 December 2021 for the most significant Poste Vita Group positions.

(€k)	Position in CURRENCY/000	Position in Euro/000	Change in value		Profit/(Loss) before tax	
			Delta val. +260 days	Delta value -260 days	Res. before taxes +260 days	Res. before taxes -260 days
Financial assets						
Investments at FVTOCI						
Shares at FVTOCI	-	-	-	-	-	-
Fixed income securities at FVTOCI						
Other investments at FVTOCI	-	-	-	-	-	-
Investments at FVTPL	103,712	91,570	5,265	(5,265)	5,265	(5,265)
Shares at FVTPL	-	-	-	-	-	-
Other investments at FVTPL	103,712	91,570	5,265	(5,265)	5,265	(5,265)
Variability at end of period	**103,712**	**91,570**	**5,265**	**(5,265)**	**5,265**	**(5,265)**

Relative to the Poste Vita Group, the risk in question refers to units of certain alternative investment funds held at the end of December 2021.

Fair value interest rate risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The analysis below mainly refers to the effects of changes in market rates on the price of fixed rate financial instruments or instruments linked to a fixed rate through a cash flow hedge and, residually, the effects of changes in market rates on the fixed component of variable rate financial instruments or instruments linked to a variable rate through fair value hedges. The greater the duration of the financial instrument, the more significant the effects.

The following interest rate sensitivity analysis was based on changes in fair value with a parallel shift in the forward yield curve of +/- 100 bps. The sensitivities data shown by the analysis provide a base scenario that can be used to measure potential changes in fair value, in the presence of changes in interest rates.

Below are the results of the interest rate risk on fair value sensitivity analysis carried out on 31 December 2021 for Poste Vita Group positions.

	Risk exposure		Change in value		Effect on deferred liabilities		Profit/(Loss) before tax		Reserves before taxes	
(€k)	Nominal exposure	Fair value exposure	Delta val. +100 bps	Delta val. -100 bps	Effect on def. liab. +100 bps	Effect on def. liab. -100 bps	Res. before taxes +100 bps	Res. before taxes -100 bps	Res. gross Eq. +100 bps	Res. gross Eq. -100 bps
Financial assets										
Investments at FVTOCI	**100,056,288**	**111,384,483**	**(7,983,742)**	**7,983,742**	**(7,878,960)**	**7,878,960**	**-**	**-**	**(104,782)**	**104,782**
Fixed income securities at FVTOCI	99,556,288	110,859,691	(7,981,276)	7,981,276	(7,876,495)	7,876,495	-	-	(104,782)	104,782
Other investments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Structured bonds at FVTOCI	500,000	524,792	(2,466)	2,466	(2,466)	2,466	-	-	-	-
Financial instruments at fair value through profit or loss	**2,541,112**	**4,459,690**	**(365,177)**	**365,177**	**(360,215)**	**360,215**	**(4,962)**	**4,962**		
Fixed income securities at FVTPL	2,500,824	2,578,762	(114,978)	114,978	(110,016)	110,016	(4,962)	4,962		
Structured bonds at FVTPL	22,000	21,799	(44)	44	(44)	44	-	-	-	-
Other investments at FVTPL	18,288	1,859,129	(250,155)	250,155	(250,155)	250,155	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-	-	-
Cash flow hedging	-	-	-	-	-	-	-	-	-	-
Fair Value hedges	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
Derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FVTPL liabilities	-	-	-	-	-	-	-	-	-	-
Cash flow hedge liabilities	-	-	-	-	-	-	-	-	-	-
Variability at end of period	**102,597,400**	**115,844,173**	**(8,348,919)**	**8,348,919**	**(8,239,175)**	**8,239,175**	**(4,962)**	**4,962**	**(104,782)**	**104,782**

In terms of **financial assets recognised at fair value through other comprehensive income**, the risk in question primarily relates to:

- Fixed income government securities held by the parent company Poste Vita SpA, totalling € 89,779 million; of this amount, € 87,516 million is used to cover Class I and V policies linked to separately managed funds, and € 2,263 million relates to the Company's free capital;
- Other non-government debt securities in the Poste Vita SpA portfolio for € 21,285 million, mainly to cover commitments taken on relative to policyholders;
- Fixed-income government bonds held by the subsidiary Poste Assicura SpA for a total of € 256 million;
- Other non-government debt securities in the Poste Assicura SpA portfolio for € 65 million.

Financial assets at fair value which are relevant to the risk in question are held almost entirely by the parent company Poste Vita SpA, mainly to hedge commitments taken on relative to policyholders. These relate to a portion of investments in fixed-income instruments totalling €2,579 million, including €4 million relating to the subsidiary Poste Assicura, and to the position in Other investments consisting of units in alternative investment funds for €1,859 million and the remaining €22 million in bonds issued by Cassa Depositi e Prestiti as a private placement.

On the other hand, relative to Class I and V policies issued by the parent company Poste Vita SpA, the duration of hedging assets is 7.34, while for liabilities it is 9.42.

Financial instruments covering the technical provisions for Class III have maturities which coincide with those of the liabilities.

Spread risk

This is the risk attributable to possible reductions in the prices of bonds held in the portfolio, due to deterioration of the market valuation of the credit quality of the issuer. The phenomenon is attributable to the significance assumed by the impact of the spread between rates of return of sovereign debts on the fair value of euro-government and corporate securities, where the spread reflects the market perception of the creditworthiness of the issuing entities.

The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called "risk free" interest rates. This situation is because a change in credit spread is not subject to hedging and involves the entire securities portfolio, meaning both the fixed and variable rate components. In fact, in the latter case fair value derivatives, which transform securities into variable rate instruments, cover only the risk free interest rate risk and not credit risk. Therefore, a change in the credit spread has an equal impact on both fixed rate and variable rate securities.

Below are details on the effects seen in the Poste Vita Group's portfolio during the period in question:

	Risk exposure		Change in value		Effect on deferred liabilities		Profit/(Loss) before tax		Reserves before taxes	
(€k)	Nominal exposure	Fair value exposure	Delta val. +100 bps	Delta val. -100 bps	Effect on def. liab. +100 bps	Effect on def. liab. -100 bps	Res. before taxes +100 bps	Res. before taxes -100 bps	Res. gross Eq. +100 bps	Res. gross Eq. -100 bps
Financial assets										
Investments at FVTOCI	**100,056,288**	**111,384,483**	**(8,801,901)**	**8,801,901**	**(8,684,162)**	**8,684,162**	**-**	**-**	**(117,739)**	**117,739**
Fixed income securities at FVTOCI	99,556,288	110,859,691	(8,791,772)	8,791,772	(8,674,034)	8,674,034	-	-	(117,739)	117,739
Other investments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Structured bonds at FVTOCI	500,000	524,792	(10,128)	10,128	(10,128)	10,128	-	-	-	-
Financial instruments at fair value through profit or loss	**2,541,112**	**4,459,690**	**(393,000)**	**393,000**	**(387,329)**	**387,329**	**(5,671)**	**5,671**	**-**	**-**
Structured bonds at FVTPL	22,000	21,799	(1,110)	1,110	(1,110)	1,110	-	-	-	-
Fixed income securities at FVTPL	2,500,824	2,578,762	(141,735)	141,735	(136,064)	136,064	(5,671)	5,671	-	-
Other investments at FVTPL	18,288	1,859,129	(250,155)	250,155	(250,155)	250,155	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-	-	-
Cash flow hedging	-	-	-	-	-	-	-	-	-	-
Fair Value hedges	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
Derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FVTPL liabilities	-	-	-	-	-	-	-	-	-	-
Cash flow hedge liabilities	-	-	-	-	-	-	-	-	-	-
Variability at end of period	**102,597,400**	**115,844,173**	**(9,194,901)**	**9,194,901**	**(9,071,491)**	**9,071,491**	**(5,671)**	**5,671**	**(117,739)**	**117,739**

With reference to the Poste Vita Group, the portfolio exposed to the risk in question amounts to € 115,844 million in fair value at 31 December 2021, consisting of € 111,384 million in financial assets measured at fair value through other comprehensive income, with the remaining € 4,460 million in financial assets measured at fair value through profit and loss. Sensitivity analysis carried out on the overall portfolio shows that a 100 bps increase in the spread would generate a negative change in fair value of around € 9,195 million. Of this amount, € 9,071 million would be attributed to deferred liabilities relative to policyholders through shadow accounting, € 118 million would impact the fair value reserve for securities associated with free capital and € 6 million would be recognised in the income statement.

In addition to the sensitivity analysis mentioned above, the Poste Vita Group monitors spread risk by calculating the maximum value at risk (VaR), estimated on a statistical basis using a time horizon of 1 day and a 99% confidence level. VaR analysis takes into consideration the variability of the risk factor (spread) seen historically and does not limit analysis to a parallel shift throughout the curve.

Below are the results of the spread risk sensitivity analysis carried out on 31 December 2021 with reference to Poste Vita Group positions.

	Risk exposure		
€k	Nominal exposure	Fair value exposure	VaR Spread
Financial assets			
Investments at FVTOCI	**100,056,288**	**111,384,483**	**839,004**
Fixed income securities at FVTOCI	99,556,288	110,859,691	838,958
Other investments at FVTOCI			
Structured bonds at FVTOCI	500,000	524,792	318
Financial instruments at fair value through profit or loss	**2,541,112**	**4,459,690**	**6,541**
Structured bonds at FVTPL	22,000	21,799	35
Fixed income securities at FVTPL	2,500,824	2,578,762	4,141
Other investments at FVTPL	18,288	1,859,129	2,577
Derivative assets			
Cash flow hedging			
Fair Value hedges			
Derivative liabilities	**-**	**-**	**-**
FVTPL liabilities	-	-	-
Cash flow hedge liabilities			
Variability at end of period	**102,597,400**	**115,844,173**	**840,262**

Cash flow interest rate risk

This is defined as the uncertainty related to the achievement of future cash flows following fluctuations of interest rates on the market. This may derive from misalignment - in terms of interest rate types, index-methods and maturities - of financial asset and liability items which tend to be held until their contractual and/or expected maturity (banking book) which, as such, generate economic effects in terms of net interest income, reflected in the revenue results of future periods.

The analysis below refers to effects of changes in market rates on cash flows deriving from variable rate securities or those rendered as such due to fair value hedge operations.

Sensitivity analysis regarding interest risk on cash flows produced by these instruments is calculated using a hypothetical parallel shift in the market rate curve of +/- 100 bps.

Below are the results of the sensitivity analysis on interest risk relative to cash flows carried out on 31 December 2021 on Poste Vita Group positions, indicating a portfolio held by the Poste Vita SpA Group (including bank deposits of € 4,028 million) subject to the above risk for a total nominal amount of € 11,485 million:

	Risk exposure	Change in value		Effect on deferred liabilities		Profit/(Loss) before tax	
(€k)	Nominal exposure	Delta val. +100 bps	Delta val. -100 bps	Effect on def. liab. +100 bps	Effect on def. liab. -100 bps	Res. before taxes +100 bps	Res. before taxes -100 bps
Financial assets	-	-	-	-	-	-	-
Investments at FVTOCI	**7,386,537**	**73,865**	**(73,865)**	**69,860**	**(69,860)**	**4,006**	**(4,006)**
Fixed income securities at FVTOCI	6,886,537	68,865	(68,865)	64,860	(64,860)	4,006	(4,006)
Other investments at FVTOCI	-	-	-	-	-	-	-
Structured bonds at FVTOCI	500,000	5,000	(5,000)	5,000	(5,000)	-	-
Financial instruments at fair value through profit or loss	**71,400**	**714**	**(714)**	**714**	**(714)**	**-**	**-**
Other investments at FVTPL	-	-	-	-	-	-	-
Structured bonds at FVTPL	22,000	220	(220)	220	(220)	-	-
Fixed income securities at FVTPL	49,400	494	(494)	494	(494)	-	-
Cash and deposits attributable to BancoPosta	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Cash and cash equivalents	**4,027,068**	**40,271**	**(40,271)**	**37,099**	**(37,099)**	**3,172**	**(3,172)**
Bank deposits and amounts held at the Italian Treasury	**4,027,068**	**40,271**	**(40,271)**	**37,099**	**(37,099)**	**3,172**	**(3,172)**
Deposits with MEF	-						

Cash flow inflation rate risk

This is defined as the uncertainty related to the achievement of future cash flows following fluctuations of inflation rates on the market.

Below are the results of sensitivity analysis relative to inflation risk for cash flows, carried out on 31 December 2021 for Poste Vita Group positions.

	Risk exposure		Change in value		Effect on deferred liabilities		Profit/(Loss) before tax		Reserves before taxes	
(€k)	Nominal exposure	Fair value exposure	Delta val. +100 bps	Delta val. -100 bps	Effect on def. liab. +100 bps	Effect on def. liab. -100 bps	Res. before taxes +100 bps	Res. before taxes -100 bps	Res. gross Eq. +100 bps	Res. gross Eq. -100 bps
Financial assets										
Fixed income securities at FVTOCI	9,345,619	11,599,396	41,250	(41,250)	41,098	(41,098)	1,482	(1,482)	-	-
Fixed income securities at FVTPL	72,450	80,113	12	(12)	-	-	12	(12)	-	-
Variability at end of period	**9,418,069**	**11,679,509**	**41,262**	**(41,262)**	**41,098**	**(41,098)**	**1,494**	**(1,494)**	**-**	**-**

At 31 December 2021, cash flow inflation risk relates to inflation-linked government securities not subject to cash flow hedges or fair value hedges. Of the total nominal value of € 9,418 million, € 9,380 million are held by the parent company Poste Vita SpA with € 38 million held by the subsidiary Poste Assicura.

Credit risk

This is the risk of default of the counterparties with which receivable positions exist, with the exception of investments in equities and mutual fund units.

Exposure to credit risk

For financial assets subject to the risk in question and for which provisions on impairment apply, below is an analysis of exposure to credit risk at 31 December 2021, in reference to financial assets measured at amortised cost and at fair value through other comprehensive income, for which the general deterioration model was used. The analysis shows exposure by class of financial assets, broken down by stages. The amounts refer to the gross (amortised cost before ECL), if not otherwise indicated, and do not consider guarantees or other instruments which attenuate credit risk.

Credit risk - Internal ratings

	AAA to AA-			A+ to BBB-			BB+ to C						Total			Not rated (carrying amount)	Total carrying amount
	Stage 1			Stage 1			Stage 1			Stage 2							
Description (€k)	Costo ammortizzato al lordo dell'ECL (GCA)	*Fair value*	Fondo a copertura perdite attese	Costo ammortizzato al lordo dell'ECL (GCA)	*Fair value*	Fondo a copertura perdite attese	Costo ammortizzato al lordo dell'ECL (GCA)	*Fair value*	Fondo a copertura perdite attese	Costo ammortizzato al lordo dell'ECL (GCA)	*Fair value*	Fondo a copertura perdite attese	Costo ammortizzato al lordo dell'ECL (GCA)	*Fair value*	Fondo a copertura perdite attese		
Financial assets at amortised cost																	
Loans	-	-	-	383,441	-	(269)	-	-	-	-	-	-	383,441	-	(269)	-	383,172
Receivables	-	-	-	24,470	-	(92)	-	-	-	-	-	-	24,470	-	(92)	-	24,378
Fixed income securities	-	-	-	2,020,584	-	(678)	-	-	-	-	-	-	2,020,584	-	(678)	-	2,019,906
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**2,428,495**	**-**	**(1,039)**	**-**	**-**	**-**	**-**	**-**	**-**	**2,428,495**	**-**	**(1,039)**	**-**	**2,427,456**
Financial assets at FVTOCI																	
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed income securities	2,208,978	2,279,517	(131,359)	94,441,029	105,897,111	(34,502)	2,464,417	2,477,716	(9,698)	197,040	200,105	(7,628)	99,316,493	110,859,691	(52,003)	-	110,859,691
Other investments	-	-	-	500,463	524,792	(255)	-	-	-	-	-	-	500,463	524,792	(255)	-	524,792
Total	**2,208,978**	**2,279,517**	**(131,359)**	**94,941,492**	**106,421,903**	**(34,757)**	**2,464,417**	**2,477,716**	**(9,698)**	**197,040**	**200,105**	**(7,628)**	**99,816,955**	**111,384,483**	**(52,258)**	**-**	**111,384,483**

Disclosure of interests in other entities - IFRS 12

Adopted with Regulation (EU) 1254/2012, IFRS 12 combines, strengthens and replaces disclosure requirements regarding subsidiaries, joint control agreements, associated companies and unconsolidated structured entities. This standard summarises all the information an entity must provide in order to allow financial statement users to assess the nature of and risks deriving from their investments in other entities, as well as the effects of these investments on the equity/financial situation, economic results and cash flows. A structured entity is an entity configured so that voting or similar rights are not the deciding factor in establishing control over the entity, as in the case in which voting rights refer solely to administrative activities and the relative operating activities are guided through contractual agreements.

At 31 December 2021, this definition includes the investments held by the parent company Poste Vita in the funds described below.

As required under the provisions of IFRS 12 paragraphs 24 - 31, supported by paragraphs B25 – B26, the disclosure in the Poste Vita financial statements must provide information able to allow financial statement users to assess, for each unconsolidated structured entity:

- the nature and extent of its interest in the entity;
- the nature of the risk associated with its interest in the entity.

The required information is below.

Nature of the interest in the unconsolidated structured entity (IFRS26 12. 26)

With reference to the first point, we provide qualitative and quantitative information regarding the nature, extent, size and business of the unconsolidated structured entity.

For each of the Funds indicated below, the parent company Poste Vita holds a stake in excess of 50%, including multiasset funds. Quantitative information relative to these investments is provided in the following tables, together with the other funds. The parent company Poste Vita's interests in these funds were not subject to consolidation as it does not meet the "control" requirements of IFRS 10, but nonetheless fall under the scope of IFRS 12 as they are unconsolidated structured entities. The purpose of these investments is to diversify the financial instruments portfolio used to cover Class I products (Separately Managed Accounts), with the objective of mitigating exposure to Italian government bonds and corporate bonds denominated in euros.

Below is a table containing the information required under IFRS 12.26, noting that the NAV found in the table represents the total value of the fund. For the book value, the percentage stake held must be considered. Specifically, note that for the funds "ADVANCE CAPITAL ENERGY FUND" and "SHOPPING PROPERTY FUND 2", the Company does not hold a 100% stake, but rather stakes of 86.21% and 64.93%, respectively.

ISIN (€k)	Name	LOCAL Classification	Nature of entity	Fund activity	% investment*	NAV	
						Ref. date**	Amount
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	Non-current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100%	31/12/21	6,025,840
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	Non-current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	4,326,519
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	574,473
LU1193254122	MULTIFLEX-GLB MA INC-CM	Non-current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	4,180,936
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	Non-current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	5,087,345
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	898,669
LU1808839242	MULTIFLEX-OLYMP INSURN MA-CM	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	924,933
LU1500341166	MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	312,572
LU1808838863	MULTIFLEX-OLYMPIUM OPT MA-CM	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	622,502
LU2051218035	MULTIFLEX-OLYMPIUM SEV-CMEUR	Current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	488,050
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	Non-current	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/12/21	4,902,704
Total Multiassets Funds							**28,344,543**

ISIN (€k)	Name	LOCAL Classification	Nature of entity	Fund activity	% investment*	NAV Ref. date**	NAV Amount
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Current	Closed-end Fund of funds within the scope of application of Directive 2011/61/EU	Investment in energy companies to achieve capital appreciation and, realise relevant gains after exit	86.21%	30/09/21	17,169
QU0006746865	ALC Prima European Private Credit Feeder Fund	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/09/21	230,910
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds, loans and equities).	100%	30/11/21	82,104
QU0006738854	PrimA Credit Opportunity Fund	Current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/11/21	144,988
QU0006738052	Prima EU Private Debt Opportunity Fund	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/09/21	491,815
QU0006744795	Prima European Direct Lending 1 Fund	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/09/21	421,598
QU0006742476	PRIMA GLOBAL EQUITY PARTNERS FUND	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/11/21	123,745
IE00BK1KDS71	Prima Hedge Platinum Growth	Current	Hedge Fund within the scope of application of Directive 2011/61/EU	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100%	31/12/21	458,045
IT0005247819	DIAMOND CORE	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	Investment in real estate assets and real property rights, including those deriving from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	30/06/21	277,272
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	Investment in core and core plus real estate for retail use, located in the Eurozone and euro-denominated	100%	30/09/21	97,493
IT0005210593	DIAMOND OTHER SECTORS ITALIA	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in real estate companies and the professional management and development of the fund's assets.	100%	30/06/21	107,585

ISIN (€k)	Name	LOCAL Classification	Nature of entity	Fund activity	% investment*	NAV Ref. date**	NAV Amount
IT0005215113	CBRE DIAMOND FUND	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	"Investment in real estate assets and real property rights, including those deriving from real estate lease contracts, in any case, without any particular constraints on geographical location but, in any case, in Italy;.may be used of the following purposes: logistics, retirement homes, residential, hotel, mixed-use, office or commercial use."	100%	30/09/21	170,353
IT0005174450	DIAMOND EUROZONE OFFICE UBS FUND	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	Investment in core and core plus real estate for office use, located in the Eurozone and euro-denominated	100%	30/09/21	422,770
IT0005212193	DIAMOND ITALIAN PROPERTIES FUND	Non-current	Italian alternative real estate investment fund falling under the scope of Directive 2011/61/EU	Investment in real estate assets and real property rights, including those deriving from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	30/06/21	155,099
IT0005386666	i3-Dante Fund Comparto Convivio	Non-current	Italian registered, closed-end, alternative multi-segment real estate investment fund	Investment in core and core plus income generating properties, located in the central areas of the main Italian cities, especially Rome and Milan.	100%	30/06/21	259,984
QU0006745081	Prima Real Estate Fund I	Non-current	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100.0%	30/09/21	172,667
LU1081427665	SHOPPING PROPERTY FUND 2	Non-current	Closed-End Fund within the scope of application of Directive 2011/61/EU	Invests in the Shopping Property Fund 2: master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt	64.93%	30/09/21	65,437
Total Other Funds							**3,699,033**
Overall Total							**32,043,576**

* Figure supplied by Investments Management Function.
** Figure supplied by Investment Operations Office, most recent NAV available.

Nature of the risk (IFRS 12. 29 – 31)

With reference to the second point, below we provide:

- The carrying amount of the assets and liabilities recognised in the financial report relative to the unconsolidated structured entity;
- The account (macro-account) in which these assets and liabilities are classified;
- maximum exposure to losses deriving from the interest in the unconsolidated structured entity and the method used to calculate the amount;
- a comparison of the carrying amount of the non-consolidated structured entity's assets and liabilities and the maximum exposure amount.

The table below provides the information required for each unconsolidated structured entity:

ISIN (€k)	Name	IFRS 9 Classification	Carrying amount	Maximum loss exposure***	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure***
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	FVTPL	6,025,840	812,102	5,213,739	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	FVTPL	4,326,519	580,983	3,745,536	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	FVTPL	574,473	78,616	495,857	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1193254122	MULTIFLEX-GLB MA INC-CM	FVTPL	4,180,936	629,379	3,551,557	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	FVTPL	5,087,345	703,404	4,383,942	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	FVTPL	898,669	139,119	759,550	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808839242	MULTIFLEX-OLYMP INSURN MA-CM	FVTPL	924,933	158,008	766,925	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341166	MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	FVTPL	312,572	36,744	275,828	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808838863	MULTIFLEX-OLYMPIUM OPT MA-CM	FVTPL	622,502	98,771	523,731	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU2051218035	MULTIFLEX-OLYMPIUM SEV-CMEUR	FVTPL	488,050	85,072	402,978	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	FVTPL	4,902,704	685,562	4,217,142	Annual VaR at 99.5% over 5 years and a half-life of 1 year
Total Multiassets Funds			**28,344,543**	**4,007,760**	**24,336,783**	

ISIN (€k)	Name	IFRS 9 Classification	Carrying amount	Maximum loss exposure***	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure***
IT0004597396	ADVANCE CAPITAL ENERGY FUND	FVTPL	14,801	9,330	5,470	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006746865	ALC Prima European Private Credit Feeder Fund	FVTPL	230,910	32,158	198,752	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	FVTPL	82,104	18,535	63,569	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006738854	PrimA Credit Opportunity Fund	FVTPL	144,988	68,083	76,905	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006738052	Prima EU Private Debt Opportunity Fund	FVTPL	491,815	67,843	423,971	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006744795	Prima European Direct Lending 1 Fund	FVTPL	421,598	59,175	362,424	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006742476	PRIMA GLOBAL EQUITY PRTNERS FUND	FVTPL	123,745	76,375	47,370	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IE00BK1KDS71	Prima Hedge Platinum Growth	FVTPL	458,045	40,400	417,645	99% VaR provided by the manager
IT0005247819	DIAMOND CORE	FVTPL	277,272	91,034	186,238	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	FVTPL	97,493	35,151	62,342	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005210593	DIAMOND OTHER SECTORS ITALIA	FVTPL	107,585	38,767	68,819	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005215113	CBRE DIAMOND FUND	FVTPL	170,353	61,326	109,027	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005174450	DIAMOND EUROZONE OFFICE UBS FUND	FVTPL	422,770	179,711	243,060	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005212193	DIAMOND ITALIAN PROPERTIES FUND	FVTPL	155,099	47,031	108,067	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005386666	i3-Dante Fund Comparto Convivio	FVTPL	259,984	65,381	194,604	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006745081	Prima Real Estate Fund I	FVTPL	172,667	62,337	110,330	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
LU1081427665	SHOPPING PROPERTY FUND 2	FVTPL	42,488	19,586	22,902	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
Total Other Funds			**3,673,716**	**972,222**	**2,701,494**	
Overall Total			**32,018,259**	**4,979,981**	**27,038,278**	

*** Figure provided by Risk Management Office.

Fair value changes during the period for the mentioned Funds have been assigned to the policyholders through shadow accounting, as they refer to financial instruments in Separately Managed Accounts.

Below are schedules providing details about the funds in question, by asset class and reference market as at 31 December 2021:

ASSET CLASS* €k	Fair Value*
Financial instruments	32,211,483
Share	2,444,568
Government bonds	8,610,596
Corporate bonds	15,275,653
Cash and cash equivalents	2,445,531
Other investments	3,435,135
Derivative financial instruments**	(193,224)
Exchange rates and interest rates forward contracts	(274,736)
Foreign exchange futures contracts	75,293
Interest rate swaps	6,218
Total	**32,018,259**

* Figures supplied by the Investment Operations Office.
** Such instruments are not included in Multiasset Funds.

REFERENCE MARKET* €k	Fair Value*
Dublin	2,111,116
Luxembourg	307,338
Singapore	962,413
London	2,395,127
Eurotlx	313,909
Euromtf	455,050
Euronext	1,379,546
Germany	4,630,710
Trace	5,033,320
New York	2,862,588
Hong Kong	356,548
Paris	181,786
Tokyo	1,067,905
Other (unlisted)	8,063,199
Funds	1,897,705
Total	**32,018,259**

* Figures supplied by the Investment Operations Office.

Fair Value Measurement - IFRS 13

With reference to **measurement of financial instruments**, including derivatives, the Board of Directors of the companies in the Poste Vita Group, in FY 2015, approved[10] the Fair Value Policy of the Poste Italiane Group, which, in accordance with the provisions of IFRS 13, regulates the general principles and rules that govern the process of determining the fair value for the purpose of preparing the financial reports, in addition to assessments and analyses of risk management, investment and capital management and assets and liabilities management. The principles and rules for the fair value measurement of financial instruments have been identified in accordance with the instructions from the regulators and the accounting standards of reference, ensuring homogeneity among the valuation techniques adopted within the Poste Italiane Group. The detailed methodologies were updated, when necessary, to take into account changes in operations and market practices seen during the year.

In order to adopt the observations in the IVASS inspection report delivered on 26 July, and in compliance with the related Action Plan and its additions, the Poste Vita Group adopted Guidelines to supplement the Fair Value Policy, aiming at even more precise regulation of the determination of fair value and related controls on the pricing of the financial instruments underlying the investments included in the portfolio, with particular regard to the category of mutual investment funds. These Additional Guidelines were approved by the Board of Directors of the parent company Poste Vita on 15 December 2021 in line with the commitments of the overall IVASS action plan and will be reviewed, among other things, in the event of changes in the primary and secondary legislation and related interpretations/applications, changes in the strategic and organisational structure of the Poste Vita insurance group and its operations in financial instruments, as well as market best practice.

That being established, within the overall Action Plan and related integrations, approved by the Board of Directors of the parent company Poste Vita in response to the inspection findings set out by the report dated 26 July, and to also take account of the Letter to the Market published by IVASS on 14 July 2021 (regarding the measurement and prudential treatment of investments in complex and/or illiquid financial instruments), at 31 December 201 the attribution of the fair value levels of the financial instruments was conducted with a prudential approach, taking into account the implementations still ongoing required to carry out the so-called “full look through approach” on all categories of mutual investment funds and other complex investments held in the company’s portfolio. In this regard, the Poste Vita Group reclassified from fair value level 2 to level 3 about € 3.5 billion of mainly Class III mutual investment funds.

Furthermore, at 31 December 2021, in accordance with the fair value guidelines of the Poste Italiane Group, as well as the additional provisions contained in the aforementioned additional guidelines, around € 2 billion in financial instruments have been reclassified from fair value level 1 to level 2, almost exclusively referring to Italian government bonds (“coupon strips”) that do not meet the liquidity criteria (bid-ask spread) at the valuation date.

The Poste Vita Group will continue to closely monitor the effective and complete implementation of the Fair Value Policy and related Additional Guidelines prepared recently for the Poste Vita Group, including in consideration of the organisational and strategic changes.

Attention is also drawn to the circumstance that, in order to implement the new guidelines in question and therefore apply a “full look through” approach to the entire portfolio of unlisted open-end funds, a new operating model is still being defined based on highly automated instruments.

The Poste Vita Group therefore considered it appropriate for the closure in question at 31 December 2021 to adopt a simplified look through approach, through use of the Liquidity Assessment (LQA) framework by info-provider Bloomberg.

Therefore, full application of the guidelines in question also requires the definition of a dedicated Technical Annex[11], concerning the identification and precise definition of the limits, period of time and thresholds of significance to be applied when carrying out the analyses and controls shown in the aforesaid Additional Guidelines; this Technical Annex to the Additional Guidelines to the Fair Value Policy is still being prepared by the Risk Management Function, with support from all competent company functions, and is expected to be defined by Senior Management within the first half of 2022[12].

10. Last updated on 28 January 2021.
11. For further details, refer to the latest progress made on the Action Plan in response to the inspection findings, as presented to the Board of Directors of the company on 26 January 2022.
12. Further details about the fair value measurement of the financial instruments are shown in the Report by the Manager responsible for financial reporting of the company presented at the meeting of the BOD of Poste Vita on 24 February 2022.

For the purposes of the reporting date at 31 December 2021, in accordance with the provisions of the IFRS, the Poste Vita Group carried out certain compensatory and complementary checks, including with support from a third-party independent consultant.

These checks, conducted with the aim of verifying consistency between the effective operations and the design of controls set out by the Fair Value Policy and related Additional Guidelines, involved in particular the look through analyses underlying the various categories of funds (multi-asset, alternative and class III funds), as well as the bonds present in the direct portfolio owned by the Poste Vita Group.

The outcome of these compensatory and complementary checks, which is also described in the specific report by the Financial Reporting Manager for 2021, did not reveal any critical issues with an impact on the financial reports, even taking into due consideration the extraordinary organisational changes that occurred in the Group during 2021 and the wider strengthening and consolidation of its entire system of control and risk management, also in line with the Action Plan prepared in response to the recent inspection findings contained in the IVASS report dated 26 July.

However, certain specific areas of intervention and improvement were detected and reported to the competent company functions, including the need to finalise the aforementioned Technical Annex to the Additional Guidelines on the Fair Value Policy as soon as possible, which the Financial Statements, Provisions, Planning and Control Function will continue to monitor, reporting on its progress and potential impacts on the financial reports over the course of the subsequent reporting dates.

In compliance with **IFRS 13** - *Fair Value Measurement*, the following section provides information regarding the techniques used to measure the fair value of financial instruments within the Poste Italiane Group (for a detailed discussion, please see the Notes).

The assets and liabilities involved (specifically, assets and liabilities recognised at fair value and assets and liabilities recognised at cost or at amortised cost, for which the fair value is provided in the notes to the statements) are classified on the basis of a hierarchical scale that reflects the significance of the sources used in making the measurements.

The hierarchical scale is made up of the 3 levels presented below.

Level 1: this level consists of fair value measurements made using prices quoted (unadjusted) in active markets for identical assets or liabilities which the entity can access at the measurement date.

Level 2: this level consists of measurements made using inputs different from the quoted prices included in Level 1 and observable directly or indirectly for the asset or liability. Types of input include prices listed on active markets for similar assets or liabilities, prices listed for identical or similar assets or liabilities on non-active markets, observable data other than listed prices (e.g. interest rates and return curves, implicit volatility and credit spreads), input corroborated by the market.

Level 3: this level consists of fair value measurements made using as well as the level 2 inputs also inputs not observable for the asset or liability.

Fair value hierarchy

The following table provides analysis of financial instruments measured at fair value at 31 December 2021 broken down by fair value hierarchy level.

Financial assets (€k)	Level 1	Level 2	Level 3	FV hierarchy
Financial assets at FVTOCI	**99,433,852**	**11,855,541**	**95,090**	**111,384,483**
Shares at FVTOCI	-	-	-	-
Fixed income securities at FVTOCI	99,433,852	11,330,749	95,090	110,859,691
Other investments at FVTOCI	-	-	-	-
Structured bonds at FVTOCI	-	524,792	-	524,792
Loans at FVTOCI	-	-	-	-
Loans at FVTOCI GRP	-	-	-	-
Receivables at FVTOCI	-	-	-	-
Receivables at FVTOCI GRP	-	-	-	-
Financial instruments at fair value through profit or loss	**5,401,282**	**28,454,731**	**10,918,976**	**44,774,990**
Structured bonds at FVTPL	-	21,799	-	21,799
Fixed income securities at FVTPL	2,465,927	88,389	24,446	2,578,762
Other investments at FVTPL	2,718,451	28,344,543	10,853,247	41,916,241
Shares at FVTPL	216,904	-	297	217,201
Receivables at FVTPL	-	-	40,986	40,986
Derivative assets	-	-	-	-
TOTAL FAIR VALUE ASSETS	**104,835,134**	**40,310,273**	**11,014,066**	**156,159,473**
Financial liabilities	-	-	-	-
Financial liabilities at FV	-	-	-	-
Derivative liabilities	-	-	-	-
TOTAL FAIR VALUE LIABILITIES	**-**	**-**	**-**	**-**

Below are transfers between level 1 and 2 of the fair value hierarchy during 2021:

(€k)	from level 1	to level 2	to level 1	from level 2
Financial assets at FVTOCI	**(2,062,407)**	**2,062,407**	**235,600**	**(235,600)**
Shares at FVTOCI	-	-	-	-
Fixed income securities at FVTOCI	(2,062,407)	2,062,407	235,600	(235,600)
Other investments at FVTOCI	-	-	-	-
Structured bonds at FVTOCI	-	-	-	-
Loans at FVTOCI	-	-	-	-
Loans at FVTOCI GRP	-	-	-	-
Receivables at FVTOCI	-	-	-	-
Receivables at FVTOCI GRP	-	-	-	-
Financial instruments at fair value through profit or loss	**(13,868)**	**13,868**	**69,155**	**(69,155)**
Structured bonds at FVTPL	-	-	-	-
Fixed income securities at FVTPL	(13,868)	13,868	69,155	(69,155)
Fixed income securities AC	-	-	-	-
Other investments at FVTPL	-	-	-	
Shares at FVTPL	-	-	-	-
Receivables at FVTPL	-	-	-	-
Derivative assets	**-**	**-**	**-**	**-**
Financial liabilities at FV	-	-	-	-
Derivative liabilities	-	-	-	-
Net transfers between level 1 and level 2	**(2,076,275)**	**2,076,275**	**304,754**	**(304,754)**

Transfers from level 1 to level 2 total € 2,076.3 million and refer almost exclusively to Italian government "Coupon strip" securities, that do not meet the BID/ASK spread criteria as of the measurement date, in compliance with that contained in the aforementioned Poste Italiane Group fair value guidelines, as well as other provisions contained in the Supplemental Guidelines approved by the Board of Directors of the parent company Poste Vita on 15 December 2021, as illustrated in detail at the beginning of the section in question.

On the other hand, reclassifications from level 2 to level 1 for € 304.8 million refer to financial instruments, almost entirely corporate bonds, for which the value, at 31 December 2021, could be observed on a liquid and active market.

Below are the **changes in level 3** which occurred during 2021:

(€k)	Financial assets at FVTOCI	Financial assets at fair value through profit or loss	Derivative assets
Opening balance		**4,646,370**	
Purchases/issues		2,762,602	
Sales		(224,681)	
Redemptions			
Change FV through profit or loss		254,902	
Change FV vs Eq. from measurement			
Transfers to profit or loss			
Effects of sales on profit or loss			
Transfers to level 3	95,090	3,479,784	
Transfers to other levels			
Amortised cost			
Impairment			
Other changes			
Closing balance	**95,090**	**10,918,976**	

Level 3 instruments generally refer to funds which mainly invest in unlisted instruments, for which fair value measurement is done on the basis of the most recently available Net Asset Value communicated by the fund manager, updated with regards to calls and redemptions communicated by managers during the period between the last official NAV measurement and the measurement date. These financial instruments primarily consist of investments in private equity, private debt and real estate funds associated entirely with Class I products related to separately managed accounts and investments linked to Class III products. Changes during the period relate mainly to the purchase of new investments, redemptions of unquoted closed-end funds and transfers from fair value level 2 to level 3. These latter refer to reclassifications totalling around € 3,574.9 million carried out during the period, mainly relative to mutual funds for class III, to implement that contained in both the cited Poste Italiane Group fair value guidelines and the additional provisions contained in the supplementary guidelines approved by the Board of Directors of the parent company Poste Vita on 15 December 2021, as illustrated in detail above.

8. Relations with the Parent and other Poste Italiane Group Companies

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.

Relations with the parent company Poste Italiane SpA, which holds all the shares, are governed by written contracts, settled by market conditions and regard mainly:

- the sale and distribution of insurance products at Post Offices and related activities;
- Post Office current accounts;
- partial seconding of personnel used by the Company;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services;
- services from the procurement, communication, anti-money laundering, IT, administration and accounting functions and organisation and human resources activities;

Additionally, at 31 December 2021, two subordinated loans issued by the parent company Poste Vita were subscribed, one perpetual and issued in 2021, for a total of € 550 million (€ 250 million at 31 December 2020), remunerated at market conditions reflecting the credit standing of the insurance company.

These assets at 31 December 2021 include the value of the 45% interest held by the parent company Poste Vita in the associated company Europa Gestioni Immobiliare SpA (EGI) for € 108.8 million and the 5% stake held by the subsidiary Poste Assicura in Consorzio Logistica Pacchi S.c.p.a.

In addition to relations with the ultimate parent Poste Italiane SpA, the companies of the Poste Vita Group also have operating relations with other Poste Italiane Group companies, in particular:

- management of free capital and part of the investments in the portfolio of the Separately Managed Account (BancoPosta Fondi SGR, Anima SGR);
- printing, enveloping and delivery of mail via information systems, management of incoming mail, dematerialisation and archiving of paper documents (Postel);
- shipping services (SDA Express Courier);
- mobile phone and software rental services (Postepay);
- term life insurance policies (Poste Air Cargo);
- policies in the Accident class (BancoPosta Fondi SGR), General Civil Liability (Postepay and All Risks policies - Consorzio Logistica Pacchi and EGI);
- E-procurement services including forms, consumables, stationery and connected services (Consorzio Logistica Pacchi);
- services related to electricity utility (EGI).

These types of transactions are also regulated on an arm's length basis. A description of the above operations is provided in the Notes to the Statements.

9. Other information

Information on treasury shares and/or shares of the Parent Company held, purchased or sold in the period

The companies of the Poste Vita Insurance Group do not own or have purchased or sold treasury shares or those of the Parent Company.

Related party transactions

Related parties, in addition to the Poste Italiane Group companies whose transactions are described in the previous paragraph, include, in accordance with IAS 24 (paragraph 9), the MEF, Cassa Depositi e Prestiti SpA, the entities under the control of the MEF and the Company's Key Management Personnel. The State and public entities other than the MEF and its subsidiaries are not considered related parties; moreover, transactions with related parties do not include those generated by financial assets and liabilities represented by financial instruments, with the exception of those issued by companies belonging to the Cassa Depositi e Prestiti Group.

In particular, at 31 December 2021, the Poste Vita Group held bonds issued by Cassa Depositi e Prestiti as private placements for a nominal value of € 522 million and a total market value of € 546.6 million, acquired under market conditions.

Research and Development Activities

The Poste Vita Insurance Group did not incur any research and development costs during the period, with the exception of costs relating to the definition of new products and those relating to the capitalisation of direct costs incurred for the development of internally produced software.

Legal disputes

Pending civil lawsuits against the Parent Company, Poste Vita, primarily relate to issues directly or indirectly underlying insurance contracts.

Of all the disputes initiated against Poste Vita, one part refers to issues related to the fact that the "dormant policies" were time-barred, while the remaining general dispute concerns matters related to the non-payment of policies due to incompleteness of the claim settlement process including cases related to the non-identification of the customers, conflict between beneficiaries in the context of succession or issues related to settlements.

In relation to events involving "dormant policies", note that in recent years the Ministry of Economic Development has published various specifications for the reimbursement of sums relative to policies subject to biennial statutes of limitations in favour of beneficiaries, relative to which Poste Vita denied payment in that, pursuant to Law 166/2008, it is required to pay these amounts to the Indemnity Fund for Investors Victimised by Financial Fraud, established by the Ministry of Economy and Finance and managed by CONSAP SpA.

At present, ministerial initiatives call for partial reimbursement by CONSAP SpA to customers of sums paid to the Fund for policies subject to statutes of limitations prior to 1 January 2012 (with the most recent specifications, the VIII, CONSAP SpA will assess reimbursement requests presented between 15 June 2020 and 15 September 2020).

There has also been a constant increase in bankruptcy proceedings against employers for non-payment of voluntary and compulsory contributions (TFR) in favour of members of the "Postaprevidenza Valore" Individual Pension Plan and in relation to which Poste Vita was set up in order to proceed with the recovery of the related sums, incurring the related costs.

Lastly, there is a growing number of enforcement procedures involving the Company as a third party foreclosed also in relation to sums due to policyholders.

Criminal proceedings begun by Poste Vita, as a general rule, involve cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.

In particular, there were two cases of fraud.

The first, mostly limited to 2019, involves cases of fraud (27 cases to date) regarding settlement requests for life insurance policies accompanied by falsified documentation sent directly to Poste Vita, thus without the intermediation of Poste Italiane, as a result of which insurance payments were often made to parties found not to be legitimate. In some cases, fraud was merely attempted and there were no losses for the company. Where applicable, Poste Vita nevertheless took action by implementing the appropriate initiatives in criminal matters.

The second fraudulent situation was found in Palermo and came to light following a number of inspections by the Questura di Palermo on various settlement requests for so-called TCM policies (in one case, the request involved a P&C policy of Poste Assicura) for claims all characterised by suspicious recurring elements. The company took criminal measures for all positions attributable to this situation, where necessary. For a number of positions, the proceeding concluded via a penalty resulting from plea bargaining or summary disposition. Judgement is still pending for other positions.

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The disputes initiated against the subsidiary Poste Assicura to date mainly concern disputes for the settlement of insurance benefits relating in most cases to Household, Accident and Condominium Policies and mostly concerning reasons for the non-operational nature of the insurance guarantee for TPL cases (both private and professional) in which the liability of the policyholder is not proven and there are financial claims exceeding the estimated value of the damage suffered, as well as claims deemed dubious.

The probable outcomes of disputes were taken into account when determining the claims reserve.

The positions of a criminal nature concern, as a general rule, cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.

In addition, there have been a number of serial claims involving fraud relating to accident and home-family policies, for which the Company has already taken appropriate action. A recent series of suspected false claims identified in the areas of Locri, Matera and Barcellona Pozzo di Gotto should also be noted, relative to which the Company has taken action, filing an official complaint with the judicial authorities.

In the area of tenders, note the appeal filed with the Council of State by Poste Assicura, together with its coinsurers AXA and HDI, regarding the call for tender issued by the Italian Red Cross to provide insurance coverage for "volunteer personnel accidents" between 2019-2021 (the amount of the tender presented by the temporary association of Poste Assicura/AXA/HDI was around € 7 million), was resolved with a ruling in favour, with full payment of court costs.

More specifically, the Council of State judges, accepting the arguments put forward in the favour of the Company, recognised the ambiguity and lack of clarity in the tender documents issued by the Italian Red Cross Association, accepting Poste Assicura's requests in the context of the temporary association.

The dispute, which was resolved favourably in the second instance, was followed by an order of compliance due to the failure of the contractor to comply immediately with the judgement issued by the judges. In this regard, this latest proceeding was resolved in favour of the company and any awarding is pending.

Dispute with INPS

By message no. 3635 of 8 October 2019, INPS extended the application of the regulation on contributions for the loan of the family allowance (CUAF) to workers of Poste Group companies registered with the special fund ex Ipost.

In the aforementioned message, the social security agency also requested that the obligation to pay contributions be retroactively applied for the previous periods not prescribed, and more specifically from September 2014 to September 2019.

That being established, during the current and previous period the Poste Vita Group has honoured the amounts due to the Institution for the entire period and, therefore, released the relative provision allocated (€ 5.4 million).

Management of Fondazione Enasarco Policy Claims

With reference to the policy signed by Fondazione Enasarco, following claims management delays, the subsidiary Poste Assicura must pay the penalties set out by art. 32 of the aforesaid policy for the period between 1 November 2019 and 31 October 2022.

In relation to the period (1 November 2019 - 31 October 2021), on the basis of the calculation criteria already shared with the contracting party, Poste Assicura recognised a cost of € 0.5 million in the 2021 financial statements for this specific case.

On the other hand, with reference to the period (1 November 2021 - 31 October 2022), due to previous delays albeit not precisely quantifiable and delays that are also likely to occur in light of the context (numerous absences due to illness — COVID 19), and based on past events, the subsidiary Poste Assicura considered it appropriate to allocate prudentially an additional sum of € 0.5 million to the provision for risks, for penalties.

Extraordinary transactions

a. Subscription to ECRA capital increase and management mandate of alternative investments

On 31 January, the company transaction approved by the company's Board of Directors on 28 April 2021 was finalised, regarding the entry of the parent company Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR SpA (hereinafter ECRA) through the subscription of a dedicated paid capital increase.

In order to initiate the operation in question, the shareholders' meeting of ECRA during the extraordinary session on 31 January approved the paid conditional capital increase for a nominal amount of € 1,666,667, with a total surcharge of € 1,734,693, reserved for the subscription by Poste Vita and BancoPosta Fondi SGR.

Following the subscription of the capital increase, the company holds, at the reporting date, alongside Banco Posta Fondi SGR, a total equity investment (to be split equally between the two) equal to 40% of the share capital of ECRA and 24.5% of the voting rights.

The admission price paid by Poste Vita for the subscription of 240 category B shares and 94 category C shares amounted to € 1,703,229.75, of which € 834,582.88 as nominal value and € 868,646.87 as a surcharge.

At the same time as the subscription of the capital increase, the portfolio management mandate was signed by the parties, regarding the transfer to ECRA of the management of a number of alternative funds for an estimated value of approximately € 2.5 billion, in line with the aforesaid resolution by the Board of Directors of Poste Vita.

b. Transfer of equity investment in Poste Welfare Servizi Srl

On 26 January, the Board of Directors of Poste Vita resolved on the proposed transfer by Poste Vita to Poste Italiane of 100% of the shares held in Poste Welfare Servizi Srl (hereinafter "PWS").

The operation – qualifying as intercompany and between related parties – is part of the wider company reorganisation of the Poste Italiane Group, which involves the formation of centres of expertise and excellence; in particular, in the case of PWS it was considered that the consolidated skills developed in the healthcare sector could be integrated with the skills recently developed by the parent company Poste Italiane through the delivery of services both via the IT platform for the Italian COVID-19 vaccination campaign, and the medical centre operating at the offices at Viale Europa and providing services to Group employees.

To determine the economic value of PWS, and thus the suitability of the agreed fee, a mandate was granted to an independent assessor (Wepartner SpA), which an estimate of the economic value of PWS on 14 January. Therefore, the consideration agreed between the parties was established at around € 70 million, a value deemed appropriate within the range of economic values of PWS – between € 64 million and € 76 million – identified by the aforesaid assessor.

The operation in question was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares.

PWS will continue to provide management services for claims settlement management and services involving Poste Assicura contracts, in line with the provisions of the latter's business plan.

Principal proceedings pending and relations with the Authorities

a. IVASS – Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

The sanction proceedings filed to date against the parent company Poste Vita arose from objections from the sector supervisory authority for the alleged violation of art. 183, paragraph 1, letter a) of the Italian Private Insurance Code, which requires that undertakings, in execution of contracts, act with diligence, fairness and transparency.

Therefore, IVASS has to date filed administrative sanctions against Poste Vita mainly related to the delay in the settlement of insurance services after the contractually established deadline, while in one circumstance it challenged the delay in the response to a request for information after the deadline established by the regulations.

For all proceedings, the parent company filed its defence briefs and three of the four cases mentioned are now resolved.

For appropriate disclosure, in August 2021, IVASS formalised the filing of a proceeding launched in August 2020 without imposing any sanctions and thus fully defining the relative positions.

On the other hand, with regard to a proceeding filed in February 2020 against Poste Vita, the authority found that the disputed violation was still outstanding, considering, however, application of a sanction corresponding to the minimum fine notified in 2021 to suitable, with an injunctive order that was followed by the payment.

At the reporting date, a single proceeding is open, notified in February 2021, regarding which Poste Vita is awaiting the decisions of the authority, which will be able to formulate a sanction proposal, in this case, without prejudice to the right of the company to submit further observations.

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On 4 May 2021, IVASS sent Poste Vita a communication requesting the presentation of an action plan within 60 days, containing the initiatives the Company intends to adopt to improve processes relative to management of dormant policies.

The relative action plan, containing the initiatives the companies intend to adopt, together with assessments of the Compliance and Internal Audit reports, was approved by the Board of Directors at its meeting on 22 June 2021 and sent to the Authorities on 2 July 2021.

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On 25 August 2020, IVASS presented the subsidiary Poste Assicura SpA with a notification of penalties regarding an asserted delay in the response to a complaint. The company duly filed its defence briefs by the deadlines and on 17 August 2021, IVASS, following the research activity subsequent to the filing of the company's defence briefs, ordered the filing of the sanction proceedings.

b. Bank of Italy

The Bank of Italy's Financial Intelligence Unit (UIF) conducted a number of inspections of the Company in 2015 and 2016, in relation to anti-money laundering as per art. 47 and art. 53, paragraph 4, of Legislative Decree 231 of 2007. On 8 July 2016, the UIF sent the Parent Company, Poste Vita, a notice of assessment and violation, alleging the company's failure to promptly report suspect transactions (regarding transactions relating to a single policy) pursuant to art. 41 of Italian Legislative Decree no. 231/2007.

As a result of the related proceedings and having examined the defence papers duly filed by Poste Vita, on 29 May 2019, the Ministry of the Economy and Finance notified the Company of the decree by which it ordered Poste Vita to pay a fine of € 101,400, equal to 10% of the amount of the violation.

The Company carried out its assessment of the case and filed opposition to said decree within the terms of the law. The proceeding is still pending.

Inspections

On 14 December 2020, IVASS launched an ordinary inspection regarding aspects of governance, management and control of investments and financial risks.

The inspection ended on 7 May 2021 and the inspection report was delivered to the parent company Poste Vita at the meeting of the Board of Directors on 26 July 2021 and contained "partially unfavourable" findings.

The results of the inspection included findings, some of which had already been anticipated during the inspection and in relation to which on 12 April 2021, the Board of Directors of Poste Vita had already approved a targeted Action Plan aimed at overcoming them. To further strengthen the internal control and risk management system with regard to financial investments, the aforementioned Action Plan was subsequently supplemented by the Poste Vita management and such additions were approved by the Board of Directors on 22 October 2021 following receipt of the inspection report by the Supervisory Authority on 26 July 2021. The HR Regulatory Systems and Processes function, as Project Manager appointed by the BOD of Poste Vita, as well as the Internal Audit and Compliance functions, were tasked with monitoring the progress of all the activities in the Action Plan and periodically reporting to the Board of Directors of the company regarding the outcomes of such monitoring.

With regard to some of the aforesaid findings, IVASS identified violations of Articles 30*bis*, 30-*ter*, 37-*ter* and 183 of Italian Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. On 25 October 2021, the parent company Poste Vita prepared defence briefs in support of the correctness of its actions and submitted them to the Supervisory Authority within the legally required deadline.

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"Poste Domani per te" Product Initiative

In response to certain instructions received from IVASS during the first half of 2021, the parent company Poste Vita has definitively ceased sales of the "Poste Domani Per Te" product. This product was replaced on 6 September 2021 by the "Poste Domani Per Te Plus" product, while for the multi-class product, the "Poste Progetto Dinamico New" product has been on the market since 4 October 2021.

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On 1 March 2021 IVASS began an ordinary audit regarding anti-money laundering activities at both the parent company Poste Vita and the intermediary BancoPosta.

The inspection concluded on 18 June 2021 and the audit report was delivered to the Company at the Board meeting on 30 September 2021.

Checks were made on the organisation, procedures and internal controls adopted by the parent company Poste Vita. The reports found "*an overall satisfactory compliance framework regarding processes and procedures aimed at fulfilling customer due diligence obligations and the consequent evaluation of anomalous relationships and transactions". The decision is partially favourable, as the relationships seen as higher risk remain inadequately verified. These shortcomings concern, in particular, the assessment of how consistent transactions were with customer economic and financial profiles, which is not supported by documentation to check the information on the origin of the funds acquired by the network. The profiling system does not take into account all the risk factors referred to in Regulation 44 of 2019 and all the information collected from the customer".*

The checks performed highlighted a number of specific areas for improvement for which the company is adopting the necessary initiatives, taking into consideration the instructions received from the authority, which are expected to be completed within the first half of 2022.

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On 27 May 2021, the Commissione di Vigilanza sui Fondi Pensione (COVIP) (pension fund supervisory authority) launched an ordinary inspection of the POSTAPREVIDENZA VALORE pension fund.

In a communication dated 13 January, COVIP informed the parent company Poste Vita that the verification of the documentation acquired during the inspection had been completed and therefore the inspection should be considered concluded.

The Company is therefore waiting to receive the inspection final report and any possible action to be taken.

For the sake of completeness, we note that pursuant to the COVIP resolution of 29 July 2020, the Authority has 90 days starting from the date of the notification of the end of the inspection to activate any procedures to apply penalties relative to irregularities identified during the inspection.

Exemption from the preparation of the Non-Financial Statement

The Directors of the Parent Company, Poste Vita, have availed themselves of the exemption from preparing the non-financial statement pursuant to art. 6, paragraph 1 (art. 6, paragraph 2) of Legislative Decree Law 254 of 30 December 2016.

Regulatory developments

During the period and in any case by the date of presentation of the report, there have been the following regulatory amendments, which impact or could impact the activity/sector in which the Poste Vita Group operates.

- Amendments to IFRS 4 - Insurance Contracts which provide for an extension to 1 January 2023 for the temporary exemption to the application of IFRS 9 by insurance companies and financial conglomerates that perform mainly insurance activity. Entities that have decided to take advantage of this exemption may therefore continue to apply IAS 39 instead of IFRS 9 until that date (coinciding with the presumed effective date of the new standard IFRS 17 on insurance contracts).
- Amendments to certain accounting standards following the reform of interbank rates. The planned amendments, the purpose of which is to take account of the consequences of effectively replacing the existing interest rate reference indices with alternative reference rates, relate to the following standards:
  - IFRS 9 - Financial instruments introduces a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated, in order to allow the effective interest rate to be adjusted, thus avoiding changes to the carrying amount;
  - IAS 39 - Financial Instruments: Recognition and Measurement envisages exemptions relating to the termination of hedging that may occur as a result of the reform;
  - IFRS 7 - Financial Instruments: Disclosures requires additional disclosures to enable readers of the financial statements to better understand the effect of the reform on benchmark interest rates, financial instruments and an entity's risk management strategy;
  - IFRS 4 - Insurance Contracts allows insurance companies that chose to postpone the adoption of IFRS 9 to apply the amendments to IAS 39 necessary to comply with the rate reform;
  - IFRS 16 - Leases allows leases that specifically refer to an IBOR rate to be amended to refer to an alternative rate resulting from rate reform.

It should also be noted that on 31 August 2021, Regulation (EU) 2021/1421 was published in the Official Journal of the European Union adopting "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)". This amendment, which applies as of 1 April 2021 to financial years beginning on or after 1 January 2021, extends by one year the provisions of Regulation (EU) 2020/1434 in the event of a change in lease payments as a result of the Covid-19 pandemic.

Accounting standards and interpretations soon to be effective (as of 1 January 2022)

As of the reporting date, the IASB has issued certain financial reporting standards, amendments and interpretations not yet endorsed by the European Commission:

- Amendments to the following accounting standards:
  - IAS 16-Property, plant and equipment, to disallow deduction from the cost of property, plant and equipment the amount received from the sale of goods produced during the testing stage for the same assets. These sales revenues and the relative costs will therefore be recognised in the statement of profit and loss.
  - IAS 37-Provisions, contingent liabilities and contingent assets, with the aim of clarifying that in estimates of the possible onerousness of a contract, all costs directly attributable to the contract must be considered and not limited only to incremental costs.
  - IFRS 3-Business Combinations, to update references in the standard to the Conceptual Framework to the revised version, without making changes to the provisions of the standard.
- Amendments to the following accounting standards in the context of routine standard improvement activities with the objective of resolving non-urgent issues related to inconsistencies in the standards or to provide clarifications of terminology:
  - IAS 41 - Agriculture;
  - IFRS 1 - First-time adoption of International Financial Reporting Standards;
  - IFRS 9-Financial Instruments;
  - Illustrative Examples of IFRS 16 Leases.

Accounting standards, amendments and improvements applicable as of 1 January 2023

Regulation EU 2021/2036 introduced new accounting standard IFRS 17 - Insurance contracts. The new accounting standard on insurance contracts will fully replace that currently established in IFRS 4, from 1 January 2023.

The potential impact on the Poste Vita Group's financial disclosure of the accounting standards, amendments and interpretations due to come into effect is currently being assessed.

With special reference to IFRS 17, in the context of the Poste Vita Group, a project was begun the previous year with the aim of assessing impacts associated with future application of the new standard.

Main new tax legislation

Decree Law 73 of 25 May 2021 (Support Decree-bis): Aid for Economic Growth (ACE), established under article 1, Decree Law 201/2011, subsequently abrogated by article 1, paragraph 1080 of Law 145/2018 (2019 Budget Law) and, finally, restored by article 1, paragraph 287 of Law 160/2019 (2020 Budget Law), is a benefit for IRES purposes which, in order to achieve greater tax neutrality relative to business profit with respect to the choice of finance sources (own capital or third party capital), supports the use of risk capital by recognising a benefit equal to the notional return on the same risk capital invested in Italian companies. Accompanying the "ordinary" regulations, in order to incentivise capitalisation of companies which have deteriorated due to the economic difficulties caused by the pandemic, the Support Decree-bis introduced certain elements to strengthen the subsidy in question, of a transitional nature and limited to solely tax period 2021. Specifically, paragraph 2 of article 19 establishes application of a 15% remuneration coefficient for 2021 (in place of the usual 1.3%), to be applied to own capital increases, up to a maximum of € 5 million. Any excess with respect to this threshold sees application of the ordinary notional return. It was also established that own capital increases are recognised as of the 1st day of the tax period (hence 01/01/2021 for the standard calendar) and not using a pro rata criteria.

Extension of IVASS Covid-19 recommendations - distribution of dividends and remuneration policy - 29 December 2020

In again supporting the renewal of the ESRB recommendations (which request extreme prudence in the distribution of dividends, repurchase of own shares and payment of variable remuneration components, at least until September 2021), IVASS invited companies which intend to undertake any of these actions, whether with reference to financial year 2019 or 2020, to assess the impacts with attention and a sense of responsibility, contacting the Institute beforehand to verify compatibility with the objectives of the recommendation.

In line with the dividend distribution policy set out in the Poste Italiane Group's "24SI" business plan, and in line with the prior agreement with the Supervisory Authority to verify compatibility with the objectives of the recommendation issued on 29 December 2020, the parent company Poste Vita has, with the approval of the financial statements for the year ended 31 December 2020, provided for the payment of a dividend to the Parent Company, Poste Italiane.

To that end, note that at the meeting on 23 September 2021, the General Board of the European Systemic Risk Board decided that the recommendation on the distribution of dividends during the COVID-19 pandemic should lapse at the end of September 2021, while inviting financial institutions to remain prudent. Therefore, in subsequent months Poste Vita liquidated the premiums accruing in previous years and assigned the bonuses again.

IVASS measure no. 107 of 12 January 2021 - Amendments to ISVAP Regulation 14 of 18 February 2018 concerning the definition of procedures for the approval of changes to the business plan, authorisation of portfolio transfers and mergers and demergers pursuant to Title XIV of Legislative Decree 209 of 7 September 2005 - Private Insurance Code. Essentially, this provision amends article 2, paragraph 1, letter f) of the stated Regulation, eliminating the specific prohibition on transferring portfolios consisting solely of claims, expressly excluded in the original formulation. As a result of this amendment, it is therefore possible to transfer, between insurance undertakings, also portfolios consisting only of obligations arising from insurance or reinsurance contracts.

IVASS measure 108 of 27 January 2021 - Amendments to IVASS Regulation 43 of 12 February 2019 implementing the provisions established in the Ministry of Economy and Finance Decree of 17 July 2020, extending to financial year 2020 the provisions on the option involving temporary suspension of temporary capital losses on securities in statutory financial statements using local GAAP. This option does not include permanent capital losses.

IVASS measure no. 109 of 27 January 2021 - Amendments to ISVAP Regulation no. 7 of 13 July 2007 concerning the financial statements of insurance and reinsurance companies that are required to adopt the international accounting standards. This measure contains the amendments necessary to align the terms provided in Regulation 7/2007 with the extension of the exemption from the application of IFRS 9 at 1 January 2023.

IVASS Regulation 47 of 27 April 2021 - This Regulation dictates detailed provisions regarding the content of restoration and financing plans, individual and group, implementing the provisions of article 223-ter of the Private Insurance Code. The Regulation also governs implementation aspects involving the process of preparing and implementing the stated plans.

Letter to the Market of 29 April 2021- After issuing IVASS provision 72 of 16 April 2018, containing identification criteria and development rules for merit classes for the universal conversion pursuant to article 3 of IVASS Regulation 9 of 19 May 2015, certain uncertainties arose regarding application with the necessary clarifications provided through this letter, in order to support uniform application by insurance companies and their intermediaries during the phase for taking on Auto liability insurance policies.

Letter to the Market of 3 June 2021 – On 6 April 2021, the European Insurance and Occupational Pensions Authority (EIOPA) issued guidelines on information and communications technology security and governance ("guidelines"). They apply from 1 July 2021 and provide guidance on governance provided for in the Solvency II Directive and Commission Delegated Regulation (EU) 2015/35 to be applied in the context of information and communication technology (ICT) security and governance. While awaiting a more profound revision of the secondary regulations, IVASS expects companies and their ultimate parent companies to take into account all that is stated in this letter in order to take steps to ensure the highest level of compliance with the guidelines. From November 2021, the parent company adapted its organisational structure through a function responsible for the topics affected to the legislative changes.

IVASS Regulation 48 of 13 July 2021- containing provisions on capital add-ons pursuant to title iii, article 47-sexies and title xv, article 216-septies of Legislative Decree 209 of 7 September 2005, Private Insurance Code. This Regulation governs implementation aspects for the process of adopting capital add-ons pursuant to articles 47-sexies and 216-septies of the Private Insurance Code. The objective of these capital add-on measures guarantees that regulatory capital requirements adequately reflect the overall risk profile of the insurance or reinsurance company, or the group to which they belong.

Letter to the Market of 14 July 2021 - Measurement and prudential treatment of investments in complex and/or illiquid financial instruments. With this document, the Institution intends to make reference to regulatory provisions and reference regulations, also through the use of concrete examples, as well as the criteria to be used by Companies in identifying risk factors, classifying and measuring these financial instruments, to calculate capital requirements when making use of the standard formula.

Letter to the Market of 28 July 2021 - EIOPA opinion on risk mitigation techniques. With this intervention, IVASS means to draw attention to the EIOPA Opinion of 12 July 2021, through which the European regulatory authority sets itself the goal of raising awareness among the insurance industry around the correct use of risk mitigation techniques (such as reinsurance) while underlining the need to ensure consistency between the reduction in capital requirement and the effective transfer of the risk entailed by the use of such techniques. The Poste Vita Group is already in line with the provisions on the correct use of risk mitigation techniques.

Letter to the Market of 28 July 2021 - EIOPA Recommendations on ORSA during the Covid-19 pandemic. IVASS, through this communication to the market, means to draw attention to the recommendations issued last 19 July by the EIOPA with which the European regulatory authority invites Companies to consider, in order to improve the ORSA process, the effects that the exceptional Covid-19 epidemic has had and/or could have on their assets, products, risks and organisational structures. The Poste Vita Group is undertaking actions to make its own ORSA process more effective, despite the fact that it already complies with the suggestions provided by the letter to the market

Letter to the Market of 13 December 2021 - relative to dormant deposits and policies (subject governed by Decree Law 119 of 23/10/2018, converted with Law 136 of 17/12/2018) and in particular relative to the verifications insurance companies must perform, by 31 December of each year, regarding whether life or injury policyholders are still alive. While waiting for the methods to be established for the same to access the National Resident Population Database (ANPR), for the purposes of carrying out these verifications IVASS has offered again this year that Companies, in the interest of policy beneficiaries, a service to check tax ID numbers of insured individuals against the Tax Database, in cooperation with the tax authorities. Hence, the companies in question are asked to provide, by 28 February 2022 and via email, a list of the tax ID codes of the individuals insured under contracts in effect at 31 December 2021 in their portfolio and those issued in the context of the assets falling in the life and injury sectors, the latter limited to contracts that provide services in the case of the death of the insured party due to accident or injury. Additionally, tax ID codes for contracts no longer in effect can also be supplied, relative to which companies have doubts about whether the insured individuals are still alive and/or for which they need to verify the date of death. In this regard, it is noted that the Companies Poste Vita SpA. and Poste Assicura SpA responded to the letter by provided the data within the specified deadlines.

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EIOPA - Consultation on certain changes to regulatory reporting and disclosure requirements pursuant to Solvency II - 23 July 2021

The EIOPA published, on 23 July, a consultation on certain amendments to the regulatory reporting and disclosure requirements pursuant to Solvency II.

In the consultation document, the EIOPA suggests amendments to the reporting requirements mainly based on the Report on quantitative reporting templates. Beyond these changes, the proposals include simplification of quarterly reporting, the elimination of certain reporting templates for all companies and new thresholds to promote reporting requirements more based on risk and proportionality. This will lead to a reduction in the number of templates to be submitted for most companies.

EIOPA's proposals to revise reporting requirements should offer numerous advantages, which will ultimately improve protection for insured individuals:

- a reduction in reporting costs for most insurance companies;
- inclusion of information needed for regulatory purposes focussed on emerging risks and new areas in for which the regulatory authorities have identified a series of gaps in the data;
- reporting more appropriate to the purpose, e.g. reducing and simplifying as much as possible while also resolving the gaps identified by the authorities.

EIOPA invited all interested parties to supply comments on the proposed amendments by 17 October 2021.

The Poste Vita Group is awaiting publication of the Regulation to assess the impacts, which should in any case be significant.

10. Significant events after year-end

In this regard, reference should be made to the capital strengthening of the subsidiary Poste Insurance Broker Srl, the transfer of 100% of the shares held by Poste Vita in Poste Welfare Servizi Srl to the parent company Poste Italiane SpA and the finalisation of the company transaction regarding the entry of the parent company Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR SpA through the subscription of a dedicated paid capital increase.

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As is known, due to the outbreak of war between Russia and Ukraine, volatility on the financial markets was strongly exacerbated. In the context of multi asset funds, as well as within a number of Class III funds, there are some indirect exposures to the countries involved in the aforesaid events; these exposures represent approx. 0.1% of the total investments at 18 March 2022.

Furthermore, these exposures are related to fixed assets for approx. 82% and to current assets for approx. 18%.

The company is closely monitoring the evolution of the events in question and the potential impacts on financial reporting, as well as on the disclosure of the separately managed accounts, which it will provide evidence of in the next accounting statements, alongside any impacts in terms of reputational and operational risks.

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The Poste Vita Group continues to closely monitor the progress of the COVID-19 pandemic and its potential impacts on the financial reports.

11. Business outlook

In line with the Business Plan for 2021-2024 and in order to strengthen coordination with the ultimate parent Poste Italiane, the equity structure of the Poste Vita Group to support business growth, in the Life segment the Group will continue to offer innovative and effective insurance options to its customers, integrating savings and protection products in simple and highly professional solutions. The objective is to strengthen leadership in the life market, by increasing revenue associated with Multiclass products.

Relative to Non-Life business, the Group will continue to develop an integrated modular offer, consisting of personalised protection, assistance and service solutions for people, assets and equity, which can be combined and selected, supported by various commercial initiatives to incentivise new policies, as well as development, with sales already begun during the first quarter of 2021, of the new products that integrated life products with non-life guarantees. Additionally, the Poste Vita Group will be focussed on the continued development of the Welfare segment and the non-auto non-life sector, taking advantage of the potential not yet achieved, as well as strengthening, through the subsidiary Poste Insurance Broker Srl, its offerings of vehicle insurance policies, supported by the sinking fund contribution of € 900 thousand approved on 22 February by the Board of Directors of the sole shareholder Poste Assicura SpA, which in addition to guaranteeing coverage of losses, will also simultaneously guarantee stronger capital and the Company's ability to function as a going concern.

In addition, at the date of this document the activities for the transfer of the office of the company and other subsidiaries to premises owned by the parent company Poste Italiane located at Viale Europa were substantially finalised. Therefore, the change in the company's registered offices took effect on 1 March 2022.

As is known, in December 2021 EIOPA published a report containing the aggregate results of the sample of Italian and foreign insurance companies that took part during the year in the stress test on the figures at 31 December 2020.

The results of the stress test showed that the post-stress solvency ratio of the sample decreased on average by approx. 90 percentage points.

Furthermore, none of the participants reported a liabilities-to-assets ratio below 100 percentage points (minimum required capitalisation threshold), proving that the insurance sector as a whole has sufficient assets to support liabilities owed to policyholders even in a highly stressed context.

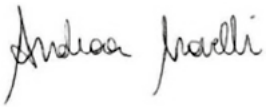
The results of the EIOPA stress test of Poste Vita were approved by the Board of Directors of the parent company Poste Vita on 2 August 2021.

Lastly, in line with the qualitative indications provided in the questionnaire sent to IVASS in December 2021, the preliminary analyses for the estimate of the potential impacts and the activities for the definition of the methodological and implementing aspects (including relevant IT developments for the commissioning of actuarial, accounting and operational drivers) continued, aimed at the adoption of the new IFRS 17 "Insurance Contracts", which will enter into force on 1 January 2023 (with 1 January 2022 being the date of the so-called "first time adoption" and the date when the comparative data for FY 2022 must be provided).

Lastly, activities are being conducted by the company for the upcoming renewal of the current distribution agreement with the intermediary Poste Italiane SpA - BancoPosta RFC, expiring in June 2022.

Rome, 29 March 2022

The Board of Directors

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02.
CONSOLIDATED
FINANCIAL STATEMENTS

02.
CONSOLIDATED FINANCIAL STATEMENTS

Contents

1. Consolidated accounting schedules

Below are the accounting schedules at 31 December 2021, with comparison figures from 31 December 2020.

Statement of financial position - Assets

(€K)		31/12/21	31/12/20
1	**INTANGIBLE ASSETS**	**17,817**	**17,890**
1.1	Goodwill	17,817	17,823
1.2	Other intangible assets	-0	66
2	**TANGIBLE ASSETS**	**3,198**	**26,167**
2.1	Land and buildings	-	-
2.2	Other tangible assets	3,198	26,167
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**50,439**	**53,512**
4	**INVESTMENTS**	**158,695,773**	**156,060,002**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates and joint ventures	108,845	107,438
4.3	Financial assets measured at amortised cost	2,427,456	2,052,717
4.4	Financial assets measured at fair value through other comprehensive income	111,384,483	113,556,827
4.5	Financial assets measured at fair value through profit or loss	44,774,990	40,343,021
4.5.1	Financial assets held for trading	34,840,492	33,801,595
4.5.2	Financial assets designated at fair value	-	
4.5.3	Financial assets measured at fair value through profit or loss	9,934,498	6,541,426
5	**SUNDRY RECEIVABLES**	**170,321**	**164,246**
5.1	Receivables arising from direct insurance transactions	57,992	58,872
5.2	Receivables arising from reinsurance transactions	4,845	4,883
5.3	Other receivables	107,484	100,491
6	**OTHER ASSETS**	**2,859,248**	**2,939,764**
6.1	Non-current assets or disposal groups held for sale	24,612	-
6.2	Deferred acquisition costs	42,200	48,922
6.3	Deferred tax assets	466,674	438,060
6.4	Current tax assets	2,325,688	2,452,765
6.5	Other assets	74	16
7	**CASH AND CASH EQUIVALENTS**	**4,584,068**	**962,839**
	TOTAL ASSETS	**166,380,865**	**160,224,419**

Statement of Financial Position - Equity and Liabilities

(€K)		31/12/21	31/12/20
1	**EQUITY**	**5,935,848**	**5,272,685**
1.1	**attributable to owners of the Parent**	**5,935,848**	**5,272,685**
1.1.1	Share capital	1,216,608	1,216,608
1.1.2	Other equity instruments	300,000	-
1.1.3	Capital reserves	-	-
1.1.4	Revenue reserve and other equity reserves	3,535,186	3,182,923
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Gains or losses on financial assets at fair value through other comprehensive income	58,091	92,147
1.1.8	Other gains or losses recognised directly through equity	(156)	(176)
1.1.9	Net profit (loss) for the year attributable to owners of the Parent	826,119	781,183
1.2	**attributable to non-controlling interests**	**-**	**-**
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Gains or losses recognised directly in equity	-	-
1.2.3	Net profit (loss) for the year attributable to non-controlling interests	-	-
2	**PROVISIONS**	**19,300**	**15,950**
3	**TECHNICAL PROVISIONS**	**159,089,875**	**153,794,730**
4	**FINANCIAL LIABILITIES**	**254,694**	**286,058**
4.1	Financial liabilities measured at fair value through profit or loss	-	9,832
4.1.1	Financial liabilities held for trading	-	-
4.1.2	Financial liabilities measured at fair value	-	9,832
4.2	Financial liabilities measured at amortised cost	254,694	276,226
5	**PAYABLES**	**370,494**	**350,361**
5.1	Payables arising from direct insurance transactions	259,831	233,808
5.2	Payables arising from reinsurance transactions	11,933	2,934
5.3	Other payables	98,731	113,619
6	**OTHER LIABILITIES**	**710,654**	**504,635**
6.1	Liabilities included in disposal groups held for sale	6,610	-
6.2	Deferred tax liabilities	214,035	194,928
6.3	Current tax liabilities	484,773	303,345
6.4	Other liabilities	5,235	6,363
	TOTAL EQUITY AND LIABILITIES	**166,380,865**	**160,224,419**

Income Statement

(€K)		31/12/21	31/12/20
1.1	Net premium revenue	17,831,822	16,866,704
1.1.1	Gross premium revenue	17,871,106	16,897,585
1.1.2	Outward reinsurance premiums	(39,283)	(30,881)
1.2	Fee income	81,132	55,801
1.3	Income (expenses) from financial instruments at fair value through profit or loss	1,076,542	1,123,599
1.3 *bis*	Reclassification in accordance with overlay approach*	-	
1.4	Income from investments in subsidiaries, associates and joint ventures	1,411	108
1.5	Income from other financial instruments and investment property	2,999,519	2,575,196
1.5.1	Interest income	2,831,286	2,489,902
1.5.2	Other income	-	0
1.5.3	Realised gains	168,213	85,294
1.5.4	Fair value gains	19	0
1.6	Other revenue	13,520	14,746
1	**TOTAL REVENUE AND INCOME**	**22,003,946**	**20,636,153**
2.1	Net claims expenses	(19,979,251)	(18,788,390)
2.1.1	Claims paid and change in technical provisions	(19,997,950)	(18,799,188)
2.1.2	Share attributable to reinsurers	18,699	10,798
2.2	Fee expenses	(1,105)	(950)
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	-	0
2.4	Expenses arising from other financial instruments and investment property	(59,767)	(142,669)
2.4.1	Interest expense	(50,494)	(48,943)
2.4.2	Other expenses	(7,385)	(6,520)
2.4.3	Realised losses	(9,166)	(64,497)
2.4.4	Fair value losses	7,278	(22,709)
2.5	Operating expenses	(542,843)	(496,121)
2.5.1	Commissions and other acquisition costs	(386,447)	(364,532)
2.5.2	Investment management expenses	(60,727)	(49,743)
2.5.3	Other administrative expenses	(95,669)	(81,845)
2.6	Other costs	(247,928)	(183,404)
2	**TOTAL COSTS AND EXPENSES**	**(20,830,894)**	**(19,611,534)**
	PROFIT/(LOSS) BEFORE TAX	**1,173,052**	**1,024,619**
3	Taxes	**(346,933)**	**(243,436)**
	PROFIT (LOSS) FOR THE YEAR AFTER TAX	826,119	781,183
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**0**
	CONSOLIDATED NET PROFIT/(LOSS)	**826,119**	**781,183**
	of which attributable to owners of the Parent	826,119	781,183
	of which attributable to non-controlling interests	-	-

Statement of comprehensive Income

(€K)	31/12/21	31/12/20
CONSOLIDATED NET PROFIT/(LOSS)	**826,119**	**781,183**
Other components of comprehensive income after tax not to be reclassified to profit or loss	**19**	**88**
Change in equity of investees	-	-
Change revaluation reserve for intangible assets	-	-
Change revaluation reserve for tangible assets	-	-
Profits and losses for non-current assets or disposal groups held for sale	-	-
Actuarial gains/(losses) and adjustments to defined benefit plans	19	88
Gains or losses on equity instruments designated at fair value through other comprehensive income	-	-
Change in own credit rating for financial liabilities measured at fair value	-	-
Other items	-	-
Other comprehensive income after tax to be reclassified to profit or loss	**(34,056)**	**50,838**
Change in reserve for currency translation differences	-	-
Gains or losses on financial assets (other than equity instruments) measured at fair value through other comprehensive income	(34,056)	50,838
Gains or losses on cash flow hedges	-	-
Gains or losses on hedges of net investments in foreign operations	-	-
Change in equity of investees	-	-
Profits and losses for non-current assets or disposal groups held for sale	-	-
Reclassification in accordance with overlay approach (*)	-	-
Other items	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**(34,037)**	**50,926**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	**792,082**	**832,109**
of which attributable to owners of the Parent	**792,082**	**832,109**
of which attributable to non-controlling interests	**-**	**-**

Statement of cash flows

(€K)	31/12/21	31/12/20
Profit/(loss) before tax	**1,173,052**	**1,024,619**
Change in non-cash items	**8,887,114**	**6,163,425**
Change in Non-life premium reserve	14,962	4,441
Change in outstanding claims provisions and in other Non-life technical provisions	46,378	27,675
Change in mathematical provisions and in other Life technical provisions	9,962,477	7,152,250
Change in deferred acquisition costs	6,722	4,851
Change in provisions	3,351	(5,292)
Non-cash income and expense from financial instruments, investment property and investments	(1,151,334)	(1,028,559)
Other changes	4,560	8,058
Change in receivables and payables generated by operating activities	(5,397)	79,831
Change in receivables and payables arising from direct insurance and reinsurance transactions	35,939	87,667
Change in other receivables and payables	(41,336)	(7,837)
Income tax paid	**(47,933)**	**(926,762)**
Net cash from/for cash items attributable to investment and financing activities	**(3,807,662)**	**(1,824,321)**
Liabilities from investment contracts issued by insurance companies	-	-
Payables due to bank and interbank clients	-	-
Loans and receivables from bank and interbank clients	-	-
Other financial instruments at fair value through profit or loss	(3,807,662)	(1,824,321)
TOTAL NET CASH FROM OPERATING ACTIVITIES	**6,199,174**	**4,516,791**
Net cash from/for investment property	-	-
Net cash from/for investments in subsidiaries, associates and joint ventures	(1,407)	(147)
Net cash from/for financial assets measured at amortised cost	(369,295)	(204,575)
	-	-
Net cash from/for financial assets measured at fair value through other comprehensive income	(2,075,560)	(4,544,948)
Net cash from/for tangible and intangible assets	18,769	36,996
Other net cash from/for investment activities	-	-
TOTAL NET CASH FROM INVESTMENT ACTIVITIES	**(2,427,492)**	**(4,712,674)**
Net cash from/for equity instruments attributable to owners of the Parent	300,000	2,024
Net cash from/for treasury shares	-	-
Payment of dividends attributable to owners of the Parent	-428,921	0
Net cash from/for capital and reserves attributable to non-controlling interests	-	-
Net cash from/for subordinated liabilities and participating financial instruments	(16)	(73)
Net cash from/for other financial liabilities	(21,516)	-3,602
TOTAL NET CASH FROM FINANCING ACTIVITIES	**(150,453)**	**(1,651)**
Effect of translation differences on cash and cash equivalents	**-**	**-**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	962,839	1,160,373
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,621,229	(197,534)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**4,584,068**	**962,839**

Statement of changes in Equity

(€K)		Amounts at 31-12-2019	Appropriations	Adjustments due to reclassification to profit or loss	Amounts at 31-12-2020	Appropriations	Adjustments due to reclassification to profit or loss	Amounts at 31-12-2021
Equity attributable to owners of the Parent	Share capital	1,216,608	-	-	1,216,608	-	-	1,216,608
	Other equity instruments	-	-	-	-	300,000	-	300,000
	Capital reserves	-	-	-	-	-	-	-
	Revenue reserve and other equity reserves	2,451,129	731,794	-	3,182,923	352,262	-	3,535,186
	(Treasury shares)	-	-	-	-	-	-	-
	Net profit (loss) for the year	729,756	51,427	-	781,183	44,936	-	826,119
	Other comprehensive income	41,046	53,498	(2,573)	91,971	(30,928)	(3,108)	57,935
	Total attributable to owners of the Parent	**4,438,538**	**836,720**	**(2,573)**	**5,272,685**	**666,270**	**(3,108)**	**5,935,848**
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	-	-	-	-	-	-	-
	Net profit (loss) for the year	-	-	-	-	-	-	-
	Other comprehensive income	-	-	-	-	-	-	-
	Total attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,438,538**	**836,720**	**(2,573)**	**5,272,685**	**666,270**	**(3,108)**	**5,935,848**

2. Notes

Part A – General preparation criteria and accounting standards adopted

Declaration of conformity with international accounting standards

The Consolidated Financial Statements of the Poste Vita Group at 31 December 2021, consisting of the Statement of Financial Position, Statement of Profit and Loss, Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, the Notes to the Financial Statements and the annexes to the Notes, were prepared in compliance with the schedules defined by the Supervisory Authority with Regulation 7 of 13 July 2007[1] and following the instructions contained in the same Regulation.

In this document, numbers indicating monetary amounts are mainly indicated in thousands of Euros, which is the functional currency of the Poste Vita Group. Therefore, there may be discrepancies in the final digit when adding expressed values, due to rounding.

The Consolidated Financial Statements at 31 December 2021 were audited by Deloitte & Touche SpA[2].

Financial statements used for consolidation

In preparing the Consolidated Financial Statements, for companies consolidated on a line by line basis, their financial statements prepared using international accounting standards were used.

Date of the Consolidated Financial Statements

The reporting date for the consolidated financial statements is 31 December 2021, coinciding with the end of the financial year for the parent company Poste Vita and the companies included in the scope of consolidation.

Consolidation techniques

The scope of consolidation includes the parent company Poste Vita, the companies Poste Assicura SpA and Poste Welfare Servizi Srl, wholly owned by Poste Vita, and the company Poste Insurance Broker Srl, 100% controlled by Poste Assicura SpA.

These equity investments fall under the definition provided in IFRS 10 and are consolidated on a line-by-line basis.

The equity figures for the subsidiary Poste Welfare Servizi were reclassified to the appropriate items pursuant to IFRS 5.

1. Amended and supplemented by ISVAP Provision 2784 of 8 March 2010, IVASS Provision 14 of 28 January 2014, IVASS Provision 21 of 21 October 2014, IVASS Provision 29 of 27 January 2015, IVASS Provision 53 of 6 December 2016 and IVASS Provision 74 of 8 May 2018.
2. The Ordinary General Meeting of Shareholders, which met on 28 November 2019, approved the early consensual termination of the engagement of BDO Italia SpA to audit the consolidated financial statements for the years 2014-2022, effective from the date of Board approval of the Company's financial statements at 31 December 2019 and, at the same time, the engagement of Deloitte & Touche SpA to audit the consolidated financial statements of Poste Vita for the nine-year period 2020-2028, Group auditor selected following a single tender launched by Poste Italiane SpA in compliance with the provisions of Regulation (EU) no. 573 of 16 April 2014 and Legislative Decree 39 of 17 January 2010, as amended by Legislative Decree 135/2016.

In line-by-line consolidation, the carrying value of equity investments is eliminated against the corresponding part of shareholders' equity against the full inclusion of the assets and liabilities of the subsidiaries, including contingent liabilities.

In particular, the criteria used for line-by-line consolidation of the investees are as follows:

- the assets, liabilities, costs and revenue of consolidated entities are accounted for on a line-by-line basis, separating where applicable the equity and profit/(loss) amounts attributable to non-controlling interests in consolidated equity and consolidated profit or loss;
- business combinations, in which control over an entity is acquired, are accounted for using the acquisition method. The cost of a business combination is represented by the current value (fair value) at the date of acquisition of the assets sold, the liabilities assumed, the equity instruments issued and any other directly attributable accessory charges; any difference between the cost of acquisition and the fair values of the assets and liabilities acquired, following review of their fair value, is recognised as goodwill arising from consolidation (if positive), or recognised in profit or loss (if negative);
- acquisitions of non-controlling interests in entities already controlled by the Group are not accounted for as acquisitions, but as equity transactions; in the absence of a relevant accounting standard, the Group recognises any difference between the cost of acquisition and the related share of net assets of the subsidiary in equity;
- any significant gains and losses (and the related tax effects) on transactions between companies consolidated on a line by-line basis, to the extent not yet realised with respect to third parties, are eliminated, as are intercompany payables and receivables, costs and revenue, and finance costs and income;
- gains and losses deriving from the disposal of investments in consolidated companies are recognised in profit or loss based on the difference between the sale price and the corresponding share of consolidated equity disposed of.

Investments in companies over which the Group exerts significant influence (assumed when the Group holds an interest of between 20% and 50%), hereinafter "associates", are accounted for using the equity method.

The equity method calls for the following:

- the Group's share of an entity's post-acquisition profits or losses is recognised in profit or loss from the date on which significant influence or control is obtained until the date on which significant influence or control is no longer exerted by the Group; provisions are made to cover a company's losses that exceed the carrying amount of the investment, to the extent that the Group has legal or constructive obligations to cover such losses; changes in the equity of companies accounted for using the equity method not related to the profit/(loss) for the year are recognised directly in equity;
- unrealised gains and losses on transactions between the Parent Company/subsidiaries and the company accounted for using the equity method are eliminated to the extent of the Group's interest in the associate; unrealised losses, unless relating to impairment, are eliminated.

The list of and key information for subsidiaries consolidated on a line-by-line basis and associates measured with the equity method is provided in the annexes to the Notes (Annex no. 5, ISVAP Regulation 7).

Consolidation differences

The differences between the share of equity in consolidated companies and the carrying amounts for the equity investments shown in the individual financial statements is allocated directly to consolidated equity, in the consolidation reserve within the item "Revenue reserve and other equity reserves", and in the Statement of Financial Position Assets under the item "Goodwill".

Accounting Standards

The Poste Italiane Group's annual accounts have been prepared on a historical **cost basis**, with the exception of certain items for which **fair value measurement** is obligatory.

The consolidated financial statements were prepared in compliance with the international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission.

Below are the accounting standards adopted for the measurement and preparation of the Consolidated Financial Statements.

Use of estimates

Preparation of the annual accounts requires the application of accounting standards and methods that are at times based on complex subjective judgements and estimates based on historical experience, and assumptions that are considered reasonable and realistic under the circumstances. Use of such estimates and assumptions affects the final amounts reported in the financial statements and related disclosures. The final amounts for the items in the financial statements relative to which these estimates or assumptions were used may differ from those indicated in previous financial statements due to the uncertainties which characterise the assumptions and the conditions on which estimates are based. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods.

During the year in question, estimates were used in the following cases:

- in the determination of the fair value of financial assets and liabilities;
- in the determination of the estimate of technical provisions;
- in the quantification of the provisions for risks and charges, considering the indeterminacy of the amount or the contingency date;
- in estimating the recoverability of deferred tax assets;

Goodwill

The item includes goodwill acquired in business combinations as defined by IFRS 3.

Goodwill deriving from consolidation represents the greater value of the cost of acquisition with respect to that of the assets, liabilities and potential liabilities of the subsidiary, at fair value. Goodwill is recognised as an asset and recognised at cost net of impairment accumulated. It is subject to an impairment test at least once per year, pursuant to IAS 36.

Other intangible assets

This item includes intangible assets, consisting of non-monetary elements lacking in physical substance, which can be identified and controlled by the company, relative to which the company will gain future economic benefits, as established in IAS 38.

Intangible assets are initially valued at cost. Subsequently, those with a defined useful life (i.e. software) are amortised based on the residual useful life. Amortisation starts once the asset is available for use and is applied on a straight line basis in relation to the residual possibility of use, or based on its estimate useful life.

Property, plant and equipment

This item includes furnishings, systems and equipment and electronic equipment, based on that established in IAS 16.

These assets are recognised at cost, including charges directly incurred to prepare the assets for use, as well as any expenses for dismantling and removal which will be incurred consequent to contractual requirements which require the asset to be returned to its original condition.

Subsequent valuations are carried out using the amortised cost method.

Depreciation is recognised on a straight line basis relative to the estimated residual useful life.

The residual value and residual useful life are verified annually. In the case of discrepancies relative to previous estimates, the asset is written down for impairment and the depreciation rate is revised.

Extraordinary maintenance costs which provide future economic benefits are capitalised relative to the value of the asset, while ordinary maintenance costs are recognised in the Income Statement in the year they are incurred.

As of 1 January 2019, the Company adopted accounting standard IFRS 16. Hence, this item also includes rights of use for assets falling under the scope of the standard, equal to the current value of the periodic rent/fees contractually required to make use of the asset, amortised on a straight line basis.

The Poste Italiane Group has estimated the following useful lives for the various categories of plant and equipment:

Type of Asset	Period of depreciation/amortisation	Depreciation/amortisation rate
Software	3 financial years	33%
Internal Software	5 financial years	20%
Start-up and expansion costs	5 financial years	20%
Leasehold improvements	remaining lease term	
Fixture and fittings, office equipment and internal means of transport	8 financial years	12%
Motor vehicles	4 financial years	25%
Plant and machinery	5 financial years	20%

Leased Assets

Pursuant to the new accounting standard for leasing (IFRS 16 - *Leasing*), when a contract is stipulated the Group determines whether the contract is a lease or if it contains a leasing component. During the contractual life, the initial measurement is revised only if there are substantial changes in the conditions of the contract (e.g. changes in the subject of the contract or in the requirements which affect the right to control the underlying asset). If a leasing contract also contains a non-leasing component, the Group separates them and treats that component in accordance with the relevant accounting standard, with the exception of cases in which separation cannot be achieved based on objective criteria. In this case, the Group treats the lease and non-lease components together.

At the start date of the contract a right of use of the leased asset is recognised; this is equal to the initial value of the corresponding leasing liability, plus the payments due before or on the contractual start date (for example agency expenses). Subsequently this right of use is measured net of the accumulated depreciation and impairment losses. The depreciation begins from the start date of the leasing, and extends over the shortest period between the contractual term and the useful life of the underlying asset.

A leasing liability, with the nature of a financial liability, is initially recognised at the present value of the leasing instalments not paid at the contractual start date; for the purposes of calculating the current value the Group uses the incremental borrowing rate, defined for the duration of the loan and for each Group company. The initial measurement of the leasing liability includes periodic payments due and the price to exercise any option rights, if the lessee is reasonable certain of exercising them. Subsequently, the leasing liabilities are reduced to reflect the leasing instalments paid and increased to reflect the interest on the remaining value (using the effective interest method).

The Group redetermines the leasing liability (and makes a corresponding adjustment to the related right of use) in the case of a change in the duration of the lease (e.g. early termination of the contract or an extension of the expiry date) and/or in the amounts due, following a renegotiation of the economic conditions or a change in the index o rate used to determine payments (e.g. ISTAT).

Only in the case of a significant change in the duration of the lease or in the future payments due for the lease, the remaining value of the leasing liability is redetermined by the Group making reference to the incremental borrowing rate current at the date of the change; in all other cases, the leasing liability is redetermined using the initial discount rate.

The Group avails itself of the option granted by the principle of non-application of the new provisions to short-term contracts (with a duration of no more than twelve months), to contracts in which the individual underlying asset is of low value (up to € 5,000) and for contracts in which the underlying asset is intangible (e.g. software licenses). For these contracts, the Group continues to adopt IAS 17 by recognising lease payments on a straight-line basis in the Income Statement as a matching entry to short-term trade payables.

Impairment of assets

At the end of each reporting period, property, plant, equipment and intangible assets with finite lives are analysed to assess whether there is any indication that an asset may be impaired (as defined by IAS 36). If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss to be recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use, represented by the present value of the future cash flows expected to be derived from the asset. In calculating value in use, future cash flow estimates are discounted using a rate that reflects current market assessments of the time value of money, the period of the investment and the risks specific to the asset. The realisable value of assets that do not generate separate cash flows is determined with reference to the cash generating unit (CGU) to which the asset belongs.

Regardless of any impairment indicator, the assets listed below are tested for impairment every year:

- intangible assets with an indefinite useful life or that are not yet available; the impairment test can take place at any time during the year, provided that it is performed at the same time in each of the following years;
- goodwill acquired in a business combination.

An impairment loss is recognised in the Income Statement for the amount by which the net carrying amount of the asset, or the CGU to which it belongs, exceeds its recoverable amount. In particular, if the impairment loss regards goodwill and is higher than the related carrying amount, the remaining amount is allocated to the assets included in the CGU to which the goodwill has been allocated, in proportion to their carrying amount[3]. Except in the case of goodwill, if the impairment indicators no longer exist, the carrying amount of the asset or CGU, except for goodwill, is reinstated and the reversal recognised in profit or loss. The reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognised and depreciation or amortisation been charged.

Technical provisions attributable to reinsurers

These are calculated based on the contractual conditions found in the reinsurance treaties, in that this method more correctly represents the specific economic results in this sector.

Equity investments in associates

This item includes equity investments in the associates Europa Gestioni Immobiliari SpA and Consorzio Logistica Pacchi Scpa.

The first is measured using the equity method, proportional to the interest held by the Group, in that the parent company Poste Vita has significant influence. The second is measured at cost.

Financial instruments

Financial instruments refer to financial assets and liabilities which are classified as such at the time of initial recognition and at the relative fair value, according to the purpose for which they were acquired. Purchases and sales of financial instruments are recognised in homogeneous categories based on the date on which the Group undertakes to purchase or sell the asset (settlement date). Any changes in fair value between the transaction date and the settlement date are recognised in the financial statements.

3. When the amount of the impairment is not entirely absorbed by the carrying amount of the asset/CGU, no liability is recognised pursuant to IAS 36, unless a liability pursuant to an international accounting standard other than IAS 36 is established.

Financial assets

On initial recognition, financial assets are classified in one of the following categories, based on the business model adopted to manage them and the characteristics of their contractual cash flows.

Financial assets measured at amortised cost

This category reflects financial assets held to collect the contractual cash flows (the held to collect or HTC business model) representing solely payments of principal and interest (SPPI). These assets are measured at amortised cost, that is the value of the asset at initial recognition minus principal payments, plus or minus accumulated amortisation, using the effective interest method, on all differences between the initial value and that at maturity, adjusted for any provisions to cover losses. The business model on which the classification of financial assets is based permits the sale of such assets; if the sales are not occasional, and are not immaterial in terms of value, consistency with the HTC business model should be assessed.

Financial assets measured at fair value through other comprehensive income (OCI)

This category includes financial assets held both to collect the relevant contractual cash flows and for sale (the held to collect and sell or HTC&S business model), with the contractual cash flows representing solely payments of principal and interest. These assets are measured at fair value and unrealised gains or losses are recognised among other comprehensive income, with the exception of impairment gains or losses and gains or losses on exchange rates, until the financial asset is derecognised or reclassified. If the financial asset is derecognised, the accumulated gains/(losses) previously recognised in OCI are reclassified from equity to the Income Statement. This category also includes, beyond debt securities having the above characteristics, equity instruments that would otherwise be recognised through profit or loss, for which the irrevocable election was made to recognise changes in fair value through OCI (the FVTOCI option). This option entails the recognition of dividends alone through profit or loss.

Financial assets measured at fair value through profit or loss

This category, which is residual, refers to: (a) financial assets primarily acquired for trading; (b) those designated as such at initial recognition, exercising the fair value option; (c) financial assets that must be recognised at fair value through profit or loss; (d) derivative instruments, with the exception of the effective portion of those designated as cash flow hedges; (e) instruments representing equity, for which the company does not make use of the FVTOCI options. Financial assets belonging to the category in question are measured at fair value and the related changes are recognised in profit and loss. Financial instruments in this category are classified as short-term if they are held for trading or they are expected to be disposed of within twelve months of the reporting date. Derivative instruments at fair value through profit or loss are recognised as assets or liabilities depending on whether the fair value is positive or negative.; positive and negative fair values deriving from transactions with the same counterparty are offset during the collateralisation/liquidation phase, where contractually provided for.

Financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

Impairment and stage allocation

For financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, a provision must be established to cover expected credit losses, determined using the Expected Credit Losses (ECL) model. The method utilised is the "General impairment model", whereby:

- If on the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, a 12-month ECL is recognised (stage 1). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- If on the reporting date the credit risk of the financial instrument has increased significantly since initial recognition, a lifetime ECL is recognised (stage 2). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- If a financial instrument is already impaired on initial recognition or shows objective evidence of impairment as at the reporting date, lifetime expected losses are recognised. Interest is recognised on the amortised cost including ECL (stage 3).

In determining whether credit risk has increased significantly, it is necessary to compare the risk of default of the financial instrument as at the reporting date with the risk of default of the financial instrument on initial recognition.

However, there is a rebuttable default presumption if the financial instrument is more than 90 days past due, unless there is reasonable and supportable information to demonstrate that a default criterion with greater lag is more appropriate. For issuers of debt securities, default risk refers to:

- a 90 delay in payment for corporate and bank counterparts;
- a delay in payment of even one day or debt renegotiation for sovereign counterparts.

Regarding trade receivables, a simplified approach is applied to measure the expected credit loss, if these receivables do not contain a significant financing component pursuant to IFRS 15. The simplified approach is based on a matrix of observed historical losses.

Additionally, for trade receivables, default risk was determined based on historic experience, the specific nature of the Group's assets and customers and taking into account analysis of overdue amounts, rejecting the 90 days assumption. The Group did not make use of the Low Credit Risk Exemption.

Determining fair value for financial instruments

Paragraph 2 of IFRS 13 - *Fair value measurement*, endorsed with Regulation EU 1255/2012 of 11 December 2012, establishes that "fair value is a criteria of market valuation, not specific to the entity". While for some assets and liabilities there may be observable information regarding market transactions, for other assets and liabilities this information may not be available. Nonetheless, the purpose of fair value measurement is the same in both cases: estimating the price at which a regular sale of the asset or transfer of the liability would take place between market operators on the valuation date under current market conditions (or the closing price on the valuation date from the point of view of the market operator holding the asset or liability)".

In compliance with that indicated in the standard, below is a description of the fair value measurement techniques used within the Poste Vita Group.

It is important to recall that the concept of an active market refers to a market on which prices are readily and regularly available in a price list or processed systematically using trading circuits which are "alternative" with respect to official ones, with prices considered reliable, as well as those which can be identified by contributors operating as primary intermediaries on various markets, in which the prices proposed represent potential transactions and effective market operations occurring regularly through normal trading.

These assets and liabilities are classified on the basis of a hierarchical scale that reflects the relevance of the sources used to obtain the measurements.

The hierarchy consists of 3 levels, as established in the cited accounting standard IFRS 13, specifically:

Level 1 – market prices obtained using prices expressed by an active market;

Level 2 – input data other than the above, expressing market values directly or indirectly associated with the instrument to be measured or obtained from products with similar risk characteristics;

Level 3 – input not directly or indirectly observable on the market, hence involving estimates and assumptions by the measuring entity.

More details about fair value measurement techniques are found in the section "Fair value measurement techniques".

Derivatives

Derivatives are initially recognised at fair value on the date the derivative contract is executed and if they do not qualify for hedge accounting treatment, gains and losses arising from changes in fair value are accounted for in the income statement for the period. If, on the other hand, derivative financial instruments qualify for hedge accounting, subsequent fair value changes are accounted for in accordance with the specific criteria indicated below. Recognition of derivatives designated as hedges continues to follow the rules contained in IAS 39. The relationship between each hedging instrument and the hedged item is documented, as well as the risk management objective, the strategy for undertaking the hedge transaction and the methods used to assess effectiveness. Assessment of whether the hedging derivative is effective takes place both when each derivative instrument is obtained and during its life.

Fair value hedge[4]

When the hedge is related to recognised assets or liabilities, or an unrecognised firm commitment, the changes in fair value of both the hedging instrument and the hedged item are recognised in profit or loss. When the hedging transaction is not fully effective, resulting in differences between the above changes, the ineffective portion represents a loss or gain recognised separately in profit or loss for the period. IAS 39 allows, in addition to individual assets and liabilities, the designation of a cash amount, representing a group of financial assets and liabilities (or portions thereof) as the hedged item in such a way that a group of derivative instruments may be used to reduce exposure to fair value interest rate risk (a so-called macro hedge). Macro hedges cannot be used for net amounts deriving from differences between assets and liabilities. Like micro hedges, macro hedges are deemed highly effective if, at their inception and throughout the term of the hedge, changes in the fair value of the cash amount are offset by changes in the fair value of the hedges, and if the effective results fall within the interval required by IAS 39.

Cash flow hedge[5]

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges after initial recognition is recognised in a specific equity reserve, with movements in the reserve accounted for in "Other comprehensive income" (the "Cash flow hedge reserve"). A hedging transaction is generally considered highly effective if, both at inception of the hedge and on an ongoing basis, changes in the expected future cash flows of the hedged item are substantially offset by changes in the fair value of the hedging instrument. Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affects profit or loss. In particular, in the case of hedges associated with a highly probable forecast transaction (such as the purchase of fixed income debt securities), the reserve is reclassified to profit or loss in the period or in the periods in which the asset or liability, subsequently accounted for and connected to the aforementioned transaction, will affect profit or loss (for example, an adjustment to the return on the security).

If the hedging transaction is not fully effective, the gain or loss arising from a change in fair value relating to the ineffective portion is recognised in profit or loss for the period. If, during the life of the derivative, the forecast hedged transaction is no longer expected to occur, the related gains and losses accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss for the period. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the related gains and losses accumulated in the cash flow hedge reserve at that time remain in equity and are recognised in profit or loss at the same time as the original underlying.

4. A hedge of the exposure to a change in fair value of a recognised asset or liability or of an unrecognised firm commitment attributable to a particular risk, and that could have an impact on profit or loss.
5. A hedge of the exposure to the variability of cash flows attributable to a particular risk associated with an asset or liability or with a highly probable forecast transaction, and that could have an impact on profit or loss.

Sundry receivables

This item mainly includes amounts due from policyholders for premiums to be collected, as well as amounts due from intermediaries and insurance and reinsurance companies and other receivables. Receivables are measured at amortised cost, calculated using the effective return rate method. This method is not used for short-term receivables, as the discounting effect is negligible. These receivables are measured at the historic cost, coinciding with the nominal value. They are subjected to impairment tests.

Other Asset elements

Deferred acquisition costs

This item includes deferred acquisition costs linked to the acquisition of new insurance contracts. As established in IFRS 4, to recognise these costs the provisions contained in local standards are used, applied to the countries in which the individual companies included in the scope of consolidation are located.

Current and deferred tax assets

These items include assets relative to current and deferred taxes, as defined and governed by IAS 12. Tax assets relative to deferred taxes are periodically verified at the end of the year and whenever changes are made to relevant tax laws.

Other assets

“Other assets” includes, among other things, deferred fee and commission expense relative to investment contracts, which does not fall under the scope of IFRS 4 but rather that of IFRS 9 and, as such, is classified among liabilities measured at fair value through profit and loss and accrued income and prepaid expense.

Assets included in disposal groups held for sale

This item includes assets relative to disposal groups held for sale, based on that established in IFRS 5.

Assets held for sale are recognised at the lesser of the book value and the fair value net of any sales costs.

In the case the disposal of an equity investment in a subsidiary consolidated on a line by line basis is planned within the timeframe established under IFRS 5, all the assets of the entity to be disposed of are reclassified in the balance sheet under the item “Non-current assets or disposal groups held for sale” (item 6.1 in the Assets) and the liabilities are reclassified in a similar manner under the item

“Liabilities included in disposal groups held for sale” (item 6.1 of the Liabilities). Both items are shown in the Consolidated Financial Statements net of infragroup transactions with the entity in question.

Income statement items relative to assets included in a disposal group held for sale, in the case in which the group continues to operate in the sector associated with the entity to be disposed, are shown in accordance with the normal rules for line by line consolidation.

Cash and cash equivalents

This category includes cash and cash equivalents and demand deposits. They are recognised at their nominal value and, in the case of foreign currencies, at the exchange rate at the end of the year.

Impairment

At each reporting date the Poste Vita Group analyses the carrying amount of its assets, to verify whether they have suffered any impairment. This is done by comparing the carrying amount of each asset with the relative estimated recoverable amount. If the latter value is lower than the former, the asset is written down. The recoverable amount is the greater of the fair value net of sales costs and the value in use.

Any impairment is recognised in the Income Statement. If impairment is no longer appropriate, the carrying amount of the asset, with the exception of goodwill, is increased to the new value of the estimated recoverable value, without exceeding the carrying amount the asset would have had if the impairment had never been recognised.

Equity attributable to owners of the Parent

This category includes equity instruments ("other equity instruments") and the relative equity reserves attributable to owners of the Parent. This item includes the perpetual regulatory capital instrument issued by the parent company and subscribed in full by Poste Italiane, classifiable as Restricted Tier 1, when in no case gives rise to an obligation for the issuer to reimburse capital or interest to the subscriber (with the exception of liquidation or the issuer itself opting for the early reimbursement option). These instruments are recognised at the issue value, net of issuing expenses and relative tax benefits. In line with this classification, payment of coupons to subscribers are recognised, similar to the case of dividends, as a direct reduction of equity reserves.

The item "Revenue reserve and other equity reserves" includes profits or losses deriving from initial application of international accounting standards and consolidation reserves.

The item "Gains or losses on financial assets at fair value through other comprehensive income" includes profits or losses identified after measurement of financial assets at fair value, recognised through other comprehensive income, expressed net of both any deferred taxes and the part attributable to policyholders, recognised within insurance liabilities (shadow accounting).

The item "Other gains or losses recognised directly through equity" includes the direct attribution to equity of actuarial gains or losses and adjustments made to defined benefit plans (IAS 19.93A).

Provisions - Provisions for risks and charges

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur.

This item includes the liabilities defined and governed by IAS 37. Provisions are recognised in the financial statements at the moment in which the Group has a current obligation as a result of a past event and it is probable it will be asked to fulfil this obligation. Amounts relative to provisions are identified based on estimates of the costs required to satisfy the obligation as of the reporting date and, if deemed significant, are discounted.

Technical provisions

A description of the measurement criteria used for the "Technical Provisions" item is found in the paragraph "Premiums and technical provisions" below.

Financial liabilities

Financial liabilities, including borrowings, trade payables and other payment obligations, are carried at amortised cost using the effective interest method. If there is a change in the expected cash flows and they can be reliably estimated, the value of borrowings is recalculated to reflect the change on the basis of the present value of estimated future cash flows and the internal rate of return initially applied. Financial liabilities are classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. When required by the applicable IFRS (e.g. in the case of derivative liabilities), or when the irrevocable fair value option is exercised, financial liabilities are recognised at fair value through profit or loss. In this case, changes in fair value attributable to changes in own credit risk are recognised directly in equity, unless this treatment creates or enhances an accounting asymmetry, whereby the residual amount of the changes in the fair value of liabilities is recognised through profit or loss. Financial liabilities are derecognised at the moment they are extinguished or when all the risks and charges associated with the instrument are transferred. For the criteria used to establish the fair value of financial liabilities, please see that found in the previous section (Determining fair value for financial instruments).

Payables

Payables arising from direct insurance transactions

This item includes trade payables deriving from direct insurance business. These payables are recognised at the nominal value. For accounting purposes no discounting methods were used given that these payables are all short-term, the effects would not be significant.

Payables arising from reinsurance transactions

This item includes trade payables deriving from reinsurance business. These payables are recognised at the nominal value. For accounting purposes no discounting methods were used given that these payables are all short-term, the effects would not be significant.

Other payables

Other payables include items not associated with insurance. In particular, it includes employee termination benefits relative to the portion calculated using Italian accounting standards. For the item in question discounting methods are not used, in that these are short-term payables or payables which call for the payment of interest based on established contracts. In particular, categories relative to employee benefits are as follows:

Short-term benefits

The short-term employee benefits are those that will be fully paid within twelve months of the end of the year in which the employee provided his or her services. These benefits include: wages, salaries, social security contributions, holiday pay and sick pay.

The undiscounted value of short-term employee benefits to be paid to employees in consideration of employment services provided over the relevant period is recognised, on accrual, among personnel expenses.

Post-employment benefits

Post-employment benefits are divided into two categories: defined benefit plans and defined contribution plans. Under these plans, given that the amount of the benefit to be paid is only quantifiable following the termination of employment, the related effects on profit or loss or the financial position are recognised on the basis of actuarial calculations in compliance with IAS 19. Contributions to defined contribution plans are recognised in the income statement when incurred, on the basis of their nominal value.

Defined benefit plans

Defined benefit plans include employee termination benefits payable to employees in accordance with article 2120 of the Italian Civil Code.

- For all companies with at least 50 employees subject to supplementary pension reform, from 1 January 2007 vesting employee termination benefits (TFR) must be paid into a supplementary pension fund or into a Treasury Fund set up by INPS. Accordingly, the company's defined benefit liability is applicable only to the provisions made up to 31 December 2006.
- In the case of companies with less than 50 employees, to which the supplementary pension reform does not apply, vested employee termination benefits continue to fully increase the liability accumulated by the company.

The liability is projected into the future using the Projected Unit Credit Method to calculate the probable amount to be paid on cessation of employment is and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the financial statements is based on calculations performed by independent actuaries.

The calculation takes into account the employee termination benefits accrued for work already performed and is based on actuarial assumptions that mainly concern: demographic assumptions (such as employee turnover and mortality) and financial assumptions (such as rate of inflation and a discount rate consistent with that of the liability). In the case of companies with at least 50 employees, as the company is not liable for employee termination benefits accruing after 31 December 2006, the actuarial calculation of employee termination benefits no longer takes account of future salary increases. Actuarial gains and losses at the end of each reporting period, based on the difference between the carrying amount of the liability and the present value of the Group's obligations at the end of the period, due to changes in the actuarial assumptions, are recognised directly in equity, in the schedule relative to Other comprehensive income.

Defined benefit plans also include retirement funds that guarantee members and their survivors a pension supplementing those provided by INPS, in the amount and with the methods established under specific Regulations, in the collective labour contract and under the law. In relation to these cases, the standards for initial recognition and subsequent measurement indicated for the TFR are used. Additionally, as with the TFR, the liability recognised in the financial statements is based on calculations performed by independent actuaries.

Defined contribution plans

Employee termination benefits (TFR) due to employees pursuant to article 2120 of the Civil Code are considered defined contribution plans solely for benefits vested subsequent to 1 January 2007 and obligatorily paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in the income statement when incurred, on the basis of their nominal value.

Termination benefits

Termination benefits payable to employees are recognised as a liability when the company decides to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

Other long-term employee benefits

Other long-term employment benefits consist of benefits not payable within twelve months after the end of the reporting period during which the employees provided their services. Measurement of other long-term benefits does not generally include the same degree of uncertainty as that for termination benefits. Therefore, IAS 19 calls for certain simplifications to be used in accounting methods. The net change in the value of any of the components of the liability during the reporting period is recognised in full in the income statement. Measurement of the other long-term employee benefits liability is recognised in the financial statements also on the basis of calculations performed by independent actuaries.

Other Liability elements

Liabilities included in disposal groups held for sale

Please see that already stated for the corresponding item in the assets.

Current and deferred tax liabilities

The item includes tax liabilities governed by IAS 12.

Current tax liabilities are measured using the tax laws in effect for direct taxes.

Deferred liabilities are recognised for all temporary taxable differences between the carrying amounts of assets and liabilities and the corresponding amounts recognised for tax purposes, with the exception of cases expressly indicated in paragraph 15 of IAS 12. Deferred taxes calculated on taxes directly recognised in shareholders' equity are also recognised directly in shareholders' equity.

Other liabilities

In particular, this item includes:

- fee and commission income relative to contracts not governed by IFRS 4;
- liabilities relative to defined benefits and other long-term employee benefits;
- accrued expenses and deferred income.

Premiums and technical provisions

Contracts classified as "insurance" based on IFRS 4 are recognised and measured using the accounting standards utilised to prepare the statutory financial statements and, consequently, observing the provisions of Legislative Decrees 173/2997 and 209/2005, as well as ISVAP regulation no. 22.

In compliance with IFRS 4, contracts that transfer a significant insurance risk are classified as insurance contracts.

IFRS 4 defines as an insurance risk a risk, other than financial risk, transferred from the policyholder to the issuer of the insurance contract. In turn, financial risk is defined as "the risk of a possible future change in one or more of an interest rate, financial instrument price, market price, exchange rate, price or rate index, credit rating or credit index or another specific variable, on the condition that, in the case of a non-financial variable, the variable is not specific to one of the contractual counterparts".

Insurance risk is significant if and only if an insured event could induce the insurer to pay significant additional economic benefits in any circumstance, excluding those with no identifiable effect on the economic aspect of the operation, that is even if the insured event is extremely unlikely. Since IFRS 4 provides no specific instructions relative to the level of significance for insurance risk, it is the Company's responsibility to define a threshold beyond which the additional outlay in the case of an insurance event could generate the transfer of a significant insurance risk. This threshold has been set at 5% by the Board of Directors of the parent company Poste Vita.

Assessment of significance was done by aggregating individual contracts in homogeneous categories based on the nature of the risk transferred to the Company.

Contracts which do not transfer significant insurance risk and can be classified as financial instruments are recognised and measured using the accounting standards utilised to prepare the statutory financial statements when they contain an element of discretionary participation.

IFRS 4.10 establishes that the separation of an insurance contract into a deposit and an insurance component is sometimes obligatory and sometimes optional. In the case of separation, the deposit component continues to fall under the scope of application IFRS 9, while the risk component falls under the scope of IFRS 4.

Separation is required if the Company can measure the deposit component separately, or without considering the insurance component, and if the accounting standards used do not allow for proper recognition of all the rights and obligations deriving from the deposit component. Taking the above into account, the Company has decided not to make use of unbundling.

Contracts (or contract components) that do not transfer significant insurance risk and lacking discretionary participation elements are recognised and measured based on IFRS 9 or IFRS 15, depending on whether they are classified as financial instruments or service contracts.

Below are the considerations made to classify the relative contracts for Life and Non-Life business, as well as the accounting and measurement criteria.

Non-life business

Non-life contracts are all classified as insurance contracts, taking into account the substance of these contracts which expose the company to significant insurance risk.

The technical provisions for non-life business are as follows:

The Premium Provision consists of the “Fractions of Premiums Provision” and the “Unexpired Risks Provision”. The Fractions of Premiums Provision is calculated on a temporary pro rata basis based on gross premium revenue, after deducting acquisition costs.

The Unexpired Risks Provision is established based on the amount allocated to cover risks weighing on the company after the end of the year, to cover all those indemnities and expenses deriving from insurance contracts signed prior to that date, to the extent the amount exceeds the Fractions of Premiums Provision and premiums that can be collected based on the contracts.

The Claims Provision is analytically measured and, based on a prudential assessment of available elements, is established using an ultimate cost logic, in order to arrive at an amount adequate to cover commitments for claims benefits and the associated direct and indirect settlement costs. This process also includes estimating claims incurred but not yet reported during the year (IBNR).

With reference to the Liability Adequacy Test (LAT), it is held that the actions required under Italian law in terms of calculating non-life business technical provisions are in line with the minimum requirements established in paragraph 16 of IFRS 4. Hence, the company is exempted from carrying out additional specific congruence checks.

Specifically, the component of the premium provision relative to the unexpired risks provision, calculated and allocated in cases in which the technical ratio for the individual asset class shows an expected claim burden that exceeds revenues accruing in subsequent years, represents a reasonable approximation of the liability adequacy test.

Also with respect to the claims provision, it is held that the determination of these items based on the ultimate cost criteria includes the estimate of the main future cash flows, not discounted and, consequently, can be considered to represent a higher amount than that which would derive from applying the LAT in accordance with IFRS 4.

The catastrophe and adjustment provisions have been reversed, taking into account that IFRS 4 does not allow recognition of other prudential provisions against future claims. The senescence provision is calculated as required under article 44, paragraph 3 of Annex 15 to ISVAP Regulation 22/2008, using the lump sum criteria in the amount of 10% of gross premium revenue for the year relative to contracts with the characteristics indicated in the Regulation in question.

Life business

In relation to the above Class I products that include revalue clauses for the insurance benefits parametrised to returns realised in a Separately Managed Account are classified as financial contracts with discretionary participation elements (DPF, as defined in Appendix A to IFRS 4), for which IFRS 4.35 refers to the accounting standards established under local laws.

Taking into account that automatic transfer of all sums accrued within the Separately Managed Account occurs at the end of the contract, these contracts are classified as financial but, similar to that indicated in the previous paragraph, are treated as insurance contracts for accounting purposes.

Pure risk products are classified as insurance.

Class III products with significant insurance risk are classified as insurance.

Classification of these contracts was done based on internal analysis which, using the return distribution curves, is intended to verify the likelihood that the Company will incur significant additional benefits if an insured event occurs. Additionally, to verify the adequacy of the reserves, a Liability Adequacy Test was carried out in accordance with IFRS 4. The test was conducted by taking into account the present value of future cash flows, obtained by projecting the expected cash flows generated by the existing portfolio as of period end, based on adequate assumptions underlying expiration causes (death, termination, surrender, reduction) and expense trends.

Based on the results of this analysis, the technical provisions were found to be adequate and no additional provisioning was necessary.

Shadow Accounting

To mitigate measurement asymmetries arising between financial assets in Separately Managed Accounts measured based on IFRS 9 and the mathematical provisions measured using local accounting standards, shadow accounting was made use of for contracts in Separately Managed Accounts within life business, as allowed in paragraph 30 of IFRS 4. Shadow accounting is used to resolve accounting mismatches arising from different measurement criteria applied to insurance liabilities (or statutory technical provisions), measured at cost, and that used for financial instruments in Separately Managed Accounts, measured at fair value.

Shadow accounting was applied using a going concern approach, based on the following hypotheses:

- The realisation, for each Separately Managed Account, of latent gains/losses at the reporting date prospectively over a time horizon of multiple years, consistent under an ALM logic with the characteristics of the assets and liabilities portfolio and more representative of the complex reality of the business.
- Determination of the insurance liability based on prospective returns from each Separately Managed Account, taking into account contractual clauses, minimum levels guaranteed and any financial guarantees offered, based on the results of the Liability Adequacy Test mentioned above.

Fee and commission income and expense

These items include commissions and fees relative to investment contracts not falling under the scope of IFRS 4. In particular, it refers to the portion of explicit and implicit fees accruing during the year and management commissions in terms of fee and commission income and acquisition costs with regards to commission expense.

Investment income and expense

Net income from financial assets at fair value through profit or loss

These include realised gains and losses and positive and negative value changes for assets and liabilities in the category “fair value through profit or loss”. Changes in value are determined on the basis of the difference between the fair value and carrying amount of the financial instruments recognised in this category.

Income/expense from investments in subsidiaries, associates and joint ventures

These include income/expense originating from equity investments in companies associated with the Group. In particular, it refers to the portion pertaining to the Group of the profit (loss) for the period achieved by the investees in question.

Income/expense from other financial instruments and investment property

The item includes:

- income/expense and realised gains/losses on investments classified in the category "fair value through other comprehensive income";
- income and expense from loans and receivables and other financial liabilities;
- income and expense relative to investment property.

Other revenue

The item includes, in particular:

- revenues deriving from the sale of goods, the provision of services other than financial and from third party utilisation of tangible and intangible assets and other business assets;
- other net technical income associated with insurance contracts;
- exchange differences to be recognised in the Income Statement pursuant to IAS 21;
- realised gains and any write-backs relative to tangible and intangible assets.

Net claims expenses

This category includes amounts paid net of recoveries, the change in the claims provision and in other technical provisions for non-life business, the change in mathematical provisions and other technical provisions for life business and the change in technical provisions for contracts in which investment risk is held by the policyholders relative to insurance contracts and financial instruments under the scope of IFRS 4. Amounts recognised are shown before costs for settling claims and net of outward reinsurance.

Expenses from investments in subsidiaries, associates and joint ventures

This category includes expenses deriving from equity investments in subsidiaries, associates and joint ventures, recognised with a corresponding assets item.

Expenses arising from other financial instruments and investment property

The item includes expenses deriving from investment property and financial instruments not measured at fair value through profit and loss. They mainly include other investment expenses, including costs relative to investment property and, n particular, condominium fees and maintenance and repair expense which does not serve to increase the value of the investment property; losses realised after the derecognition of a financial asset or liability or investment property; unrealised losses, including negative changes deriving from amortisation/depreciation and impairment.

Operating expenses

This item includes commissions and other acquisition costs, including acquisition expense, net of outward reinsurance, relative to insurance contracts; investment management expenses, including general expenses and personnel expense relative to management of financial instruments and investment property; other administrative expenses, which includes general and personnel expenses not allocated to claims expenses, insurance contract acquisition expense or investment management expenses.

Other costs

The item includes, in particular:

- costs relative to the sales of goods and the provision of services of a non-financial nature;
- other net technical expense associated with insurance contracts;
- provisioning carried out during the year;
- exchange differences to be recognised in the Income Statement pursuant to IAS 21;
- realised losses, any impairment and amortisation/depreciation relative to tangible assets (when not allocated to specific items) and to intangible assets.

Uncertainties involved with the use of estimates

As requested in paragraph 116 of IAS 1, we note here that the Consolidated Financial Statements for 2021 were prepared in respect of the principles of clearly, truly and accurately representing the equity and financial situation and the economic results for the year.

The decisions made and estimation and measurement criteria adopted in applying the international accounting standards are justified in the Notes.

Use of such estimates and assumptions affects the final amounts reported in the financial statements and related disclosures. The final amounts in the financial items for which estimates and assumptions were used could differ due to the uncertainties which are inherent in assumptions and relative to the conditions on which estimates were based, also in the light of the current health emergency still under way. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods.

During the year in question, estimates were used in the following cases:

- in the determination of the fair value of financial assets and liabilities;
- in estimating the recoverability of deferred tax assets;
- in quantifying provisions for risks and charges and provisions for employee benefits, in consideration of the indeterminate nature of the amount and date on which they will arise and the actuarial assumptions applied;
- in determining the estimate of the technical provisions for life business;
- in determining amounts relative to shadow accounting, as described above;
- in determining the estimate of the technical provisions for non-life business.

Fair value measurement techniques – *IFRS 13*

In compliance with that indicated in IFRS 13 - Fair value measurement, endorsed with Regulation EU 1255/2012 of 11 December 2012, relative to the definition of a single fair value measurement framework, requested or allowed by the other IFRS and for the financial statements or disclosure, the provisions of which took effect as of 1 January 2013, below are the fair value measurement techniques used within the Poste Vita Group.

The assets and liabilities involved (specifically, assets and liabilities recognised at fair value and assets and liabilities recognised at cost or at amortised cost, for which the fair value is provided in the Notes to the statements) are classified on the basis of a hierarchical scale that reflects the significance of the sources used in making the measurements.

The hierarchical scale is made up of the 3 levels presented below.

Level 1: this level includes the financial instruments for which prices listed on active markets are available. The existence of official prices on an active market constitutes the best evidence of fair value. A market is defined as active when transactions take place with sufficient frequency and volume to provide information about prices on a continuous basis. The following categories of financial instruments are relevant for the Poste Vita Group:

- Bonds quoted on active markets: for the definition of active market for bonds, the insurance group follows the criteria defined in the Group's FV Policy and applied in the context of the "Fair Value Engine" tool. In order to classify a "Level 1" financial instrument, daily monitoring rules have been established for contributions in order to verify their liquidity. The pricing sources for the securities are:
  a. MTS market;
  b. MILA;
  c. Bloomberg CBBT.

  Securities are considered level 1 if during the time period of reference they have a bid-ask spread within the limit established by the Group's Fair Value Policy.
- Equity securities listed on active markets: measurement is done by considering the price deriving from the last contract traded on the measurement day on the reference stock market.
- Open-ended listed mutual funds for which a daily market closing price is available, obtained from the info provider Bloomberg or the fund manager, and which also simultaneously comply with all of the following parameters:
  – calculation of the NAV carried out daily;
  – an average time required to sell the position no longer than a significant number of working days.

Price of Level 1 type bonds incorporates the credit risk component.

Level 2: this level consists financial instruments for which measurements are obtained using inputs different from the listed prices included in Level 1 and observable directly or indirectly on the market for the asset. Types of input include prices listed on active markets for similar assets or liabilities, prices listed for identical or similar assets or liabilities on non-active markets, observable data other than listed prices (e.g. interest rates and return curves, implicit volatility and credit spreads), input corroborated by the market.

The following categories of financial instruments are relevant for the Poste Vita Group:

- Bonds either quoted on inactive markets or not at all that do not meet the criteria envisaged by the Fair Value Policy for the assignment of the fair value level 1. For the valuation of these securities, a preliminary analysis was carried out on the availability of a price deemed reliable, albeit indicative of a lower level in the fair value hierarchy. This verification resulted in the presence of a BVAL score greater than 30 and in this case in the use of one of the following prices
  – CBBT if available
  – BVAL if available and with a score greater than or equal to 8.

  For the securities not falling under the previous scope, namely for which the BVAL score was lower than 30, the measurement is made using an internal model.
- All quoted open-end funds that, on the basis of the checks carried out, cannot be categorised as "Level 1" and meet the following parameters:
  – calculation of the NAV carried out at least weekly;
  – an average time required to sell the position no longer than a significant number of working days.
- All unlisted open-end funds for which the NAV provided by the info-provider Bloomberg or by the fund manager is available at least monthly and that, based on the periodic analyses appropriately documented carried out using "look through" approaches, have an investment in "Level 3" financial instruments pursuant to IFRS 13 lower than a specific threshold of significance expressed as a percentage of the overall NAV of the Fund.

Level 3: this level consists of financial instruments for which fair value measurements are obtained using non-observable input for the asset or liability. Measurements are hence carried out using input not deriving directly from data observable on the market (only to the extent in which observable input is not available) and involve estimates and assumptions by the measurer, including assumptions about risk, which must be consistent with the assumptions market operators would use to determine the price of the asset or liability. A financial instrument must be classified as Level 3 if these estimates have a significant impact on the value of the financial instrument being measured.

The following categories of financial instruments are relevant for the Poste Vita Group:

- Residual bonds that do not meet the previous indications.
- All quoted open-end funds that, on the basis of the checks carried out, cannot be categorised as "Level 2".
- All Alternative Funds, which, by nature are characterised by a low frequency of NAV calculations and contain financial instruments that are often illiquid or have no prices listed on active markets. In particular, for Poste Vita this category includes: Private Equity Funds; Real Estate Funds; Infrastructure Equity Funds; Infrastructure Debt Funds; Private Debt Funds and Hedge Funds.
- The equity investment in the associate Europa Gestioni Immobiliare (EGI) is measured using the equity method.
- Financial liabilities measured at amortised cost.

To that end, note that the report on operations contains analysis of financial instruments measured at fair value at 31 December 2021, broken down by fair value hierarchy level and outlines Fair Value transfers and level 3 changes recorded during the period in question.

Additionally, the same document includes the disclosure at 31 December 2021 regarding equity investments in other non-consolidated entities as required under accounting standard IFRS 12 as well as the Financial Risk disclosure based on the structure outlined in the new international accounting standard IFRS 7 - *Financial instruments: disclosures.*

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Accounting standards applied from 1 January 2021

During the period and in any case by the date of presentation of the report, there have been the following regulatory amendments, which impact or could impact the activity/sector in which the Poste Vita Group operates.

- Amendments to IFRS 4 - Insurance Contracts which provide for an extension to 1 January 2023 for the temporary exemption to the application of IFRS 9 by insurance companies and financial conglomerates that perform mainly insurance activity. Entities that have decided to take advantage of this exemption may therefore continue to apply IAS 39 instead of IFRS 9 until that date (coinciding with the presumed effective date of the new standard IFRS 17 on insurance contracts).
- Amendments to certain accounting standards following the reform of interbank rates. The planned amendments, the purpose of which is to take account of the consequences of effectively replacing the existing interest rate reference indices with alternative reference rates, relate to the following standards:
  - IFRS 9 - Financial instruments introduces a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated, in order to allow the effective interest rate to be adjusted, thus avoiding changes to the carrying amount;
  - IAS 39 - Financial Instruments: Recognition and Measurement envisages exemptions relating to the termination of hedging that may occur as a result of the reform;
  - IFRS 7 - Financial Instruments: addition of supplementary disclosures to enable readers of the financial statements to better understand the effect of the reform on benchmark interest rates, financial instruments and an entity's risk management strategy;
  - IFRS 4 - Insurance Contracts allows insurance companies that chose to postpone the adoption of IFRS 9 to apply the amendments to IAS 39 necessary to comply with the rate reform;
  - IFRS 16 - Leases allows leases that specifically refer to an IBOR rate to be amended to refer to an alternative rate resulting from rate reform.

It should also be noted that on 31 August 2021, Regulation (EU) 2021/1421 was published in the Official Journal of the European Union adopting "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)". This amendment, which is applicable as of 1 April 2021 for fiscal years beginning on or after 1 January 2021, extends by one year the provisions of Regulation (EU) 2020/1434 in the event of a change in lease payments as a result of the Covid-19 pandemic.

Accounting standards and interpretations soon to be effective (as of 1 January 2022)

As of the reporting date, the IASB has issued certain financial reporting standards, amendments and interpretations not yet endorsed by the European Commission:

- Amendments to the following accounting standards:
  - IAS 16-Property, plant and equipment, to disallow deduction from the cost of property, plant and equipment the amount received from the sale of goods produced during the testing stage for the same assets. These sales revenues and the relative costs will therefore be recognised in the statement of profit and loss.
  - IAS 37-Provisions, contingent liabilities and contingent assets, with the aim of clarifying that in estimates of the possible onerousness of a contract, all costs directly attributable to the contract must be considered and not limited only to incremental costs.
  - IFRS 3-Business Combinations, to update references in the standard to the Conceptual Framework to the revised version, without making changes to the provisions of the standard.

- Amendments to the following accounting standards in the context of routine standard improvement activities with the objective of resolving non-urgent issues related to inconsistencies in the standards or to provide clarifications of terminology:
  - IAS 41 - Agriculture;
  - IFRS 1 - First-time adoption of International Financial Reporting Standards;
  - IFRS 9-Financial Instruments;
  - Illustrative Examples of IFRS 16 Leases.

Accounting standards, amendments and improvements applicable as of 1 January 2023

Regulation EU 2021/2036 introduced new accounting standard IFRS 17 - Insurance contracts. The new accounting standard on insurance contracts will fully replace that currently established in IFRS 4, from 1 January 2023.

The potential impact on the Poste Vita Group's financial disclosure of the accounting standards, amendments and interpretations due to come into effect is currently being assessed.

With special reference to IFRS 17, in the context of the Poste Vita Group, a project was begun the previous year with the aim of assessing impacts associated with future application of the new standard.

Part B – Scope of consolidation

The annual Financial Statements for the Poste Vita Group at 31 December 2021 were prepared in compliance with IVASS Regulation 7 of 13 July 2007, as amended, as described in part A of this document. The scope of consolidation includes the parent company Poste Vita SpA and the subsidiary Poste Assicura SpA, an insurance company founded in 2010 operating in the non-life sector, with Poste Welfare Servizi SpA, entirely held by Poste Vita, and Poste Insurance Broker Srl, authorised by IVASS to offer insurance brokerage services, and fully held by Poste Assicura SpA.

For the equity investment in Poste Welfare Servizi, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane SpA 100% of the shares held in Poste Welfare Servizi. The aforesaid operation was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares for a consideration of around € 70 million, a value that sits within the valuation range provided by the independent expert appointed by Poste Vita, as better described in the "Other Information" section within the Report on Operations. In relation to the same, assets and liabilities associated with this disposal are recognised respectively under items 6.1 of the Assets "Non-current assets or disposal groups held for sale" and 6.1 of the Liabilities "Liabilities included in disposal groups held for sale".

The parent company also holds a non-controlling interest in Europa Gestioni Immobiliari SpA. This company operates in the real estate sector, in Italy and abroad, both on its own account and for third parties. This equity investment is measured using the equity method.

On 30 June 2020, Poste Assicura SpA acquired 5% of the share capital of "Consorzio Logistica Pacchi S.c.p.a." as a minority interest. The company mainly provides sorting, tracking and delivery services for the Poste Italiane SpA packages service. This equity investment is indirectly held by the parent company Poste Vita and is recognised at cost.

Name	Country	Assets	Type of ownership	% Direct/indirect ownership	Consolidation method
Poste Assicura SpA	Italy	Insurance	Subsidiary	100	Line by line
Poste Welfare Servizi SpA	Italy	Services	Subsidiary	100	Line by line
Poste Insurance Broker SrL	Italy	Insurance brokerage	Indirect subsidiary	100	Line by line
Europa Gestioni Immobiliare SpA	Italy	Real Estate Management	Associate	45	Equity method
Consorzio Logistica Pacchi	Italy	Logistics/Shipping	Associate	5	Cost

Pursuant to IFRS 10, companies are controlled if the parent company exercises control over them. Control is obtained when the parent company is exposed to variable returns or holds real rights over returns, deriving from its relationship with the investee and, at the same time, is able to affect these returns by exercising its power over the entity. In particular, the parent company controls an investee if, and only if, it simultaneously has:

- power over the investee (i.e. rights, not merely protective, which grant it the real ability to direct significant actions of the investee, that is activities that significantly impact the returns of the entity invested in);
- is exposed, or has rights to, variable returns from its involvement with the investee;
- the ability to influence those returns through its power over the investee.

Determination of control is based on the substance of the economic relationship between the Group and the company to be measured and, among other things, considers current and potential voting rights.

The Group periodically and systematically assesses whether events and circumstances indicate a change in one or more elements of control.

Pursuant to IAS 28, an associate is an entity in which the investor has significant influence, but which is neither a subsidiary nor an entity under joint control. Significant influence is present if the parent company holds at least 20% of voting rights in the Shareholders' Meeting, either directly or indirectly. A discussion of this equity investment can be found in the section "consolidation techniques".

Part C – Information on the consolidated statement of financial position

Assets

1. Intangible assets

Intangible assets amount to € 17,817 thousand at the end of 2021, substantially in line with the € 17,890 thousand recognised at the end of 2020:

(€k)	31/12/21	31/12/20	Change	
Gross amount	21,036	21,773	(737)	(3%)
Accumulated depreciation	(3,219)	(3,884)	665	(17%)
Carrying amount	**17,817**	**17,890**	**(73)**	**(0%)**

The following schedule provides a breakdown:

(€k)	31/12/21	31/12/20	Change	
Software	2,700	3,062	(362)	(11.8%)
Goodwill	17,817	17,823	(6)	(0.0%)
Start-up and expansion costs	519	888	(369)	(41.6%)
Gross amount	**21,036**	**21,773**	**(737)**	**(3.4%)**

The item is mainly attributable to goodwill for € 17,817 thousand, deriving from the difference between the cost of the Poste Welfare Servizi equity investment and the corresponding fraction of equity after acquisition by Poste Vita and the not yet amortised portion of charges relative to IT programmes with multi-year utility, with a value of € 2,700 thousand before amortisation.

The aforementioned goodwill was subject to measurement at 31 December 2021 as required under IAS 36, to identify any loss in value with respect to the carrying amount (the impairment test). The result was a recoverable value exceeding the carrying amount.

Software has a defined useful life and is amortised using a 33% rate, with the exception of internally produced software which is amortised over 5 years. During the year no impairment was identified.

The following table shows changes in the item occurring during the period:

(€k)	31/12/20	Increases	Decreases	31/12/21
Software	3,062		(3,062)	0
- Accumulated amortisation	(2,995)	(13)	3,008	0
Goodwill	17,823		(6)	17,817
Start-up and expansion costs	888		(369)	519
- Accumulated amortisation	(888)		369	(519)
Total	**17,890**	**(13)**	**(60)**	**17,817**

Note that the change in the item seen during the period is due, for € 59 thousand, to the reclassification of intangible assets held by Poste Welfare Servizi to the item “Non-current assets or disposal groups held for sale”, following the full disposal of the Company.

2. Tangible assets

These amount to a total of € 3,198 thousand, showing a decrease of € 22,968 thousand with respect to 31 December 2020, due to the reduction in the value relative to rights of use of stated leaded property, due to the cancellation option for the lease exercised by Poste Vita on 7 October 2021 (in light of the transfer of the offices of the Poste Vita Group companies to the premises owned by the ultimate parent Poste Italiane) and taking effect, as per contract, on 12 May 2022.

(€k)	31/12/21	31/12/20	Change	
Gross amount	22,104	41,208	(19,104)	-46%
Accumulated depreciation	18,905	15,041	3,864	26%
Carrying amount	**3,198**	**26,167**	**(22,968)**	**-88%**

The following schedule provides a breakdown:

(€k)	31/12/21	31/12/20	Change	
Fixtures and fittings	862	1,149	(287)	-25%
Electronic equipment	390	608	(218)	-36%
Telephone/Generic System	19	50	(31)	-62%
Leasehold and building improvements	16	412	(396)	-96%
Properties not used in operations and guest quarters IFRS 16	1,491	23,653	(22,162)	-94%
Vehicles for mixed use IFRS 16	420	295	125	42%
Carrying amount	**3,198**	**26,167**	**(22,968)**	**-88%**

Other tangible assets mainly include capital assets used for operations: i) fixtures and fittings net of the relative provision for depreciation for € 862 thousand; ii) electronic equipment net of the relative provision for depreciation for € 390 thousand; iii) telephone system, net of the relative provision for depreciation for € 19 thousand; iv) leasehold improvements, net of the relative provision for depreciation for € 16 thousand and v) rights of use for fixed assets falling under the scope of accounting standard IFRS 16, which in the case in question refers to the contract to rent the property hosting the offices of the parent company and the investee companies, for a total of € 1,417 thousand, contracts to rent apartments for guest quarters for € 74 thousand and contracts for the company vehicle fleet for € 420 thousand.

The following table shows changes in the item, which during the period in question reflects the aforementioned reduction in the value of the contract to rent the property, due to the imminent expiration of the contract:

(€k)	31/12/20	Increases	Decreases	31/12/21
Electronic equipment	4,550	14		4,564
- Accumulated depreciation	(3,942)	(232)		(4,174)
Fixtures and fittings	3,260		(5)	3,255
- Accumulated depreciation	(2,111)	(287)	5	(2,393)
Telephone System	754		(8)	746
- Accumulated depreciation	(704)	(31)	8	(727)
Motor vehicles	18		(18)	0
- Accumulated depreciation	(18)		18	0
Leasehold improvements	1,742		(85)	1,657
- Accumulated depreciation	(1,330)	(377)	66	(1,641)
Right of use - Properties not used in operations and guest quarters IFRS 16	30,192	422	(19,534)	11,080
- Accumulated depreciation	(6,539)	(3,097)	47	(9,589)
Right of use - Vehicles for mixed use IFRS 16	693	131	(22)	802
- Accumulated depreciation	(398)	(22)	38.0	(382)
Total	**26,167**	**(3,479)**	**(19,490)**	**3,198**

Note that the change in the item seen during the period is due, for € 40 thousand, to the reclassification of tangible assets held by Poste Welfare Servizi to the item “Non-current assets or disposal groups held for sale”, following the full disposal of the company.

3. Technical provisions attributable to reinsurers

At the end of 2021, this item totals € 50,439 thousand, a decrease of € 3,073 thousand with respect to 31 December 2020, when the amount was € 53,512 thousand.

(€k)	31/12/21	31/12/20	Change	
Non-life provisions	**22,127**	**25,367**	**(3,240)**	**(12.8%)**
Premium reserve	1,847	2,641	(794)	(30.1%)
Outstanding claims provisions	20,280	22,726	(2,446)	(10.8%)
Other provisions				
Life provisions	**28,312**	**28,145**	**167**	**0.6%**
Outstanding claims provisions	6,201	4,811	1,390	28.9%
Mathematical provisions	22,111	23,334	(1,223)	(5.2%)
Other provisions				
Total	**50,439**	**53,512**	**(3,073)**	**(5.7%)**

4. Investments

At 31 December 2021, financial investments totalled € 158,695,773 thousand (€ 156,060,002 thousand at the end of 2020).

(€k)	31/12/21	31/12/20	Change	
Investments in associates	108,845	107,438	1,407	1%
Financial assets measured at amortised cost	2,427,456	2,052,717	374,739	18%
Financial assets measured at fair value through other comprehensive income	111,384,483	113,556,827	(2,172,344)	(2%)
Financial assets at fair value through profit or loss	44,774,990	40,343,021	4,431,969	11%
Total Investments	**158,695,773**	**156,060,002**	**2,635,771**	**2%**

Investments in subsidiaries, associates and joint ventures

The item **equity investments** totalling € 108,845 thousand (€ 107,438 thousand) refers for € 108,808 thousand to the investment in the associate EGI, measured using the equity method, while the remaining € 37 thousand refers to the equity investment, equal to a 5% stake in share capital, in Consorzio Logistica Pacchi Scpa, acquired by Poste Assicura SpA on 30 June 2020 and recognised in the financial statements at cost.

Relative to EGI, the company, owned by Poste Italiane SpA and Poste Italiane SpA with 45% and 55% equity interests, operates primarily in the real estate sector, managing and developing real estate assets no longer used by the parent company. The amounts for 2021 show equity of € 241,796 thousand and net profit for the year of € 3,135 thousand, up with respect to the figure reported in the corresponding period of 2020 of € 262 thousand. Relative to the Consorzio, this mainly provides sorting, tracking and delivery services for the Packages service which the parent company Poste Italiane SpA has undertaken to provide. The Company ended the present period with equity of € 787.9 thousand.

The increase of € 1,407 thousand during the period is almost entirely due to revaluation of the equity investment in EGI, in the amount of the relevant portion of profits achieved in 2021.

In terms of the fair value level assigned to investments in this category, please see that found in Annex 5 D.3, D.4, D.5 to these financial statements.

Financial assets measured at amortised cost

Financial instruments measured at amortised cost, or securities held to collect cash flows represented solely by payment of principal and interest (SPPI) amounted to € 2,427,456 thousand at 31 December 2021 (up by 18% with respect to the end of 2020 figure of € 2,052,717 thousand) and mainly refer to Free Capital. Relative to this category, net latent capital gains were recognised at the end of the period totalling € 209,623 thousand, down with respect to the € 332,050 thousand million at the end of 2020.

The item is as follows:

(€k)	31/12/21	31/12/20	Change	
Equity instruments				
Debt securities	2,019,906	1,857,882	162,024	8.7%
of which: *government bonds*	2,001,030	1,838,923	162,107	8.8%
corporate bonds	18,876	18,959	(83)	(0.4%)
UCITS units				
Receivables and loans	407,550	194,835	212,715	109.2%
Total	**2,427,456**	**2,052,717**	**374,739**	**18.3%**

Receivables recorded in this category (amounting to € 407,550 thousand at the end of 2020) refer to: i) € 383,172 thousand (€ 173,764 thousand at 31 December 2020) for the balance of the current account with the ultimate parent Poste Italiane SpA ii) receivables for commissions on internal funds for € 24,378 thousand (€ 15,324 thousand at the end of 2020). The impairment at 31 December 2021 regarding loans and financial receivables measured at amortised cost, recognised as a direct adjustment to the carrying amounts of the same, amounts to €361 thousand (€209 thousand at 31 December 2020).

Financial assets measured at fair value through other comprehensive income

The item is as follows:

(€k)	31/12/21	31/12/20	Change	
Equity instruments				
Debt securities	111,384,483	113,556,827	(2,172,344)	(2%)
of which: *government bonds*	90,034,883	95,005,896	(4,971,013)	(5%)
corporate bonds	21,349,600	18,550,931	2,798,669	15%
UCITS units				
Total	**111,384,483**	**113,556,827**	**(2,172,344)**	**(2%)**

Financial assets measured at FVTOCI amount at the end of the period in question to € 111,384,483 thousand (of which € 524,792 thousand relative to the security issued by Cassa Depositi e Prestiti as a private placement) down by € 2,172,344 thousand with respect to the € 113,556,827 thousand at the end of 2020) due to the fair value change recorded during the period. These investments refer to securities assigned to Separately Managed Accounts for around € 108,055,115 thousand and, secondarily, to the Company's Free Capital for around € 3,329,368 thousand. At the end of the period they referred solely to debt securities in the form of listed instruments issued by European governments and major European companies.

Relative to this category, financial market trends, although positive, were less favourable with respect to the end of the previous year, leading to a decrease in the fair value reserve for these instruments which at the end of 2021 came to € 11,619,786 thousand in net capital gains from measurement, compared to € 16,702,822 thousand at the end of 2020, of which: i) € 11,536,939 thousand net of the ECL component6 (€ 16,571,195 thousand at the end of 2020) relative to financial instruments in Separately Managed Accounts and hence attributed to the policyholders using shadow accounting and ii) € 82,847 thousand (€ 131,627 thousand at the end of 2020) relative to net capital gains on FVOCI securities in the Company's "free capital" and hence attributed

6. For financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, a provision must be established to cover expected credit losses, determined using the Expected Credit Losses (ECL) model. In particular, the new impairment method based on the new Expected Losses model takes a forward looking view of credit losses throughout the life of the financial instrument, requiring immediate recognition rather than when a trigger event occurs.

to a specific equity reserve (equal to € 58,063 thousand net of the relative tax effect and ECL against € 92,117 thousand recognised at the end of the previous period). Note that the value of the fair value reserve was determined net of the ECL. Impairment at 31 December 2021 relative to fixed-income securities measured at FVTOCI amounts to € 52,258 thousand (€ 59,403 thousand at 31 December 2020), of which € 50,911 thousand attributed to policyholders using shadow accounting.

In terms of the fair value level assigned to investments in this category, please see that found in Annex 5 D.3, D.4, D.5 to these financial statements.

Financial assets at fair value through profit or loss

At the end of the period, this item totalled € 44,774,990 thousand (of which € 21,799 thousand relative to the private placement with Cassa Depositi e Prestiti), compared to € 40,343,021 thousand recognised at the end of the previous year, broken down as follows:

(€k)	31/12/21	31/12/20	Change	
Equity instruments	217,201	199,696	17,505	9%
Debt securities	2,600,561	2,013,719	586,842	29%
of which: *government bonds*	14,904	50,117	(35,213)	(70%)
corporate bonds	2,585,657	1,963,602	622,055	32%
UCITS units	41,916,241	38,114,645	3,801,596	10%
Receivables	40,986	14,961	26,025	174%
Total	**44,774,990**	**40,343,021**	**4,431,969**	**11%**

I *Debt securities* amount to € 2,600,561 thousand at the end of 2021 and increased by € 586,842 thousand with respect to the € 2,013,719 thousand recognised at 31 December 2020. These can be broken down as follows:

- € 2,563,858 thousand in corporate instruments issued by major issuers, covering the associated Separately Managed Account products for € 2,143,845 thousand, with another € 307,421 thousand relative to products linked to Class III policies and the remaining € 112,592 thousand associated with Free Capital investments;
- € 14,904 thousand in BTP Stripped and Zero Coupon most of which used to cover Class III policies;
- € 21,799 thousand relative to the security issued by Cassa Depositi e Prestiti (private placement).

Investments in shares, classified under the category of financial assets at FVTPL, amount to € 217,201 thousand, mainly associated with Class III products. The change during the period can be attributed to the joint effects of net divestments of approximately € 35,931 thousand, with consequent recognition of revenue for € 53,436 thousand.

The item *UCITS units* equal to € 41,916,241 thousand at 31 December 2021, includes units of mutual investment funds. During the period in question, net investments totalling € 2,971,619 thousand were made. Fair value increased by around € 634,498 thousand, almost entirely reversed to Class I policyholders using shadow accounting.

At the end of the period, the investments included: i) UCITS units (including multi-asset funds) for € 37,943,532 thousand; ii) units in mutual real estate investment funds for € 2,113,580 thousand and iii) mutual funds that primarily invest in bonds for € 1,859,129 thousand.

Mutual investment funds refer to Separately Managed Accounts for around € 34,827,095 thousand, while € 7,083,526 thousand refers to Class III unit-linked products and the remaining portion of € 5,620 thousand is included in the Company's free capital.

Within this item, the amount of € 32,018,259 thousand refers to unconsolidated structured entities (details of which can be found in the report on operations), while € 9,897,982 thousand refers to funds which are not part of unconsolidated structured entities, for the most part alternative investment funds, UCITS and ETF.

The item *receivables* equal to € 40,986 thousand at the end of 2021 (€ 14,961 thousand at 31 December 2020) refers to underwriting and capital calls on mutual investment funds for which the corresponding units have not yet been issued.

In relation to *operations in derivatives*, at 31 December 2021 all operations on derivatives had matured, of which three, subscribed in February 2021 for a nominal value of € 700,000 thousand, had matured in November 2021, while the previous five positions, subscribed during 2020 for a nominal value of € 1,260,000 thousand, matured in the second quarter of 2021.

These are forward sale transactions, fair value hedging in nature, in order to mitigate the risk of changes in the fair value of the underlying securities, subject to hedging, deriving from interest rate fluctuations.

These transactions during the period gave rise to the recognition of net capital gains from sales totalling € 109.6 million.

In terms of the fair value level assigned to investments in this category, please see that found in Annex 5 D.3, D.4, D.5 to these financial statements.

5. Sundry receivables

At the end of the period, sundry receivables total € 170,321 thousand, an increase of € 6,075 thousand with respect to 31 December 2020, when the amount was € 164,246 thousand. The item is as follows:

(€k)	31/12/21	31/12/20	Change	
Receivables arising from direct insurance transactions	57,992	58,872	(879)	(1%)
Receivables arising from reinsurance transactions	4,845	4,883	(38)	(1%)
Other receivables	107,484	100,491	6,993	7%
Total sundry receivables	**170,321**	**164,246**	**6,075**	**4%**

It is held that the carrying value of trade receivables and other receivables is in line with their fair value. Trade receivables do not accrue interest and have short-term maturity dates.

With reference to receivables due from policyholders, the Group does not have any particular concentration of credit risks, in that credit exposure is spread over a large number of counterparts.

Receivables arising from direct insurance transactions

At 31 December 2021 the item amounts to € 57,992 thousand, compared to € 58,872 thousand at the end of 2020, broken down as follows:

(€k)	31/12/21	31/12/20	Change	
Due from policyholders	48,899	38,589	10,310	27%
Premiums receivable from agents	7,983	10,520	(2,537)	(24%)
Receivables due from company current accounts	1,111	9,763	(8,652)	(89%)
Total	**57,992**	**58,872**	**(880)**	**-1%**

The item receivables due from policyholders, equal to € 48,899 thousand, includes amounts for premiums due and not collected, which are deemed collectable based on prudential valuation.

Receivables due from policyholders refer for € 40,719 thousand to premiums not collected for non-life business. The remaining € 8,180 thousand refers to receivables due from policyholders for premiums relative to life business, not yet collected at the end of the period.

Note that around half of this amount, associated with collective policies, will be settled by the end of the first quarter of 2022, as they refer to policies with after the fact quarterly settlement. The increase in receivables due from policyholders, totalling € 10,310 thousand with respect to the figure at the end of 31 December 2020, is mainly due to collective policies relative to Welfare business and is consistent with the increase in overall premiums relative to the same business.

Amounts due from intermediaries, equal to € 7,983 thousand at the end of 2021 (€ 10,520 thousand at 31 December 2020) refers to premiums issued in the final days of the year which, although collected by the intermediary at the reporting date, were paid to the companies of the Poste Vita Group in January 2022.

Receivables for company current accounts, for € 1,111 thousand (€ 9,763 thousand at 31 December 2020), mainly referring to receivables from companies for coinsurance relationships.

Receivables arising from reinsurance transactions

Receivables arising from reinsurance transactions amounted to € 4,845 thousand at the end of the period, compared to € 4,883 thousand at the end of the previous year. The receivable amount refers to recoveries to be obtained from reinsurers for claims and commissions relative to the fourth quarter of 2021.

Other receivables

The item other receivables, equal to € 107,484 thousand at the end of 2021 (€ 100,491 thousand at 31 December 2020), can be broken down as follows:

(€k)	31/12/21	31/12/20	Change	
Due from policyholders for stamp duties	95,176	84,659	10,517	12%
Due from the Parent PI	2,447	2,718	(271)	(10%)
Due from other Group companies	307	486	(179)	(37%)
Sundry receivables	9,555	12,628	(3,073)	(24%)
Total	**107,484**	**100,491**	**6,993**	**7%**

Stamp duty receivables, totalling € 95,176 thousand (€ 84,659 thousand at the end of 2020) refers for € 34,328 thousand to the receivable due from policyholders in relation to the tax established under article 13, paragraph 2-ter of the Tariff, part one, annexed to Presidential Decree 642/1972, relative to Class III and Class V policies and, for the remaining portion of € 60,848 thousand, to the receivable due from tax authorities due to excess amounts advanced in 2021 relative to the tax withheld on settlements paid during the year.

Receivables due from the ultimate parent Poste Italiane, totalling € 2,447 thousand (€ 2,718 thousand at the end of 2020) mainly refer to seconded employees (€ 1,833 thousand) and transfer of personnel (€ 337 thousand) from the subsidiaries Poste Vita and Poste Assicura.

The item “receivables due from other Group companies”, for € 307 thousand (€ 486 thousand at the end of 2020) mainly refers to: i) receivables for personnel transferred to SDA (€ 6 thousand), Postel (€ 54 thousand), Poste Pay (€ 52 thousand) and Poste Air Cargo (€ 13 thousand); ii) invoices to be issued relative to Bancoposta Fondi Sgr (€ 79 thousand), Poste Pay (€ 19 thousand) and EGI (€ 15 thousand) for seconded personnel and iii) recoveries from Bancoposta Fondi Sgr for fees for corporate bodies (€ 27 thousand).

The item “other receivables” for € 9,554 thousand (€ 12,628 thousand at 31 December 2020) mainly refers to: i) the guarantee deposit made against the contract to lease the Group’s registered offices, for € 3,611 thousand; ii) receivables due from customers, for € 903 thousand and iii) receivables for premiums collected and not yet associated with the relative policy for € 4,532 thousand.

6. Other asset elements

The other asset elements total € 2,859,248 thousand (€ 2,939,764 thousand at the end of 2020). The item is as follows:

(€k)	31/12/21	31/12/20	Change	
Non-current assets or disposal groups held for sale	24,612		24,612	
Deferred acquisition costs	42,200	48,922	(6,722)	(14%)
Deferred tax assets	466,674	438,060	28,613	7%
Current tax assets	2,325,688	2,452,765	(127,077)	(5%)
Other assets	74	16	58	n/s
Total	**2,859,248**	**2,939,764**	**(80,516)**	**-3%**

The item non-current assets or disposal groups held for sale amounted to € 24,612 thousand at the end of 2021 and refers solely to assets held by the subsidiary Poste Welfare Servizi, reclassified under this item in application of IFRS 5, following the transfer of 100% of the units held by Poste Vita to the ultimate parent Poste Italiane, which transaction is described in detail in this document.

Deferred acquisition costs, equal to € 42,200 thousand at the end of the period (€ 48,922 thousand at 31 December 2020), include the not yet amortised portion of charges relative to acquisition commissions in pre-counted form for the FIP product (Individual Pension Schemes).

Deferred tax assets, for € 466,674 thousand (€ 438,060 thousand at the end of 2020), are calculated as the total amount of temporary differences between the carrying amount of assets and liabilities and the respective value based on that established in IAS 12 and the extent recovery is likely.

Below are changes in deferred tax assets recognised at 31 December 2021, specifying that the item other changes, equal to € 160 thousand, refers to deferred tax assets recognised by Poste Welfare Servizi and hence reclassified, following the transfer by Poste Vita to Poste Italiane of 100% of the shares, to the item “Non-current assets or disposal groups held for sale”.

(€k)	
Deferred tax assets as at 31 December 2020	**438,060**
- change accounted for in the income statement	28,429
- change accounted for in equity	344
- other changes	(160)
Deferred tax assets as at 31 December 2021	**466,674**

Relative to temporary differences with an effect on the Income Statement, these mainly refer to the credit for the non-deductible portion pursuant to paragraph 1-bis of article 111 of Presidential Decree 917/1986 (TUIR) of the change in required technical provisions relative to life business, accruing during the tax period 2010 but recognised as of 2018 as a consequence of the change which occurred in that year in methods used to determine this credit, based on a calculation process that now is carried out individual policies, classified under IAS 8 as “changes in accounting estimates”.

Additional temporary differences that led to the recognition of deferred tax assets involve allocations made to provisions for risks, provisioning for employees and impairment recognised on shares recognised in the Poste Vita’s current assets, as well as other negative income components for which accrue for tax purposes in subsequent years, such as credit impairment and losses and the non-deductible excess of the change in the claims provision for Poste Assicura.

Note that deferred tax asset and liability payables and receivables were determined by applying the tax rates expected to apply in the year in which the assets will be realised, based on information available at the end of the year.

Current tax assets, totalling € 2,325,688 thousand (€ 2,452,765 thousand at the end of 2020), mainly refer: i) to the tax credit on the mathematical provisions pursuant to Law 209/2002 for Poste Vita, for € 2,290,204 thousand, representing the advance on withholdings and substitute tax on capital gains from life policies; ii) current tax receivables for € 17,271 thousand at the end of 2021 (of which € 13,463 thousand relative to the ultimate parent Poste Italiane SpA for tax consolidation purposes) and iii) the receivable due from the tax authorities for the advance on insurance for € 15,114 thousand (€ 13,334 thousand at the end of the previous year).

(€k)	31/12/21	31/12/20	Change	
Tax credit on mathematical provisions Decree Law 209/2002	2,290,204	2,262,395	27,809	1%
Payments on account for IRES and IRAP	17,271	176,199	(158,928)	(90%)
Payments on account of tax on insurance policies	15,114	13,334	1,780	13%
Other	3,099	838	2,261	n/s
Total	**2,325,688**	**2,452,765**	**(127,077)**	**-5.2%**

7. Cash and cash equivalents

Cash and cash equivalents amount to € 4,584,068 thousand at the end of the period, compared to € 962,839 thousand at the end of the previous year.

The item is as follows:

(€k)	31/12/21	31/12/20	Change	
Bank deposits	4,027,052	446,865	3,580,187	n/s
Postal office current accounts	557,012	515,967	41,045	8%
Cash and cash equivalents	4	7	(3)	(46%)
Total	**4,584,068**	**962,839**	**3,621,229**	**376%**

The item includes bank deposits and short-term postal deposits, cash and revenue stamps. They refer to temporary available amounts, mainly relative to Separately Managed Accounts.

Liabilities

1. Equity

Equity amounts to € 5,935,848 thousand at 31 December 2021, an increase of € 663,163 thousand compared with the figure of € 5,272,685 thousand recorded at the end of the previous year 2020. The increase is mainly due to profit for the period totalling € 826,119 thousand, as well as the recognition under other equity instruments of the perpetual equity instrument issued by the Company on 26 July 2021 for € 300,000 thousand, entirely subscribed by the ultimate parent Poste Italiane, as better specified below. This change was only partially offset by the payment approved by the Poste Vita Shareholders' Meeting on 28 April 2021, made to the ultimate parent Poste Italiane for a total of € 428,920 thousand (of which € 238,195 thousand through partial distribution of the "Provision for retained profit and losses" and € 190,725 thousand through distribution of a dividend based on the profits at 31 December 2020) and the negative change of € 34,056 thousand in the reserve following measurement of securities in the FVOCI category (net of tax effects and the ECL component). Changes in equity during the period are shown below:

(€k)	31/12/20	allocation of 2020 profit	distribution of prior profit	dividends	ECL Reserve	FVOCI Reserve	Other gains or losses recognised directly through equity	Tier 1 Perpetual Capital Instrument	2021 profit	31/12/21
Share capital	**1,216,608**									**1,216,608**
Other equity instruments								**300,000**		**300,000**
Revenue reserve and other equity reserves:	**3,182,923**	**781,183**	**(238,195)**	**(190,725)**						**3,535,186**
Legal reserve	218,944	23,700								242,644
Extraordinary reserve	648									648
Organisation fund	2,582									2,582
Consolidation reserve	426									426
Other provisions	**8**									**8**
Retained earnings	**2,960,315**	**757,483**	**(238,195)**	**(190,725)**			**-**			**3,288,877**
of which retained earnings	2,960,315	757,483	(238,195)	(190,725)						3,288,877
of which FTA Reserve										
Reserve for FVTOCI securities	**92,147**				**(151)**	**(33,905)**				**58,091**
of which AFS/FVOCI Reserve	90,649					(33,905)				56,745
of which ECL Reserve	**1,498**				**(151)**					**1,346**
Other gains/losses recognised directly through equity	**(176)**						**20**			**(156)**
Net profit for the period	**781,183**	**(781,183)**							**826,119**	**826,119**
Total	**5,272,685**	**(0)**	**(238,195)**	**(190,725)**	**(151)**	**(33,905)**	**20**	**300,000**	**826,119**	**5,935,848**

The item **other equity instruments**, as stated previously, includes as of the period in question the issue value of the perpetual regulatory capital instrument, non-convertible and with a fixed rate, approved by the Board of Directors of the parent company Poste Vita at its extraordinary meeting on 7 June 2021 and by the Shareholders' Meeting on 16 June 2021, and issued on 26 July 2021 for a nominal amount of € 300,000 thousand and fully subscribed by the ultimate parent Poste Italiane SpA The instrument can be recalled after the tenth year and after each interest payment date. The fixed-rate security is issued at par with an annual coupon of 5.00%, with deferred half-yearly payment (26 July and 26 January).

Below is a schedule reconciling equity and net profit for the year during the period:

Reconciliation of Parent company's financial statements and IAS/IFRS consolidated financial statements

(€k)	Equity 31/12/19	Net profit/ (loss) 31/12/20	Changes in equity 31/12/20	Equity 31/12/20	Net profit/ (loss) 31/12/21	Changes in equity 31/12/21	Equity 31/12/21
Italian GAAP financial statements	**3,916,884**	**762,901**	**0**	**4,679,785**	**719,538**	**(428,921)**	**4,970,403**
Valuation of financial assets	342,519	(20,745)	0	321,774	71,482	-	393,256
Hybrid Subordinated Loan					4,895	300,000	304,895
Measurement of FVTOCI financial assets less deferred policyholder liabilities	37,831	-	47,237	85,068	-	(31,104)	53,964
Actuarial gains/(losses) on employee benefits	(141)	-	(3)	(144)	-	(21)	(165)
Adjustments for deferred acquisition costs	-	-	-	-	-	-	-
Other minor adjustments	48	(1,826)	-	92	(42)	-	(190)
Parent Company's IAS/IFRS financial statements	**4,297,035**	**740,198**	**47,234**	**5,086,336**	**795,873**	**(160,045)**	**5,722,163**
Consolidated subsidiary's undistributable retained earnings	172,825	40,866	254	213,954	28,967	36	242,964
Balance of subsidiary's FVTOCI reserve	3,478	-	3,601	7,079	-	(2,952)	4,127
Measurement of investment using the equity method	(34,819)	100	(3)	(34,722)	1,315	(4)	(33,412)
Elimination of effects of intercompany transactions	20	19	-	39	(35)	-	5
IAS/IFRS consolidated financial statements	**4,438,538**	**781,183**	**51,086**	**5,272,685**	**826,119**	**(162,965)**	**5,935,848**

2. Provisions

The item provisioning at 31 December 2021 amounts to € 19,300 thousand (€ 15,950 thousand at the end of 2020) and includes the amounts allocated to cover any liabilities in the year and/or in the quantum. The breakdown of this item and a comparison with the figures recorded at the end of the previous period are shown below:

Composition (€k)	31/12/21	31/12/20	delta
Legal disputes	5,367	5,053	313
Tax disputes	-	126	(126)
Other liabilities	13,933	10,770	3,164
Total	**19,300**	**15,950**	**3,351**

The item is as follows:

- legal disputes for € 5,367 thousand, of which most part relative to dormant policies, falling within the scope of the so-called "biennial statute of limitations" instead of the current ten-year statute of limitations;
- other liabilities totalling € 13,933 thousand relative to:
  - € 5,195 thousand to provisions for Intesa San Paolo's intention to charge the parent company Poste Vita for VAT paid following the facilitated settlement of pending litigation regarding the higher VAT assessed by the tax authorities for the 2003 and 2004 periods, due to the collaboration relation (failure to invoice the direct cost of personnel seconded to Poste Vita) and the co-insurance contract (failure to invoice the commissions on proxies and waivers) entered into in September 1999 between Sanpaolo Vita (later Eurizon and now Intesa San Paolo Vita) and Poste Vita. Investigations are under way with Intesa San Paolo to verify the possibility to reach a settlement of the dispute;
  - € 4,744 thousand regarding several cases of fraud which occurred between 2019 and involving the settlement of life insurance policies accompanied by falsified documentation sent directly to the parent company Poste Vita, as a result of which insurance payments were made to parties found not to be legitimate for a total value of around € 6,062 thousand. At 31 December 2021, Poste Vita had already reactivated positions for a total of around € 1,318 thousand. Hence, for the remaining positions a provision of € 4,744 thousand was established which will be progressively removed when the position of the customer concerned is reactivated;

– € 3,994 thousand for other provisions, of which € 1,567 thousand for the provision for future expenses related to the "Da Grande" product, € 910 thousand for the pending mediations although in relation to these procedures the parent company Poste Vita is not exposed to risk, and € 500 thousand for the provision made in the period by the subsidiary Poste Assicura for penalties for likely delays in the management of claims related to the policy signed by Fondazione Enasarco, as better illustrated in the Report on Operations.

The increase recorded in the period for € 3,351 thousand is mainly attributable: i) for € 2,825 thousand to the provision pertaining to the cases of fraud; ii) for € 910 thousand to the provision for the aforesaid pending mediations; iii) for € 313 thousand to the provision for legal disputes and iv) for € 500 thousand to the provision recorded in the period with regard to the aforesaid management of claims related to the policy signed by Fondazione Enasarco. This change was only partially offset by the utilisation of the provision established following the extension granted by INPS regarding application of the regulation on contributions for the loan of the family allowance (CUAF) for € 617 thousand.

3. Technical provisions

Technical provisions at 31 December 2021 amount to € 159,089,875 thousand, an increase of € 5,295,145 thousand with respect to the figure of € 153,794,730 thousand recorded at the end of the previous year, broken down as follows:

(€k)	31/12/21	31/12/20	Change	
Non-life business:				
Premium reserve	118,255	104,087	14,168	13.6%
Outstanding claims provisions	176,920	132,973	43,947	33.0%
Other technical provisions	81	97	(16)	(16.4%)
Total Non-life business	**295,256**	**237,157**	**58,099**	**24.5%**
Life business:				
Mathematical provisions	136,898,455	129,795,699	7,102,756	5.5%
Technical provisions when investment risk is borne by policyholders	7,846,448	4,974,772	2,871,676	57.7%
Outstanding claims provisions	789,786	800,672	(10,886)	(1.4%)
DPL provisions	13,190,465	17,916,064	(4,725,599)	(26.4%)
Other technical provisions	69,465	70,366	(901)	(1.3%)
Total Life	**158,794,619**	**153,557,573**	**5,237,046**	**3.4%**
Total	**159,089,875**	**153,794,730**	**5,295,145**	**3.4%**

Non-life technical provisions

This item, shown before outward reinsurance, totalling € 295,256 thousand (€ 237,157 thousand at the end of 2020) consists of: premium provisions for € 118,255 thousand, claims provisions for € 176,920 thousand and other technical provisions referring solely to the senescence provision, for € 81 thousand, for which the provisioning was carried out pursuant to article 37, paragraph 8 of Legislative Decree 209 of 7 September 2005 and article 44, paragraph 3 of Annex 15 of the ISVAP Regulation no. 22/2008, using lump sum criteria, in the amount of 10% of gross premium revenue for the year relative to contracts with the features indicated in the Regulation in question.

Claims reserve for claims incurred but not reported (IBNR) amount to €66,965 thousand.

The trends for the premium provision and claim provision reflect business growth trends, especially relative to the Illness and the Accident segments.

Life technical provisions

For contracts classified as "insurance contracts" and those classified as "financial instruments with discretionary participation", for which the same criteria and measurement criteria are used as in the financial statements, in compliance with paragraph 15 of IFRS 4, the Liability Adequacy Test (LAT) was carried out, which involves verifying the adequacy of the net technical provisions through comparison with a "realistic provision", determined based on the current value of cash flows, obtained by projecting expected cash flows generated by the existing portfolio on the reporting date using appropriate assumptions regarding causes of termination (mortality, withdrawal, surrender, reduction) and expense trends.

Based on the results of this analysis, the technical provisions were found to be adequate and no additional provisioning was necessary. The results of the test described in the paragraph "information on risks" demonstrated the adequacy of the provisions recognised in the financial statements.

Provisions for the life classes total € 158,794,619 thousand (€ 153,557,573 thousand at the end of 2020). These provisions are made to meet all of the Company's obligations and include mathematical provisions (€136,898,455 thousand), technical provisions for unit-linked products (€ 7,846,448 thousand), the provision for outstanding claims (€ 789,786 thousand), the Deferred Policyholder Liability (DPL) reserve made under the shadow accounting method for € 13,190,465 thousand, and other technical provisions (€ 69,465 thousand).

The item "Other Provisions", at € 69,465 thousand, includes solely the provision for future expenses (par. 17 and 20 of Annex 14 to ISVAP Regulation 22/2008, as amended). The Deferred Policyholder Liability Provision, of € 13,190,465 thousand at 31 December 2021, fell with respect to the amount at the beginning of the year (€ 17,916,064 thousand) due to fair value reductions associated with market trends.

4. Financial liabilities

The schedule below shows the composition of financial liabilities:

(€k)	31/12/21	31/12/20	Change	
Financial liabilities at fair value through profit or loss	-	9,832	(9,832)	n/s
Financial liabilities measured at amortised cost	254,694	276,226	(21,532)	(7.8%)
Total	**254,694**	**286,058**	**(31,364)**	**-11%**

Financial liabilities measured at amortised cost, equal to € 254,694 thousand at 31 December 2021 (€ 276,226 thousand at 31 December 2020), mainly refer, for € 251,285 thousand, to the subordinated loan with indefinite maturity, remunerated at market rates, settled under the conditions established in article 45, chapter IV, title III of Legislative Decree 209 of 7 September 2005, as amended, taken out with by the parent company Poste Vita with the ultimate parent Poste Italiane, including the amount for interest expense accruing on the loan (€ 1,285 thousand) and for € 1,945 thousand to financial liabilities deriving from application of IFRS 16, representing the residual amount of rent to be paid at the end of the period. The decrease of € 21,532 thousand with respect to 2020 is mainly due to financial liabilities calculated under IFRS 16, following exercising of the cancellation option for the lease agreement exercised by the parent company Poste Vita on 7 October 2021, in light of the transfer of the offices of Poste Vita and other subsidiaries to the premises owned by the parent company Poste Italiane, taking effect, as per contract, on 12 May 2022.

Financial liabilities measured at fair value through profit or loss had a zero balance at the end of 2021. The amount recorded at 31 December 2020, of € 9,832 thousand referred to forward sale transactions for hedging purposes, all of which matured during 2021 (as better specified in the section on derivatives).

5. Payables

Payables total € 370,494 thousand at 31 December 2021 (€ 350,361 thousand at 31 December 2020). The composition of the item and changes with respect to the previous year can be seen in the following schedule:

(€k)	31/12/21	31/12/20	Change	
Payables arising from direct insurance transactions	259,831	233,808	26,023	11%
Payables arising from reinsurance transactions	11,933	2,934	8,998	n/s
Other payables	98,731	113,619	(14,888)	(13.1%)
Total	**370,494**	**350,361**	**20,133**	**6%**

Payables deriving from direct insurance

(€k)	31/12/21	31/12/20	Change	
Commissions payable to agents	242,382	227,122	15,260	7%
Due to policyholders	14,464	5,885	8,579	146%
Due to companies	2,985	801	2,184	n/s
Total	**259,831**	**233,808**	**26,023**	**11%**

The item "payables due to brokers for commissions", for € 242,382 thousand (€ 227,122 thousand at 31 December 2020) mainly refers to payables due to the ultimate parent Poste Italiane, relative to commissions accrued for the placement and maintenance of insurance products during the final part of 2021, which will be settled in the first quarter of 2022.

Amounts due to policyholders, totalling € 14,464 thousand (€ 5,885 thousand at 31 December 2020), refer to the process of reconciliation between premiums issued and received.

Payables for company current accounts, for € 2,985 thousand (€ 801 thousand at 31 December 2020) refer to payables deriving from coinsurance relationships in effect at the end of the period.

Payables deriving from reinsurance

Payables due to reinsurers total € 11,933 thousand at 31 December 2021 (€ 2,934 thousand at 31 December 2020). The item includes payables for premiums transferred based on reinsurance treaties in effect as of the end of the year and relative to the fourth quarter of 2021.

Other payables

The item, equal to € 98,731 thousand at the end of 2021 (€ 113,619 thousand at 31 December 2020), can be broken down as follows:

(€k)	31/12/21	31/12/20	Change	
Payables to suppliers	26,529	22,429	4,100.0	18.3%
Due to PI Group suppliers	35,646	66,131	(30,485.0)	(46.1%)
Due to employees	6,960	7,648	(688.0)	(9.0%)
of which employee termination benefits (TFR)	1,223	2,548	(1,325.0)	(52.0%)
Due to MEF	4,110	34	4,076.0	n/s
Payables for funds	25,314	16,746	8,568.0	51.2%
Sundry payables	172	631	(459.0)	(72.7%)
Total	**98,731**	**113,619**	**(14,888.0)**	**(13.1%)**

The item “due to suppliers”, for € 26,529 thousand (€ 22,429 thousand at the end of 2020) refers to trade payables for services rendered by companies not in the Poste Italiane Group, for which the relative invoice had not yet been received at the end of the year.

The item “payables due to suppliers in the Poste Italiane Group”, for € 35,646 thousand (€ 66,131 thousand at the end of 2020) refers to payables due to the ultimate parent Poste Italiane for € 21,658 thousand and payables due to Group companies for € 13,988 thousand.

Payables due to Poste Italiane mainly refer to: i) supply of the Call Centre service (€ 1,266 thousand); ii) supply of services relative to the services contract for IT (€ 16,004 thousand), purchasing (€ 67 thousand), communication (€ 280 thousand), anti-money laundering (€ 216 thousand), administration and accounting (€ 98 thousand) and human resources (€ 917 thousand); iii) seconded personnel (€ 722 thousand); iv) personnel transferred (€ 285 thousand); v) fees for corporate bodies (€ 969 thousand); and vi) other expenses relative to employees (€ 297 thousand).

Payables due to other Poste Italiane investee companies mainly referred to services rendered by Postel (€ 3,430 thousand), Postepay (€ 40 thousand), Consorzio Logistica Pacchi (€ 16 thousand), EGI (€ 6 thousand), SDA (€ 11 thousand) Bancoposta Fondi SGR (€ 4,198 thousand) and Anima SGR (€5,866 thousand).

For more information about the nature of these services, please see the section “intercompany relations”.

Payables for funds, of € 25,314 thousand (€ 16,746 thousand at the end of 2020), refer to payables for commissions to be paid to managers of internal funds for € 24,233 thousand and for € 1,081 thousand refer to payables for funds acquired and not yet settled at the end of 2021.

Payables to MEF, for € 4,110 thousand, refer to sums to the be paid to the Fund established by the MEF and relative to policies signed after 28 October 2008, the date on which Law 166/2008 took effect, introducing regulations regarding “dormant policies”. This payable will be settled in May 2022.

Payables to personnel, of € 6,960 thousand (€ 7,648 thousand at the end of 2020), mainly refers to payables to personnel for unused holidays, variable remuneration, contributions and severance indemnities (TFR), commented on below.

Based on the IVASS provisions contained in Regulation 7, the liability relative to employee termination benefits is recognised under the item “other payables”.

Relative to international accounting standards, and with respect to the indications provided by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), employee termination benefits (TFR) are considered a defined-benefit plan.

Actuarial measurement of the employee termination benefits is done using an “accrued benefits” methodology, with a Projected Unit Credit (PUC) criteria, as established under paragraphs 64-66 of IAS 19.

With this method, benefits accrued are measured in proportion to the work provided at the measurement date, considering all working periods which give rise to an additional unit granting rights to benefits and measuring each unit individually for the purposes of calculating the final obligation.

To determine the current value of the defined benefit obligation and the relative cost of current work provided, Plan benefits were attributed to work periods based on the formula laid out in the Fund regulations. The obligation arises at the moment in which employees provide their work in exchange for subsequent benefits at the end of the employment relationship, which the Company expects to pay in future financial years. The expected benefits are then discounted on the measurement date using a hypothesised discount rate.

Actuarial gains and losses derive from changes in the hypotheses used or in the population during the period in question, as illustrated below. In accordance with IAS 19, actuarial gains and losses are recognised in other comprehensive income (OCI).

The financial component for 2021 is recognised among financial costs, while other components of the provisioning of the year were recognised among personnel expense.

Below are changes occurring during the year, specifying that the item other changes, equal to € 1,406 thousand, refers to termination benefits for the subsidiary Poste Welfare Servizi and hence reclassified, following the transfer by Poste Vita to Poste Italiane of 100% of the shares, to the item “Non-current assets or disposal groups held for sale”.

(€k)	31/12/21	31/12/20	Change	
Carrying amount at the beginning of the period	**2,548**	**3,218**	**-670**	**(21%)**
Service Cost	185	231	(46)	(20%)
Interest cost	8	17	(9)	(56%)
Benefits paid	(21)	(18)	(3)	15%
Transfers in/(out)	(59)	(772)	713	n/s
Actuarial (Gains)/Losses	(32)	(128)	96	(75%)
Other changes	(1,406)		(1,406)	n/s
Carrying amount at the end of the period	**1,223**	**2,548**	**-1325**	**-52%**

Actuarial gains recognised during the period are represented by the sum of the following components:

Details of actuarial gains/losses (€k)	31/12/21
Actuarial gains/(losses) due to changes in population	(41)
Actuarial gains/(losses) due to changes in demographic/financial assumptions	9
total	**(32)**

The main actuarial assumptions applied in calculating employee termination benefits (TFR) at 31 December 2021 are detailed below, with the hypotheses adopted at the end of 2020 for comparison:

Economic and financial assumptions	31/12/21	31/12/20
Annual discount rate	0.3% - 0.44%	0.30%
Inflation rate	1.75%	1.50%
Annual rate of increase of employee termination benefits	2.813%	2.625%

Demographic assumptions	31/12/21
Mortality	2018 ISTAT
Disability rate	INPS Tables by age and gender
Employee turnover rate	2%
Rate of early	1% - 2%
Retirement	Reaching requirements for Obligatory General Insurance

6. Other liabilities

Other liabilities amounted to € 710,654 thousand at the end of 2021, compared to € 504,635 thousand at the end of the previous year. They are detailed in the table below:

(€k)	31/12/21	31/12/20	Change	
Liabilities included in disposal groups held for sale	6,610	-	6,610	n/s
Deferred tax liabilities	214,035	194,928	19,107	10%
Current tax liabilities	484,773	303,345	181,429	60%
Other liabilities	5,235	6,363	(1,127)	-18%
Total	**710,654**	**504,635**	**206,019**	**41%**

The item liabilities included in disposal groups held for sale came to € 6,610 thousand at the end of 2021 and refers solely to liabilities held by the subsidiary Poste Welfare Servizi, reclassified under this item in application of IFRS 5, following the transfer of 100% of the units held by Poste Vita to the ultimate parent Poste Italiane, which transaction is described in detail in this document.

Below are changes in deferred tax liabilities recognised at 31 December 2021:

(€k)	
Deferred tax liabilities at 31 December 2020	**194,928**
- change accounted for in the income statement	33,463
- change accounted for in equity	(14,356)
Deferred tax liabilities at 31 December 2021	**214,035**

Relative to temporary differences recognised in the Income Statement, these mainly refer to greater financial income recognised on the basis of international IAS/IFRS with respect to those determined using the criteria established in tax law, and mainly relative to the parent company Poste Vita. With reference instead to temporary differences recognised directly in equity, these mainly refer to the fair value measurement of financial assets available for sale (AFS) for the parent company Poste Vita and the subsidiary Poste Assicura.

At 31 December 2021, the item "current tax liabilities" came to € 484,773 thousand (€ 303,345 thousand at 31 December 2020).

(€k)	31/12/21	31/12/20	Change	
Advance payment in relation to Italian Law Decree 209/2002	362,176	249,950	112,226	45%
Stamp duty payable	34,328	21,729	12,599	58%
Substitute tax payable on individual pension plans (FIP) and life policies	31,819	30,587	1,232	4%
Current tax liabilities	54,338	-	54,338	n/s
Other	2,112	1,079	1,033	96%
Total	**484,773**	**303,345**	**181,428**	**60%**

The item mainly refers to:

- payables due to tax authorities for the advance on taxes on the mathematical provisions accruing during the period for € 362,176 thousand;
- current tax payables for € 54,338 thousand (of which € 45,190 thousand due to the ultimate parent Poste Italiane SpA for tax consolidation). These payables were not included at the end of 2020 as they were entirely offset by the corresponding current tax receivables;
- the payable due to tax authorities for estimated stamp at 31 December 2021 on financial polices for Life classes III and V, totalling € 34,328 thousand;
- the payable for withholdings and substitute taxes for capital paid relative to life and FIP policies recognised at 31 December 2021, for € 31,819 thousand, referring to taxes accruing in December which will be paid the next month.

Other liabilities

Other liabilities at 31 December 2021 amounted to € 5,235 thousand (€ 6,363 thousand at 31 December 2020), mainly referring to payables due to employees for wages.

Part D – Information on the consolidated Income Statement

1.1 Net premium revenue

Consolidated net premium revenue amounts to € 17,831,822 thousand, up by € 965,119 thousand (+5.7%) with respect to the € 16,866,703 thousand recognised the previous year.

Gross premium revenue recognised instead amounts to € 17,885,273 thousand, an increase of 5.7%, due to the strong contribution coming from the Multisector product compared to the figure at 31 December 2020 (€ 16,900,651 thousand). The outward premiums component amounted to € 38,999 thousand at 31 December 2021, compared to € 30,215 thousand at 31 December 2020.

(€k)	31/12/21	31/12/20	Change	
Gross life premium revenue	17,574,113	16,661,051	913,062	5%
Gross non-life premium revenue	311,160	239,600	71,560	30%
Total gross premium revenue	**17,885,273**	**16,900,651**	**984,622**	**6%**
Change in gross premium reserve	(14,168)	(3,067)	(11,101)	n/s
Gross premium revenue	**17,871,106**	**16,897,585**	**973,521**	**6%**
Outward life reinsurance premium	(9,533)	(9,560)	27	0%
Outward non-life reinsurance premiums	(29,465)	(20,655)	(8,810)	43%
Total outward reinsurance premiums	**(38,999)**	**(30,215)**	**(8,784)**	**29%**
Change in share of premium reserve attributable to reinsurers	(285)	(666)	381	(57%)
Outward reinsurance premiums	**(39,283)**	**(30,881)**	**(8,402)**	**27%**
Total net premium revenue for the year	**17,831,822**	**16,866,703**	**965,119**	**5.7%**

The entire amount of gross premium revenue recognised for the portfolio of the insurance group falls under the scope of accounting standard IFRS 4.

1.2 Fee and commission income

Fee and commission income from management of internal funds related to unit-linked products amounts to € 81,132 thousand, up € 25,331 thousand compared with the figure for the same period of 2020 (€ 55,801 thousand) as a result of the increase in assets under management.

1.3 Net Income from financial assets at fair value through profit and loss

Net income from financial assets at fair value through profit or loss amounted to € 1,076,542 thousand at the end of the year, down with respect to the € 1,123,599 thousand recognised in 2020. The decrease of € 47,057 thousand in the item is due to financial market trends during the period which gave rise to the recognition of net gains from measurement for €634,944 thousand, compared to net gains from measurement of € 884,821 thousand in 2020. This change was partially offset by the increase recognised in other components (other income and realised), which together totalled € 202,820 thousand.

(€K)					
31/12/21	Interest	Other Income and expenses	Net realised gains	Net unrealised gains	Total income and expenses
From financial assets measured at fair value through profit or loss	**80,498**	**136,985**	**224,115**	**634,944**	**1,076,542**
31/12/20					
From financial assets measured at fair value through profit or loss	352,167	(56,103)	(57,286)	884,821	1,123,599
Change	**(271,669)**	**193,088**	**281,401**	**(249,877)**	**(47,057)**

1.4 - 1.5 - 2.4 Net income from investments in subsidiaries, associates and joint ventures, from other financial instruments and from investment property

This item amounts to € 2,941,163 thousand, compared to € 2,432,635 thousand at 31 December 2020, broken down as follows:

Financial income/expense (€K)	Interest	Other Income and expenses	Total ordinary income	Realised gains/(losses)	Unrealised gains/(losses)	Total income and expenses 2021
From financial assets through other comprehensive income	2,254,384	(7,385)	2,247,000	159,047	7,160	2,413,207
From financial assets measured at amortised cost	576,743		576,743		138	576,881
Income from cash and cash equivalents	159		159			159
From other financial liabilities measured at amortised cost	(50,494)		(50,494)			(50,494)
From investments in associates					1,411	1,411
Total	**2,780,792**	**(7,385)**	**2,773,407**	**159,047**	**8,708**	**2,941,163**

Financial income/expense (€K)	Interest	Interest Other Income and expenses	Total ordinary income	Realised gains/(losses)	Unrealised gains/(losses)	Total income and expenses 2020
From financial assets through other comprehensive income	2,428,908	(6,520)	2,422,388	20,797	(22,252)	2,420,933
From financial assets measured at amortised cost	60,754		60,754		(457)	60,297
Income from cash and cash equivalents	240		240		-	240
From other financial liabilities measured at amortised cost	(48,943)		(48,943)			(48,943)
From investments in associates					108	108
Total	**2,440,959**	**(6,520)**	**2,434,439**	**20,797**	**(22,601)**	**2,432,635**
Change	**339,833**	**(865)**	**338,968**	**138,250**	**31,309**	**508,528**

Net income from investments classified as financial assets through other comprehensive income totalled € 2,413,207 thousand, substantially in line with the amount in financial year 2020 (€ 2,450,979 thousand).

During the same period an increase was seen in net income from financial assets measured at amortised cost, which went from € 60,297 thousand at the end of 2020 to the current € 576,881 thousand.

The remainder of net expense, totalling € 48,924 thousand (€ 48,595 thousand at 31 December 2020) mainly refers to commission expense due to the ultimate parent Poste Italiane SpA for Ancillary Funds for € 39,779 thousand and interest expense accrued on subordinated loans for a total of € 6,289 thousand. The figure also includes profit accruing recorded by the associated company EGI for the year in the amount of € 1,411 thousand (€ 108 thousand in 2020).

1.6 Other revenue

This amounts to € 13,520 thousand at 31 December 2021 (€ 14,746 thousand at 31 December 2020) and mainly refers to: i) revenues from core business from the subsidiary Poste Welfare Servizi Srl, for € 9,777 thousand; ii) the reversal of commissions relative to previous years for € 1,036 thousand; iii) commission paid to the subsidiary Poste Insurance Broker for brokering for € 656 thousand and iv) recovery of expenses for personnel seconded at the ultimate parent Poste Italiane SpA, for € 813 thousand.

2.1 Claims expense

Claims expense, net of outward reinsurance, came to € 19,979,251 thousand, against € 18,778,390 thousand the previous year.

The total of amounts paid and the change in technical provisions amounts to € 19,997,950 thousand at 31 December 2021, compared to € 18,799,188 thousand in 2020, due to a significant reduction (€ 3,184,293 thousand) in maturities during the period and mainly referring to revalued products in Class I. The item in question is as follows:

(€k)	31/12/21	31/12/20	Change	
Non-life business				
Claims paid	124,781	74,580	50,201	67.3%
Change in outstanding claims provisions	43,749	27,258	16,491	60.5%
Change in other technical provisions	(16)	(21)	5	(24.4%)
Costs for settling claims	9,851	9,050	801	8.9%
Total Non-life business	**178,365**	**110,867**	**67,498**	**60.9%**
Life business				
Claims paid	9,492,253	11,033,509	(1,541,255)	(14.0%)
Change in mathematical provisions	7,141,412	5,999,212	1,142,200	19.0%
Change in technical provisions when the investment risk is borne by policyholders and deriving from pension fund management	2,871,676	1,045,071	1,826,605	174.8%
Change in other technical provisions	307,760	599,238	(291,478)	(48.6%)
Costs for settling claims	6,483	11,291	(4,808)	(42.6%)
Total Life	**19,819,584**	**18,688,321**	**1,131,264**	**6.1%**
Total claims paid and change in technical provisions	**19,997,950**	**18,799,188**	**1,198,762**	**6.4%**

The share attributable to reinsurers amounts to € 18,699 thousand, compared to € 10,798 thousand the previous year, broken down as follows:

(€K)	31/12/21	31/12/20	Change	
Non-life business				
Claims paid	14,547	8,074	6,473	80.2%
Change in outstanding claims provisions	(2,446)	(367)	(2,079)	n/s
Change in other technical provisions				
Costs for settling claims	220	209	11	5.4%
Total Non-life business	**12,321**	**7,916**	**4,405**	**55.6%**
Life business				
Claims paid	6,211	5,256	955	18.2%
Change in outstanding claims provisions	1,390	(663)	2,053	n/s
Change in mathematical provisions	(1,223)	(1,711)	488	-28.5%
Costs for settling claims				
Total Life	**6,378**	**2,882**	**3,496**	**121.3%**
Total claims paid and change in technical provisions	**18,699**	**10,798**	**7,901**	**73.2%**

2.5 Operating expense

Operating expense amounts to € 542,843 thousand at the end of the period, up compared to € 496,121 thousand at the end of 2020.

The table below shows the composition of operating expenses, separately for life and non-life business:

(€K)	31/12/21	31/12/20	Change	
Non-life business				
Commissions and other acquisition costs:	59,406	47,514	11,892	25.0%
Acquisition commissions	50,256	38,386	11,870	30.9%
Other acquisition costs	9,150	9,128	22	0.2%
Commissions and share of profits received from reinsurers	(6,847)	(9,807)	2,960	-30.2%
Total Non-life business	**52,558**	**37,707**	**14,851**	**39.4%**
Life business				
Commissions and other acquisition costs:	335,127	328,266	6,861	2.1%
Acquisition commissions	299,164	301,216	(2,052)	-0.7%
Other acquisition costs	35,963	27,050	8,913	33.0%
Commissions and share of profits received from reinsurers	(1,238)	(1,441)	203	-14.1%
Total Life	**333,889**	**326,825**	**7,064**	**2.2%**
Investment management expenses	**60,727**	**49,743**	**10,984**	**22.1%**
Other administrative expenses	**95,669**	**81,846**	**13,823**	**16.9%**
Total operating expenses	**542,843**	**496,121**	**46,722**	**9.4%**

Acquisition commissions, net of the change in commissions to be amortised, equal to € 349,420 thousand at 31 December 2021 (€ 339,602 thousand at 31 December 2020), represents commissions relative to placement of insurance products. Of the total amount of commissions, those which refer to multi-year contracts are amortised in accordance with ISVAP Regulation 22 of 4 April 2008. Commissions are determined based on written agreements signed with the ultimate parent Poste Italiane SpA and governed under market conditions.

The item other acquisition expense, equal to € 45,113 thousand (€ 36,178 thousand at 31 December 2020) includes expenses deriving from the signing of insurance contracts which are not acquisition commissions. In particular, this includes advertising expense to commercialise insurance products, administrative expenses for formalities related to requesting and drafting policies, and the portion of employee expense for those entirely or partially assigned to production or productive organisation.

Expenses which cannot be directly or indirectly attributed to acquisition of premiums and contracts, to payment of claims or management of investments constitute other administrative expenses, which amount to € 95,669 thousand in 2021, compared to € 81,846 thousand in 2020.

The item commissions and profit sharing received from reinsurers, for € 8,085 thousand (€ 11,248 thousand at 31 December 2020) includes commissions paid to the Company by reinsurers, calculated on the portion of premiums transferred in relation to the treaties signed.

The item investment management expenses, equal to € 60,727 thousand at the end of the period, compared to € 49,743 thousand in 2020, includes management commissions on the portfolio for € 40,955 thousand, securities custody commissions of € 3,024 thousand and general expenses allocated to the item for € 16,748 thousand.

2.6 Other costs

These amount to € 247,928 thousand at the end of the period, compared to € 183,404 thousand at the end of the previous year. They mainly refer to:

- € 185,631 thousand to maintenance commissions paid to the ultimate parent Poste Italiane;
- € 28,462 thousand for reversal of premiums relative to previous years;
- € 20,420 thousand for substitute tax on revaluations of mathematical provisions relative to pension products;
- € 3,832 thousand for charges for dormant policies.

3. Taxes

Taxes for the year recognised in the income statement amount to € 346,933 thousand (€ 243,436 thousand in 2020). These consist of current ires and irap taxes for € 341,899 thousand, as well as net expense relative to the net change in deferred tax assets and liabilities for € 5,034 thousand.

(€K)	31/12/21
Current taxes	**341,899**
- IRES	272,721
- IRAP	69,178
Deferred tax liabilities:	**5,034**
- deferred tax liabilities arising during the year	33,465
- deferred tax liabilities used during the year	(1)
- deferred tax assets arising during the year	(34,275)
- deferred tax assets used during the year	5,846
Total	**346,933**

The table below provides a reconciliation between taxes recognised in the financial statements and the theoretical tax burden, calculated using the ires nominal rate of 24%. The effects of irap were not included, given that the taxable base for this tax uses criteria that are different from those established for ires in the tax laws.

	31/12/21	
(€K)	Amount	Rate
Profit before tax	**1,173,052**	
Income tax based on statutory tax rate (only IRES at 24%)	281,532	24.0%
Non-deductible interest expense	164	0.0%
Non-deductible extraordinary expenses	1,146	0.1%
Tax-free dividends	(68)	0.0%
IRAP deduction from IRES	(1,153)	-0.1%
ACE (aid for economic growth) relief	(10,143)	-0.9%
Other	(695)	-0.1%
Corporate income tax (IRES)	**270,783**	**23.1%**
Regional income tax (IRAP)	**76,150**	**6.5%**
Period income tax	**346,933**	**29.6%**

Management and coordination

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group. The following schedule provides the key figures from the most recently approved financial statements of Poste Italiane SpA (31 December 2020). The reader is referred to the Poste Italiane SpA financial statements which, together with the Independent Auditor's Report, is available in the forms and methods established under the law. For the sake of completeness, it should be noted that the ultimate parent Poste Italiane also prepares the Consolidated Financial Statements.

Key figures of the Financial Statements of Poste Italiane

STATEMENT OF FINANCIAL POSITION (€K)		
ASSETS	**31 December 2020**	**31 December 2019**
Non-current assets	76,923,158	66,922,520
Current assets	38,010,767	26,146,738
Inventories		
Non-current assets held for sale	-	-
TOTAL ASSETS	**114,933,925**	**93,069,258**

LIABILITIES AND EQUITY	**31 December 2020**	**31 December 2019**
Equity		
Share capital	1,306,110	1,306,110
Treasury shares	(40,000)	(40,000)
Reserves	3,819,911	2,617,379
Retained earnings	2,153,084	2,444,407
Total	**7,239,105**	**6,327,896**
Non-current liabilities	22,275,723	17,574,860
Current liabilities	85,419,097	69,166,502
TOTAL LIABILITIES AND EQUITY	**114,933,925**	**93,069,258**

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR (€K)	FY 2020	FY 2019
Revenue from sales and services	8,226,156	8,540,946
Other income from financial activities	515,880	383,707
Other operating income	299,410	478,312
Total revenue	**9,041,446**	**9,402,965**
Cost of goods and services	2,318,027	1,854,255
Other expenses from financial activities	235,035	99,907
Personnel expenses	5,445,825	5,702,348
Depreciation, amortisation and impairment	621,516	674,243
Capitalised costs and expenses	(31,912)	(20,983)
Other operating costs	67,225	195,996
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	55,398	40,830
Operating profit/(loss)	**330,332**	**856,369**
Financial expenses	79,404	58,769
Finance income	82,067	70,444
Impairment losses/(reversals of impairment losses) on financial asset	183	45,458
Profit/(Loss) before tax	**332,812**	**822,586**
Income tax expense	8,057	162,055
PROFIT FOR THE YEAR	**324,755**	**660,531**

Part E – Other information

Information on related party transactions

Transactions between the parent company Poste Vita SpA and its subsidiaries Poste Assicura SpA and Poste Welfare Servizi Srl, as well as relations with Poste Insurance Broker are eliminated from the Consolidated Financial Statements when cancelling infragroup relations and therefore are not reported on in this section.

These transactions mainly involve:

- personnel seconding and transfer;
- operational organisation and use of equipment necessary to carry out business;
- a collective policy covering serious illness;
- sub-leases of company offices;
- operational procedures relating to compliance with occupational health and safety regulations;
- operation and management of data protection procedures;
- operating management;
- management of Supervisory Reporting;
- centralisation of internal control, actuarial, organisation, legal and corporate affairs, investments and treasury, tax compliance, training and network support functions;
- claims settlement management.

Below are the balances of commercial and financial operations carried out between group companies, including the parent company, and the internal and external entities related to the same.

Internal related parties

Related party (€K)	31/12/21		31/12/20	
	Assets	Liabilities	Assets	Liabilities
Associate	108,808	6	139,003	14
Other Related Parties	1,004,708	863,910	890,258	539,356
Total	**1,113,516**	**863,916**	**1,029,261**	**539,370**

Internal related parties

Related party (€K)	31/12/21		31/12/20	
	Income	Costs	Income	Costs
Associate	1,426	10	108	243
Other Related Parties	3,622	695,726	1,963	604,991
Total	**5,048**	**695,736**	**2,071**	**605,234**

Internal related parties means companies in the Poste Italiane Group.

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.

Relations with the Parent Company Poste Italiane SpA, which holds all the shares, are governed by written contracts, settled by market conditions and regard mainly:

- the sale and distribution of insurance products at Post Offices and related activities;
- Post Office current accounts;
- partial seconding of personnel used by the Company;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services;
- services from the procurement, communication, anti-money laundering, IT, human resources, administration and accounting functions;
- policies in the Accident class.

Additionally, at 31 December 2021, the ultimate parent Poste Italiane had subscribed subordinate loans issued by the company Poste Vita for a total of € 550 million, remunerated at market conditions reflecting the credit standing of the insurance company.

These assets at 31 December 2021 include the value of the interest held in the associated company Europa Gestioni Immobiliare SpA (EGI) for € 108,808 thousand and among income, the relevant portion of profits recorded by the associate during the year in course for € 1,410 thousand.

In addition to relations with the ultimate parent Poste Italiane, the companies of the Poste Vita Group also have operating relations with other Poste Italiane Group companies, in particular:

- management of free capital and part of the investments in the portfolio of the Separately Managed Account (BancoPosta Fondi SGR, Anima SGR);
- printing, enveloping and delivery of mail via information systems, management of incoming mail, dematerialisation and archiving of paper documents (Postel);
- shipping services (SDA Express Courier);
- mobile phone and software rental services (Postepay);
- term life insurance policies (Poste Air Cargo);
- policies in the Accident (BancoPosta Fondi SGR), General Civil Liability (Poste Pay) and the All Risk policy class (Consorzio Logistica Pacchi and EGI);
- E-procurement services including forms, consumables, stationery and connected services (Consorzio Logistica Pacchi);
- services related to electricity utility (EGI).

These types of transactions are also regulated on an arm's length basis. A description of the above operations is provided in these Notes to the Statements.

Below is a table summarising relations with external related parties at 31 December 2021:

External related parties

Related party (€K)	31/12/21		31/12/20	
	Assets	Liabilities	Assets	Liabilities
Other Related Parties	546,909	4,169	561,864	485
Total	**546,909**	**4,169**	**561,864**	**485**

External related parties

Related party (€K)	31/12/21		31/12/20	
	Income	Costs	Income	Costs
Other Related Parties	18,995	5,443	18,236	1,720
Total	**18,995**	**5,443**	**18,236**	**1,720**

Relative to “external related parties”, these assets, which totalled € 546,909 thousand at the end of 2021, mainly include the balance of unlisted securities issued by the Cassa Depositi e Prestiti Group (€ 546,591 thousand).

Liabilities, which totalled € 4,169 thousand at the end of 2021, mainly include the payable due to MEF for dormant policies, of € 4,111 thousand, the payable for company contributions due to Fondo Pensione Poste (€ 40 thousand) and the payable due to Eni for electricity, of € 7 thousand.

Revenue, totalling € 18,995 thousand in 2021, mainly includes: i) financial income relative to CDP securities (€ 15,082 thousand) and ii) premiums received from the Fondo di Assistenza Sanitaria Integrativa Poste Vita (€ 2,827 thousand) and from the Enel Group (€ 137 thousand) for insurance coverage offered by companies in the Poste Vita Group.

Charges, which total € 5,443 thousand at the end of 2021, mainly include the cost relative to company contributions due to Fondo Poste for € 851 thousand and to the Fondo Previndai for € 502 thousand; the cost for utilities and fuel for employees due to ENI for € 93 thousand and the cost due to MEF for dormant policies of € 3,832 thousand.

Human resources

The number of direct employees at 31 December 2021 was 490 (expressed in full time equivalent), up slightly with respect to the 483 recognised at 31 December 2020. Below is a breakdown of staff, divided by contract type and the relative changes with respect to the previous year:

Workforce breakdown expressed in FTE	31/12/21	31/12/20	Change
Executives	34	32	2
Middle managers	235	198	37
Operational staff	214	251	(36)
Flexible contracts	7	3	4
Direct employees	**490**	**483**	**7**

In line with previous years, with a view to exploiting potential synergies within the Poste Italiane Group, and with the aim of ensuring an increasingly effective response to the needs of the business and its main market, during the year, the Posta Vita Group continues to redesign and streamline its operating model in order to optimise its organisational model. Therefore, as has already been done for other company functions (Communication, Purchasing, Anti-Money Laundering, IT Systems, for administrative/accounting activities and activities to manage tenders in the context of insurance products offered), in 2021 the process was outlined to centralise human resources activities within the parent company relative to human resources and organisation, as and contracts were signed for outsourced services. Additionally, with an eye to strengthening and supporting non-life, auto and non-auto business, the process of re-internalising management planning and control activities within the subsidiary Poste Assicura was completed during the period. These had previously been provided as services by the parent company Poste Vita in favour of the subsidiary Poste Assicura and, additionally, in the first half of 2021 a specific function dedicated to Auto business was established.

Disclosure of independent auditor fees and services provided other than auditing

In compliance with that established in article 149-duodecies of the CONSOB Issuers Regulation, the fees accruing during the year for independent auditing of the Poste Vita Group consolidated financial statements, carried out by Deloitte & Touche SpA, amounted to € 1,100 thousand, of which:

- € 561 thousand for auditing relative to the parent company Poste Vita (of which € 222 thousand for the Solvency II Report);
- € 245 thousand for auditing relative to the subsidiaries (of which € 80 thousand for the Solvency II Report);
- € 294 thousand for certification services.

Significant subsequent events

In this regard, reference should be made to the capital strengthening of the subsidiary Poste Insurance Broker Srl, the transfer of 100% of the shares held by Poste Vita in Poste Welfare Servizi Srl to the parent company Poste Italiane SpA and the finalisation of the company transaction regarding the entry of the parent company Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR SpA through the subscription of a dedicated paid capital increase.

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As is known, due to the outbreak of war between Russia and Ukraine, volatility on the financial markets was strongly exacerbated. In the context of multi asset funds, as well as within a number of Class III funds, there are some indirect exposures to the countries involved in the aforesaid events; these exposures represent approx. 0.1% of the total investments at 18 March 2022.

Furthermore, these exposures are related to fixed assets for approx. 82% and to current assets for approx. 18%.

The company is closely monitoring the evolution of the events in question and the potential impacts on financial reporting, as well as on the disclosure of the separately managed accounts, which it will provide evidence of in the next accounting statements, alongside any impacts in terms of reputational and operational risks.

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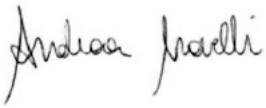
The Poste Vita Group continues to closely monitor the progress of the Covid-19 pandemic and its potential impacts on the financial reports.

Rome, 29 march 2022

The board of directors



3. Annexes

Statement of changes in Equity

			Amounts at 31-12-2019		Change to closing balances		Appropriations		Adjustments due to reclassification to profit or loss		Transfers
Equity attributable to owners of the Parent	Share capital	1	1,216,608	22	-	43	-		-	85	-
	Other equity instruments	2	-	23	-	44	-		-	86	-
	Capital reserves	3	-	24	-	45	-		-	87	-
	Revenue reserve and other equity reserves	4	2,451,129	25	-	46	731,794		-	88	-
	(Treasury shares)	5	-	26	-	47	-		-	89	-
	Net profit (loss) for the year	15	729,756	36	-	57	51,427		-	99	-
	Other comprehensive income	241	41,046	243	-	245	53,498	247	-2,573	249	-
	Total attributable to owners of the Parent	**16**	**4,438,538**	**37**	**-**	**58**	**836,720**	**79**	**-2,573**	**100**	**-**
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	17	-	38	-	59	-		-	101	-
	Net profit (loss) for the year	19	-	40	-	61	-		-	103	-
	Other comprehensive income	242	-	244	-	246	-	248	-	250	-
	Total attributable to non-controlling interests	**20**	**-**	**41**	**-**	**62**	**-**	**83**	**-**	**104**	**-**
Total		**21**	**4,438,538**	**42**	**-**	**63**	**836,720**	**84**	**-2,573**	**105**	**-**

€k

		Changes in investments		Amounts at 31-12-2020		Change to closing balances		Appropriations		Adjustments due to reclassification to profit or loss		Transfers		Changes in investments		Amounts at 31-12-21
		-	106	1,216,608	127	-	148	-		-	190	-		-	211	1,216,608
		-	107	-	128	-	149	300,000		-	191	-		-	212	300,000
		-	108	-	129	-	150	-		-	192	-		-	213	-
	263	-	109	3,182,923	130	-	151	352,262		-	193	-	270	-	214	3,535,186
		-	110	-	131	-	152	-		-	194	-		-	215	-
		-	120	781,183	141	-	162	44,936		-	204	-		-	225	826,119
	264	-	251	91,971	253	-	255	-30,928	257	-3,108	259	-	271	-	261	57,935
	265	**-**	**121**	**5,272,685**	**142**	**-**	**163**	**666,270**	**184**	**-3,108**	**205**	**-**	**272**	**-**	**226**	**5,935,848**
	266	-	122	-	143	-	164	-		-	206	-	273	-	227	-
		-	124	-	145	-	166	-		-	208	-		-	229	-
	267	-	252	-	254	-	256	-	258	-	260	-	274	-	262	-
	268	**-**	**125**	**-**	**146**	**-**	**167**	**-**	**188**	**-**	**209**	**-**	**275**	**-**	**230**	**-**
	269	**-**	**126**	**5,272,685**	**147**	**-**	**168**	**666,270**	**189**	**-3,108**	**210**	**-**	**276**	**-**	**231**	**5,935,848**

Statement of Financial Position by operating segment

		Non-life business			
			31/12/21		31/12/20
1	**INTANGIBLE ASSETS**	**1**	**1,105**	**31**	**1,178**
2	**TANGIBLE ASSETS**	**2**	**222**	**32**	**2,981**
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**3**	**22,127**	**33**	**25,368**
4	**INVESTMENTS**	**4**	**511,184**	**34**	**435,236**
4.1	Investment property	5	-	35	-
4.2	Investments in subsidiaries, associates and joint ventures	6	637	36	637
4.3	Financial assets measured at amortised cost	7	175,742	37	167,696
4.4	Financial assets measured at fair value through other comprehensive income	8	331,350	38	265,658
4.5	Financial assets measured at fair value through profit or loss	9	3,456	39	1,244
4.5.1	Financial assets held for trading		-		-
4.5.2	*Financial assets designated at fair value*		-		-
4.5.3	Financial assets measured at fair value through profit or loss	10	3,456	40	1,244
5	**SUNDRY RECEIVABLES**	**11**	**59,247**	**41**	**50,510**
6	**OTHER ASSETS**	**12**	**52,326**	**42**	**22,308**
6.1	Deferred acquisition costs	13	-	43	-
6.2	Other assets	14	52,326	44	22,308
7	**CASH AND CASH EQUIVALENTS**	**15**	**13,354**	**45**	**33,624**
	TOTAL ASSETS	**16**	**659,565**	**46**	**571,203**
1	**EQUITY**		**81,753,005**		**39,593,696**
2	**PROVISIONS**	**18**	**500**	**48**	**426**
3	**TECHNICAL PROVISIONS**	**19**	**295,256**	**49**	**237,157**
4	**FINANCIAL LIABILITIES**	**20**	**312**	**50**	**3,113**
4.1	Financial liabilities measured at fair value through profit or loss	21	-	51	-
4.1.1	Financial liabilities held for trading		-		-
4.1.2	*Financial liabilities measured at fair value*		-		-
4.2	Financial liabilities measured at amortised cost	22	312	52	3,113
5	**PAYABLES**	**23**	**61,904**	**53**	**60,193**
6	**OTHER LIABILITIES**	**24**	**9,201**	**54**	**3,933**
	TOTAL EQUITY AND LIABILITIES		**222,040,258**		**150,483,506**

€k

	Life business			Intersegment eliminations		Total		
	31/12/21		31/12/20	31/12/21	31/12/20		31/12/21	31/12/20
1	**16,712**	**31**	**16,712**	**-**	**-**	**1**	**17,817**	**31** **17,890**
2	**3,114**	**32**	**25,759**	**-138**	**-2,574**	**2**	**3,198**	**32** **26,167**
3	**28,312**	**33**	**28,145**		**-**	**3**	**50,439**	**33** **53,512**
4	**158,234,285**	**34**	**155,674,463**	**(49,696)**	**(49,696)**	**4**	**158,695,773**	**34** **156,060,002**
5	-	35	-		-	5	-	35 -
6	157,904	36	156,497	(49,696)	(49,696)	6	108,845	36 107,438
7	2,251,714	37	1,885,021	-	-	7	2,427,456	37 2,052,717
8	111,053,133	38	113,291,168	-	-	8	111,384,483	38 113,556,827
9	44,771,534	39	40,341,776		-	9	44,774,990	39 40,343,021
	34,840,492		33,801,595		-		34,840,492	33,801,595
	-		-		-		-	-
10	9,931,042	40	6,540,181		-	10	9,934,498	40 6,541,426
11	**131,699**	**41**	**128,602**	**(20,625)**	**(14,866)**	**11**	**170,321**	**41** **164,246**
12	**2,806,922**	**42**	**2,917,456**		**-**	**12**	**2,859,248**	**42** **2,939,764**
13	42,200	43	48,922		-	13	42,200	43 48,922
14	2,764,722	44	2,868,534	-	-	14	2,817,048	44 2,890,842
15	**4,570,714**	**45**	**929,215**		**-**	**15**	**4,584,068**	**45** **962,839**
16	**165,791,759**	**46**	**159,720,352**	**(70,459)**	**(67,136)**	**16**	**166,380,865**	**46** **160,224,419**
	3,223,716,611		**3,071,661,817**	**-28,506,950**		**17**	**5,935,848**	**47** **5,272,685**
18	**18,800**	**48**	**15,523**		**-**	**18**	**19,300**	**48** **15,950**
19	**158,794,619**	**49**	**153,557,573**		**-**	**19**	**159,089,875**	**49** **153,794,730**
20	**254,583**	**50**	**285,707**	**-201**	**-2,762**	**20**	**254,694**	**50** **286,058**
21	-	51	9,832			21	-	51 9,832
	-							
	-							
22	254,583	52	275,875	-201	-2,762	22	254,694	52 276,226
23	**329,140**	**53**	**304,884**	**(20,550)**	**(14,716)**	**23**	**370,494**	**53** **350,361**
24	**701,453**	**54**	**500,703**		**-**	**24**	**710,654**	**54** **504,635**
	105,520,386,415		**92,202,466,249**	**-30,298,600.91**	**-1,576,816.00**	**25**	**166,380,865**	**55** **160,224,419**

Income Statement by operating segment

			Non-life business		
			Total at 31/12/2021		Total at 31/12/2020
1.1	Net premium revenue	1	274,864	21	215,212
1.1.1	*Gross premium revenue*	2	304,614	22	236,534
1.1.2	*Outward reinsurance premiums*	3	(29,750)	23	(21,321)
1.2	Fee income	4	-	24	-
1.3	Income (expenses) from financial instruments at fair value through profit or loss	5	-21	25	16
1.4	Income from investments in subsidiaries, associates and joint ventures	6	-	26	-
1.5	Income from other financial instruments and investment property	7	8,639	27	7,303
1.6	Other revenue	8	16,966	28	14,877
1	**TOTAL REVENUE AND INCOME**	9	**300,448**	29	**237,408**
2.1	Net claims expenses	10	(166,044)	30	(102,952)
2.1.1	*Claims paid and change in technical provisions*	11	(178,365)	31	(110,867)
2.1.2	*Share attributable to reinsurers*	12	12,321	32	7,915
2.2	Fee expenses	13	-	33	-
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	14	-	34	-
2.4	Expenses arising from other financial instruments and investment property	15	(47)	35	(223)
2.5	Operating expenses	16	(89,528)	36	(70,692)
2.6	Other costs	17	(5,141)	37	(4,961)
2	**TOTAL COSTS AND EXPENSES**	18	**(260,761)**	38	**(178,826)**
	PROFIT/(LOSS) BEFORE TAX	19	**39,687**	39	**58,581**

€k

	Life business			Intersegment eliminations		Total		
	Total at 31/12/2021		Total at 31/12/2020	Total at 31/12/2021	Total at 31/12/2020		Total at 31/12/2021		Total at 31/12/2020
1	17,564,580	21	16,651,491	-7,622	-	1	17,831,822	21	16,866,704
2	17,574,113	22	16,661,051	(7,622)	-	2	17,871,106	22	16,897,585
3	(9,533)	23	(9,560)		0	3	(39,283)	23	(30,881)
4	81,132	24	55,801		-	4	81,132	24	55,801
5	1,076,563	25	1,123,583		-	5	1,076,542	25	1,123,599
6	1,411	26	108		-	6	1,411	26	108
7	2,990,880	27	2,567,893	-0	-0	7	2,999,519	27	2,575,196
8	8,185	28	10,307	(11,631)	(10,438)	8	13,520	28	14,746
9	**21,722,750**	**29**	**20,409,184**	**(19,252)**	**(10,438)**	9	**22,003,946**	29	**20,636,153**
10	(19,813,206)	30	(18,685,439)		0	10	(19,979,251)	30	(18,788,390)
11	(19,819,584)	31	(18,688,321)		0	11	(19,997,950)	31	(18,799,188)
12	6,378	32	2,882		0	12	18,699	32	10,798
13	-1,105	33	-950		-	13	-1,105	33	-950
14	-	34	-		-	14	-	34	-
15	(59,719)	35	(142,447)	0	0	15	(59,767)	35	(142,669)
16	(472,528)	36	(435,328)	19,213	9,899	16	(542,843)	36	(496,121)
17	(242,791)	37	(178,498)	5	54	17	(247,928)	37	(183,404)
18	**(20,589,351)**	**38**	**(19,442,661)**	**19,218**	**9,953**	18	**(20,830,894)**	38	**(19,611,534)**
19	**1,133,399**	**39**	**966,523**	**-35**	**-485**	19	**1,173,052**	39	**1,024,619**

Scope of consolidation

€k

Name	Country, registered office	Country, operating office	Method (1)	Business (2)	% Direct interest	% Total interest (3)	% ordinary voting rights (4)	% consolidated
Poste Assicura SpA	086	086	G	1	100	100	100	100
Poste Welfare Servizi Srl	086	086	G	11	100	100	100	100
Poste Insurance Broker Srl	086	086	G	11	100	100	100	100

(1) Consolidation method: Line by line = G, Proportionate = P, Line by line due to coordinated management = U.

(2) 1 = Italian ins.; 2 = EU ins.; 3 = Non-EU ins.; 4 = ins. holding; 4.1 = mixed holding company; 5 = EU reins.; 6 = Non-EU reins.; 7 = bank; 8 = asset mng. co.; 9 = other holding; 10 = real estate 11 = other.

(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.

(4) Total percentage of the available voting rights, if different from the direct or indirect equity interest held.

(5) This disclosure is required only if the country of operation is different from the country of registration.

Details of non-consolidated investments

€k

Denominazione	Country, registered office	Country, operating office	Business (1)	Type (2)	% Direct interest	% Total interest (3)	% ordinary voting rights (4)	Carrying amount
EGI SPA	086	086	10	b	45	45	45	108,808
CLP- Consorzio Logistica Pacchi	086	086	11	b	5	5	5	37

(1) 1 = Italian ins.; 2 = EU ins.; 3 = Non-EU ins.; 4 = ins. holding; 4.1=mixed holding company; 5 = EU reins.; 6 = Non-EU reins.; 7 = bank; 8 = asset mng. co.; 9 = other holding; 10=real estate 11 = other.

(2) a = subsidiaries (IFRS 10); b = associates (IAS 28); c = joint ventures (IFRS 11); indicate companies classified as held for sale, in compliance with IFRS 5, with an asterisk (*) and include the key under the table.

(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.

(4) Total percentage of the available voting rights, if different from the direct or indirect equity interest held.

Details of tangible and intangible assets

€k

	Cost	Remeasured amount or fair value	Total carrying amount
Investment property	1 -	2 -	-
Other properties	3 -	4 -	-
Other tangible assets	5 3,198	6 -	3,198
Other intangible assets	7 -	8 -	-

Details of technical provisions ceded to reinsurers

€k

	Direct business				Indirect business				Total carrying amount			
	31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20	
Non-life provisions	1	**22,127**	31	**25,368**	11	**-**	41	**-**	21	**22,127**	51	**25,368**
Premium reserve	2	1,847	32	2,641	12	-	42	-	22	1,847	52	2,641
Outstanding claims provisions	3	19,471	33	21,644	13	-	43	-	23	19,471	53	21,644
Other provisions	4	810	34	1,082	14	-	44	-	24	810	54	1,082
Life provisions	5	**28,312**	35	**28,145**	15	**-**	45	**-**	25	**28,312**	55	**28,145**
Outstanding claims provisions	6	6,201	36	4,811	16	-	46	-	26	6,201	56	4,811
Mathematical provisions	7	22,111	37	23,334	17		47	-	27	22,111	57	23,334
Technical provisions where the investment risk is borne by the policyholders and provisions deriving from the management of pension funds	8	-	38	-	18	-	48	-	28		58	-
Other provisions	9	-	39	-	19	-	49	-	29	-	59	-
Total technical provisions attributable to reinsurers	**10**	**50,439**	**40**	**53,512**	**20**	**-**	**50**	**-**	**30**	**50,439**	**60**	**53,512**

Details of financial assets

	Financial assets measured at amortised cost		Financial assets measured at fair value through other comprehensive income		
	31/12/21	31/12/20	31/12/21	31/12/20	
	-	-	-	-	
Equity instruments	-	-	-	-	
of which listed	-	-	-	-	
Debt securities	2,019,906	1,857,882	111,384,483	113,556,827	
of which listed	2,019,906	1,857,882	111,384,483	113,556,827	
UCITS units	-	-	-	-	
Loans and receivables due from banks	-	-	-	-	
Interbank loans and receivables	-	-	-	-	
Deposits with credit entities	-	-	-	-	
Assets of investment components of insurance contracts	-	-	-	-	
Other loans and receivables	407,550	194,835	-	-	
Non-hedging derivatives	-	-	-	-	
Hedging derivatives	-	-	-	-	
Other financial investments	-	-	-	-	
Total	**2,427,456**	**2,052,717**	**111,384,483**	**113,556,827**	

€k

	Financial assets measured at fair value through profit or loss						Total carrying amount	
	Financial assets held for trading		Financial assets held for trading		Financial assets measured at fair value through profit or loss			
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
	-	-	-	-	-	-	-	-
	7,777	6,857	-	-	209,424	192,839	217,201	199,696
	7,480	6,560	-	-	209,424	192,839	216,904	199,399
	-	-	-	-	2,600,561	2,013,719	116,004,950	117,428,428
	-	-	-	-	2,600,561	2,013,719	116,004,950	117,428,428
	34,832,715	33,794,738	-	-	7,083,526	4,319,907	41,916,241	38,114,645
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	40,986	14,961	448,536	209,796
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	34,840,492	**33,801,595**	**-**	**-**	**9,934,498**	**6,541,426**	**158,586,928**	**155,952,564**

Details of assets and liabilities related to contracts issued by insurance companies where investment risk is borne by policyholders and derives from the management of pension funds

€k

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
On-balance-sheet assets	7,846,556	4,974,805	-	-	7,846,556	4,974,805
Intercompany assets*	-	-	-	-	-	-
Total assets	**7,846,556**	**4,974,805**	**-**	**-**	**7,846,556**	**4,974,805**
On-balance-sheet financial liabilities	-	-	-	-	-	-
On-balance-sheet technical provisions	7,846,448	4,974,772	-	-	7,846,448	4,974,772
Intercompany liabilities*	-	-	-	-	-	-
Total Liabilities	**7,846,448**	**4,974,772**	**-**	**-**	**7,846,448**	**4,974,772**

* Assets and liabilities eliminated during the consolidation process.

Details of technical provisions

€k

	Direct business direct				Indirect business indirect				Total carrying amount			
	31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20	
Non-life provisions	1	**295,256**	61	**237,157**	21	-	81	-	41	**295,256**	101	**237,157**
Premium reserve	2	118,255	62	104,087	22	-	82	-	42	118,255	102	104,087
Outstanding claims provisions	3	176,920	63	132,973	23	-	83	-	43	176,920	103	132,973
Other provisions	4	81	64	97	24	-	84	-	44	81	104	97
of which provisions made after test of adequacy of the liabilities	5		65	-	25		85	-	45	-	105	-
Life provisions	6	**158,794,619**	66	**153,557,573**	26	-	86	-	46	**158,794,619**	106	**153,557,573**
Outstanding claims provisions	7	789,786	67	800,672	27	-	87	-	47	789,786	107	800,672
Mathematical provisions	8	136,898,455	68	129,795,699	28	-	88	-	48	136,898,455	108	129,795,699
Technical provisions where the investment risk is borne by the policyholders and provisions deriving from the management of pension funds	9	7,846,448	69	4,974,772	29	-	89	-	49	7,846,448	109	4,974,772
Other provisions	10	13,259,931	70	17,986,430	30	-	90	-	50	13,259,931	110	17,986,430
of which provisions made after test of adequacy of the liabilities	11	-	71	-	31	-	91	-	51	-	111	-
of which deferred policyholder liabilities	12	13,190,465	72	17,916,064	32	-	92	-	52	13,190,465	112	17,916,064
Total Technical Provisions	**13**	**159,089,875**	**73**	**153,794,730**	**33**	**-**	**93**	**-**	**53**	**159,089,875**	**113**	**153,794,730**

Details of financial liabilities

€k

	Financial liabilities measured at fair value through profit or loss								Financial liabilities measured at amortised cost				Total carrying amount	
	Financial liabilities held for trading				Financial liabilities measured at fair value									
	31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20		31/12/21	31/12/20
Participating financial instruments	1	-	101	-	21	-	121	-	41		141	-	-	-
Subordinated liabilities	2	-	102	-	22	-	122	-	42	251,285	142	251,301	251,285	251,301
Liabilities from investment contracts issued by insurance companies deriving	3	-	103	-	23	-	123	-	43	-	143	-	-	-
From contracts where the investment risk is borne by the policyholders	4	-	104	-	24	-	124	-	44	-	144	-	-	-
From pension fund management	5	-	105	-	25	-	125	-	45	-	145	-	-	-
From other contracts	6	-	106	-	26	-	126	-	46	-	146	-	-	-
Deposits received from reinsurers	7	-	107	-	27	-	127	-	47	-	147	-	-	-
Liabilities of investment components of insurance contracts	8	-	108	-	28	-	128	-	48	-	148	-	-	-
Debt securities issued	9	-	109	-	29	-	129	-	49	-	149	-	-	-
Due to banks	10	-	110	-	30	-	130	-	50	-	150	-	-	-
Interbank payables	11	-	111	-	31	-	131	-	51	-	151	-	-	-
Other borrowings	12	-	112	-	32	-	132	-	52	-	152	-	-	-
Non-hedging derivatives	13	-	113	-	33	-	133	-	53	-	153	-	-	-
Hedging derivatives	14	-	114	-	34	-	134	9,832	54	-	154	-	-	9,832
Sundry financial liabilities	15	-	115	-	35	-	135	-	55	3,409	155	24,925	3,409	24,925
Total		**-**		**-**		**-**		**9,832**		**254,694**		**276,226**	**254,694**	**286,058**

Details of underwriting business

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			31/12/21				31/12/20			
			Gross amount		Share attributable to reinsurers	Net amount		Gross amount		Share attributable to reinsurers	Net amount
Non-life business											
NET PREMIUM REVENUE		1	304,614	2	(29,750)	274,864	41	236,534	42	(21,321)	215,212
a	Premium revenue	3	318,782	4	(29,465)	289,316	43	239,600	44	(20,655)	218,946
b	Change in premium reserve	5	(14,168)	6	(285)	(14,452)	45	(3,067)	46	(666)	(3,733)
NET CLAIMS EXPENSE		7	(178,365)	8	12,321	(166,044)	47	(110,867)	48	7,915	(102,952)
a	Claims paid	9	(136,544)	10	14,767	(121,777)	49	(83,630)	50	8,282	(75,348)
b	Change in outstanding claims provisions	11	(43,947)	12	(2,446)	(46,393)	51	(27,329)	52	(367)	(27,696)
c	Change in recoveries	13	2,110	14	0	2,110	53	71	54	0	71
d	Change in other technical provisions	15	16	16	0	16	55	21	56	0	21
Life business											
NET PREMIUM REVENUE		17	17,574,113	18	(9,533)	17,564,580	57	16,661,051	58	(9,560)	16,651,491
NET CLAIMS EXPENSE		19	(19,819,584)	20	6,378	(19,813,206)	59	(18,688,321)	60	2,882	(18,685,439)
a	Claims paid	21	(9,509,623)	22	6,211	(9,503,412)	61	(10,907,020)	62	5,257	(10,901,763)
b	Change in outstanding claims provisions	23	10,886	24	1,390	12,277	63	(137,780)	64	(663)	(138,443)
c	Change in mathematical provisions	25	(7,141,412)	26	(1,223)	(7,142,635)	65	(5,999,212)	66	(1,711)	(6,000,923)
d	Change in technical provisions when the investment risk is borne by policyholders and deriving from pension fund management	27	(2,871,676)	28	0	(2,871,676)	67	(1,045,071)	68	0	(1,045,071)
e	Change in other technical provisions	29	(307,760)	30	0	(307,760)	69	(599,238)	70	0	(599,238)

Financial and investment income and expenses

			Interest		Other income		Other expense		Realised gains		Realised losses
Investment income and expenses		**1**	**2,911,625**	**2**	**218,305**	**3**	**-88,705**	**4**	**411,929**	**5**	**-28,767**
a	From investment property	14	-	15	-	16	-	17	-	18	-
b	From investments in subsidiaries, associates and joint ventures	27	-	28	-	29	-	30	-	31	-
c	From financial assets measured at amortised cost	40	576,743	41	-	42	-	43	-	44	-
d	From financial assets measured at fair value through other comprehensive income	53	2,254,384	54	-	55	-7,385	56	168,213	57	-9,166
e	From financial assets held for trading	66	-	67	-	68	-	69	-	70	-
f	From financial assets designated at fair value	79	80,498	80	218,305	81	-81,320	82	243,716	83	-19,601
g	From financial assets measured at fair value	92	-	93	-	94	-	95	-	96	-
Income and expenses from sundry receivables		**105**	**-**	**106**	**-**	**107**	**-**	**108**	**-**	**109**	**-**
Income from cash and cash equivalents		**118**	**159**	**119**	**-**	**120**	**-**	**121**	**-**	**122**	**-**
Income and expenses from financial liabilities			**(50,494)**	**132**	**0**	**133**	**0**	**134**	**0**	**135**	**0**
a	From financial liabilities held for trading	144	-	145	-	146	-	147	-	148	-
b	From financial liabilities measured at fair value through profit or loss	157	-	158	-	159	-	160	-	161	-
c	From financial liabilities measured at amortised cost	170	(50,494)	171	0	172	0	173	0	174	0
Income and expenses from payables		**183**	**-**	**184**	**-**	**185**	**-**	**186**	**-**	**187**	**-**
Total			**2,861,290**	**197**	**218,305**	**198**	**-88,705**	**199**	**411,929**	**200**	**-28,767**

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	Net realised gains/(losses)		Fair value gains			Fair value losses			Net unrealised gains/(losses)		Total income and expenses 31.12.2021		Total income and expenses 31.12.2020
			Unrealised gains		Write-backs		Unrealised losses		Impairments					
6	**3,424,387**	**7**	**845,166**	**8**	**-**	**9**	**-201,514**	**10**	**-**	**11**	**643,653**	**12**	**4,068,040**	**13**	**3,604,937**
19	-	20	-	21	-	22	-	23	-	24	-	25	-	26	-
32	-	33	1,411	34	-	35	-	36	-	37	1,411	38	1,411	39	108
45	576,743	46	19	47	-	48	118	49	-	50	138	51	576,881	52	60,296
58	2,406,047	59	-	60	-	61	7,160	62	-	63	7,160	64	2,413,207	65	2,420,933
71	-	72	-	73	-	74	-	75	-	76	-	77	-	78	-
84	441,598	85	843,736	86	-	87	-208,792	88	-	89	634,944	90	1,076,542	91	1,123,599
97	-	98	-	99	-	100	-	101	-	102	-	103	-	104	-
110	**-**	**111**	**-**	**112**	**-**	**113**	**-**	**114**	**-**	**115**	**-**	**116**	**-**	**117**	**-**
123	**159**	**124**	**-**	**125**	**-**	**126**	**-**	**127**	**-**	**128**	**-**	**129**	**159**	**130**	**240**
136	**(50,494)**	**137**	**0**	**138**	**0**	**139**	**0**	**140**	**0**	**141**	**0**	**142**	**(50,494)**	**143**	**-48,943**
149	-	150	-	151	-	152	-	153	-	154	-	155	-	156	-
162	-	163	-	164	-	165	-	166	-	167	-	168	-	169	-
175	(50,494)	176	0	177	0	178	0	179	0	180	0	181	(50,494)	182	-48,943
188	**-**	**189**	**-**	**190**	**-**	**191**	**-**	**192**	**-**	**193**	**-**	**194**	**-**	**195**	**-**
201	**3,374,052**	**202**	**845,166**	**203**	**-**	**204**	**-201,514**	**205**	**-**	**206**	**643,653**	**207**	**4,017,705**	**208**	**3,556,234**

Details of underwriting expenses

€k

		Non-life business				Life business			
			31/12/21		31/12/20		31/12/21		31/12/20
Gross commissions and other acquisition costs net of provisions and share of profits received from reinsurers			(59,406)	21	(47,514)	11	(335,127)	31	(328,267)
a	Acquisition commissions	2	(50,256)	22	(38,386)	12	(290,678)	32	(294,609)
b	Other acquisition costs	3	(9,150)	23	(9,128)	13	(35,963)	33	(27,050)
c	Change in deferred acquisition costs	4	0	24	0	14	(6,722)	34	(4,851)
d	Collection fees	5	0	25	0	15	(1,765)	35	(1,756)
Commissions and share of profits received from reinsurers		6	6,847	26	9,807	16	1,238	36	1,442
Investment management expenses		7	(941)	27	(880)	17	(59,785)	37	(48,863)
Other administrative expenses		8	(36,028)	28	(32,104)	18	(78,854)	38	(59,640)
Total			**-89,528**		**-70,692**		**-472,528**		**-435,328**

Assets and liabilities recognised at fair value on a recurring and non-recurring basis: breakdown by fair value level

€k

		Level 1				Level 2				Level 3				Total			
		31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20	
Assets and liabilities recognised at fair value on a recurring basis																	
Financial assets measured at fair value through other comprehensive income		1	99,433,852	41	103,390,241	11	11,855,541	51	10,166,586	21	95,090	61	-	31	111,384,483	71	113,556,827
Financial assets measured at fair value through profit or loss	Financial assets held for trading	2	7,480	42	6,560	12	28,344,543	52	29,163,626	22	6,529,455	62	4,646,370	32	34,881,478	72	33,816,556
	Financial assets measured at fair value through profit or loss	3	-	43	-	13	-	53	-	23	-	63	-	33	-	73	-
	Other financial assets measured at fair value	4	5,393,802	44	4,157,222	14	110,188	54	2,369,242	24	4,389,521	64		34	9,893,512	74	6,526,465
Investment property		81	-	121	-	91	-	131	-	101	-	141	-	111	-	151	-
Property, plant and equipment		82	-	122	-	92	-	132	-	102	-	142	-	112	-	152	-
Intangible assets		83	-	123	-	93	-	133	-	103	-	143	-	113	-	153	-
Total assets recognised at fair value on a recurring basis		84	104,835,134	124	107,554,023	94	40,310,273	134	41,699,455	104	11,014,066	144	4,646,370	114	156,159,473	154	153,899,847
Financial liabilities measured at fair value through profit or loss	Financial liabilities held for trading	5	-	45	-	15	-	55	-	25	-	65	-	35	-	75	-
	Financial liabilities measured at fair value	6	-	46	-	16	-	56	9,832	26	-	66	-	36	-	76	9,832
Total liabilities measured at fair value on a recurring basis		7	-	47	-	17	-	57	9,832	27	-	67	-	37	-	77	9,832
Financial assets and liabilities measured at fair value on non-recurring basis																	
Non-current assets or disposal groups held for sale		85	-	125	-	95	-	135	-	105	-	145	-	115	-	155	-
Liabilities included in disposal groups held for sale		86	-	126	-	96	-	136	-	106	-	146	-	116	-	156	-

Details of changes in level 3 assets and liabilities recognised at fair value on a recurring basis

		Financial assets measured at fair value through other comprehensive income	
	1	-	
Purchases/Issues	2	-	
Sales/Repurchases	3	0	
Redemptions	4	-	
Gains or loss through profit of loss	5	0	
- of which unrealised gains/losses	81		
Profit or loss through other components of comprehensive income	6	-	
Transfers to level 3	7	95,090	
Transfers to other levels	8		
Other changes	9	-	
Closing balance	**10**	**95,090**	

in migliaia di euro

	Financial assets measured at fair value through profit or loss						Investment property		Property, plant and equipment		Intangible assets		Financial liabilities measured at fair value through profit or loss			
	Financial assets held for trading		Financial assets designated at fair value		Other financial assets measured at fair value								Financial liabilities held for trading		Financial liabilities measured at fair value	
	11	**4,646,370**	21	-	89		51	-	61	-	71	-	31	-	41	-
	12	1,129,527	22	-	90	1,633,075	52	-	62	-	72	-	32	-	42	-
	13	-224,656	23	-	91	(25)	53	-	63	-	73	-	33	-	43	-
	14	-	24	-	92	-	54	-	64	-	74	-	34	-	44	-
	15	232,521	25	-	93	22,381	55	-	65	-	75	-	35	-	45	-
	82	232,521	83		94	22,381	84	-	85		86	-	87	-	88	-
	16	-	26	-	95	-	56	-	66		76	-	36	-	46	-
	17	745,693	27	-	96	2,734,091	57	-	67	-	77	-	37	-	47	-
	18	-	28	-	97	-	58	-	68	-	78	-	38	-	48	-
	19	-	29	-	98	-	59	-	69	-	79	-	39	-	49	-
	20	**6,529,455**	**30**	**-**	**99**	**4,389,521**	**60**	**-**	**70**	**-**	**80**	**-**	**40**	**-**	**50**	**-**

Assets and liabilities not recognised at fair value: breakdown by fair value level

		Carrying amount		
		31/12/21		31/12/20
Assets		-		-
Financial assets measured at amortised cost		2,427,456	51	1,857,882
Investments in subsidiaries, associates and joint ventures		108,845	52	107,438
Investment property		-	53	-
Property, plant and equipment		3,198	54	26,167
Total assets		**2,539,499**	**55**	**1,991,487**
Liabilities		**-**	**56**	**-**
Financial liabilities measured at amortised cost	7	254,694	57	276,226

€k

									Fair value							
		Level 1				Level 2				Level 3				Total		
		31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20		31/12/21		31/12/20
		-		-		-		-		-		-		-		-
	11	1,771,110	61	1,621,645	21	248,796	71	236,237	31	407,550	81	194,835	41	2,427,456	91	2,052,717
	12	-	62	-	22	-	72	-	32	108,845	82	107,438	42	108,845	92	107,438
	13	-	63	-	23	-	73	-	33	-	83	-	43	-	93	-
	14	-	64	-	24	-	74	-	34	3,198	84	26,167	44	3,198	94	26,167
	15	**1,771,110**	**65**	**1,621,645**	**25**	**248,796**	**75**	**236,237**	**35**	**519,593**	**85**	**328,439**	**45**	**2,539,499**	**95**	**2,186,322**
	16	**-**	**66**	**-**	**26**	**-**	**76**		**36**	**-**	**86**	**-**	**46**	**-**	**96**	**-**
	17	-	67	-	27	-	77	-	37	254,694	87	276,226	47	254,694	97	276,226

Interests in other entities not consolidated

Name of structured entity	Revenue earned by structured entity during the reporting period	Carrying amount (as of the transfer date) for assets transferred to the structured entity during the reporting period	Carrying amount of assets recognised in financial statements and attributable to structured entity	
MULTIFLEX-DIVERSIFIED DIS-CM			6,025,840	
MULTIFLEX-DYN MLT/AST FD-CM			4,326,519	
MULTIFLEX-DYNAMIC LT M/A-CM			574,473	
MULTIFLEX-GLB MA INC-CM			4,180,936	
MULTIFLEX-GLB OPT M/A FD-CM			5,087,345	
MULTIFLEX-LT OPTIMAL M/A-CM			898,669	
MULTIFLEX-OLYMP INSURN MA-CM			924,933	
MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND			312,572	
MULTIFLEX-OLYMPIUM OPT MA-CM			622,502	
MULTIFLEX-OLYMPIUM SEV-CMEUR			488,050	
MULTIFLEX-STRAT INS DIST-CM			4,902,704	
ADVANCE CAPITAL ENERGY FUND			14,801	
ALC Prima European Private Credit Feeder Fund			230,910	
Indaco SICAV SIF - Indaco CIFC US Loan			82,104	
PrimA Credit Opportunity Fund			144,988	
Prima EU Private Debt Opportunity Fund			491,815	
Prima European Direct Lending 1 Fund			421,598	
PRIMA GLOBAL EQUITY PRTNERS FUND			123,745	
Prima Hedge Platinum Growth			458,045	
DIAMOND CORE			277,272	
DIAMOND EUROZONE RETAIL PROPERTY FUND			97,493	
DIAMOND OTHER SECTORS ITALIA			107,585	
CBRE DIAMOND FUND			170,353	
DIAMOND EUROZONE OFFICE UBS FUND			422,770	
DIAMOND ITALIAN PROPERTIES FUND			155,099	
i3-Dante Fund Comparto Convivio			259,984	
Prima Real Estate Fund I			172,667	
SHOPPING PROPERTY FUND 2			42,488	

€k

	Asset class in financial statements	Carrying amount of liabilities recognised in financial statements and attributable to structured entity	Liability class in financial statements	Maximum loss exposure
	Financial assets measured at fair value through profit or loss			812,102
	Financial assets measured at fair value through profit or loss			580,983
	Financial assets measured at fair value through profit or loss			78,616
	Financial assets measured at fair value through profit or loss			629,379
	Financial assets measured at fair value through profit or loss			703,404
	Financial assets measured at fair value through profit or loss			139,119
	Financial assets measured at fair value through profit or loss			158,008
	Financial assets measured at fair value through profit or loss			36,744
	Financial assets measured at fair value through profit or loss			98,771
	Financial assets measured at fair value through profit or loss			85,072
	Financial assets measured at fair value through profit or loss			685,562
	Financial assets measured at fair value through profit or loss			9,330
	Financial assets measured at fair value through profit or loss			32,158
	Financial assets measured at fair value through profit or loss			18,535
	Financial assets measured at fair value through profit or loss			68,083
	Financial assets measured at fair value through profit or loss			67,843
	Financial assets measured at fair value through profit or loss			59,175
	Financial assets measured at fair value through profit or loss			76,375
	Financial assets measured at fair value through profit or loss			40,400
	Financial assets measured at fair value through profit or loss			91,034
	Financial assets measured at fair value through profit or loss			35,151
	Financial assets measured at fair value through profit or loss			38,767
	Financial assets measured at fair value through profit or loss			61,326
	Financial assets measured at fair value through profit or loss			179,711
	Financial assets measured at fair value through profit or loss			47,031
	Financial assets measured at fair value through profit or loss			65,381
	Financial assets measured at fair value through profit or loss			62,337
	Financial assets measured at fair value through profit or loss			19,586

Il sottoscritto dichiara che il presente bilancio è conforme alla verità ed alle scritture

I rappresentanti legali della Società (*)

Dott. Andrea Novelli (**)

..... (**)

..... (**)

I Sindaci

Presidente Luca Aurelio Guarna

Dr.ssa Maria Giovanna Basile

Dr. Marco De Iapinis

Spazio riservato alla attestazione dell'Ufficio del registro delle imprese circa l'avvenuto deposito.

(*) Per le società estere la firma deve essere apposta dal rappresentante generale per l'Italia.
(**) Indicare la carica rivestita da chi firma.

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Poste


italiane

3.
REPORTS AND ATTESTATIONS

03.
REPORTS AND ATTESTATIONS

Contents

Gruppo **Postevita** Posteitaliane

Certification of the Consolidated Financial Statements at 31 December 2021

1. I, the undersigned Andrea Novelli, as the CEO and Monica Biccari, as the executive in charge of preparing the corporate accounting documents of Poste Vita S.p.A. (hereafter, the "Company"), also taking into account that established in article 20 bis, paragraph 8 of the Company's Bylaws, certify

   - its adequacy in relation to the characteristics of the company and
   - the effective application

of the administrative and accounting procedures to prepare the consolidated financial statements for the period from 1 January 2021 to 31 December 2021.

2. To that end, the following is stated:

2.1 Evaluation of the adequacy of the administrative and accounting procedures was done based on the process defined by Poste Vita S.p.A., using as a reference the criteria established in the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO), which represents the framework generally accepted at the international level with regards to internal control. As highlighted in this model, an internal control system, however well-designed and implemented, can only provide reasonable and not absolute assurance with regards to the realisation of company objectives, including the accuracy and truth of financial information.

2.2 2021 saw extraordinary organisational developments that involved the Company and the Group in a major project to strengthen and consolidate the entire internal control and risk management system. Activities to update the main administrative and accounting procedures proceeded during the year and appropriate checks were carried out to ascertain effective application of the same. From the assessment of the overall internal control system relative to financial reporting, no aspects were identified that require note, also taking into account the aforementioned extraordinary organisational developments occurring in the Company and Group.

3. It is also stated that:

3.1 The Consolidated Financial Statements:

Poste Vita S.p.A.
00144, Rome (RM), Italy, Viale Europa, 190
Tel.: (+39) 06 549241 • Fax: (+39) 06 54924203
Certified email: postevita@pec.postevita.it
www.postevita.it

VAT no. 05927271006 • Tax ID no. 07066630638 • Share Capital € 1,216,607,898.00 fully paid up • Rome Business Register no. 07066630638, Economic and Administrative Index 934547 • Registered in Section I of the Italian Insurance Companies Register under no. 1.00133 • Authorised to conduct an insurance business on the basis of ISVAP resolutions no. 1144/1999, 1735/2000, 2462/2006 and 2987/2012 • Member of the Poste Vita Insurance Group, registered in the Italian Insurance Groups Register under no. 043 • Company with sole shareholder, Poste Italiane S.p.A., subject to the management and coordination of the latter.

Gruppo Postevita Posteitaliane

a. were prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002, as well as Italian Legislative Decree 173/1997, Legislative Decree 209/2005, ISVAP Regulation 7/2007 and the other applicable IVASS provisions, regulations and circulars;
b. are consistent with the underlying accounting books and records;
c. are able to provide a true and fair view of the financial position and results of operations of the Company and the companies included in the scope of consolidation.

3.2 The Report on Operations includes a reliable analysis of the operating and financial performance and situation of the Company and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Rome, 29 March 2022

The Chief Executive Officer	The Manager Responsible for Financial Reporting
Andrea Novelli	Monica Biccari [Illegible signature]

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REPORT OF THE INDEPENDENT AUDITING FIRM PURSUANT TO ARTICLE 14 OF ITALIAN LEGISLATIVE DECREE 39 OF 27 JANUARY 2010, ARTICLE 10 OF REGULATION (EU) 537/2014 AND ARTICLE 102 OF ITALIAN LEGISLATIVE DECREE 209 OF 7 SEPTEMBER 2005.

To the sole shareholder of
Poste Vita S.p.A.

REPORT ON THE INDEPENDENT AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Judgement

We carried out the independent audit of the annual financial statements of Poste Vita S.p.A. (the "Company"), consisting of the Statement of Financial Position at 31 December 2021, the Statement of Profit and Loss for the year ending on the same date and the Notes to the Financial Statements.

In our judgement, the annual financial statements provide a true and accurate representation of the Company's equity and financial situation at 31 December 2021 and of the economic result for the year ending on the same date, in compliance with the Italian regulations that govern preparation criteria.

Basis of the opinion

We carried out the independent audit in compliance with international auditing standards (ISA Italy). Our responsibilities pursuant to these standards are further described in the section *Responsibility of the Auditing Firm for the Independent Audit of the Annual Financial Statements* in this report.

We are independent with respect to the Company, in compliance with regulations and standards regarding ethics and independence, as applicable in Italian law relative to independent auditing of financial statements. We hold that we have acquired sufficient and appropriate probative elements on which to base our judgement.

Key aspects of the independent audit

The key aspects of the independent audit are those aspects which, in our professional judgement, are the most significant in terms of the independent audit of the annual financial statements in question. These aspects were evaluated by us in the context of the independent audit and when forming our judgement of the annual financial statements as a whole; therefore, we do not provide a separate judgement on these aspects.

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2

Measurement of financial instruments not listed on active markets

Description of the key audit aspect

The Company's financial statements at 31 December 2021 include financial instruments not listed on active markets within the item C.III "Other financial investments", for a total amount of € 43,402.40 million, of which € 32,975.50 million relative to units of mutual investment funds and € 10,426.90 million relative to Bonds and other fixed-income securities.

As noted by the Directors in Part A - Measurement Criteria in the Notes, definition of the market value of financial instruments, when it cannot be directly observed on an active market, is based on complex subjective evaluations and estimates associated with historic experience and assumptions which are considered reasonable at the time and as a function of the relative circumstances, which also suffer from uncertainties linked to the current context of the continued health emergency. Use of such estimates and assumptions affects the final amounts reported in the financial statements and related disclosures.

In Part A - Measurement Criteria of the Notes, the Company describes the criteria used to determine the market value of financial assets and the main measurement techniques applied to the various types of financial instruments in the portfolio.

In consideration of the significant amount of financial instruments not listed on active markets, the degree of subjectivity inherent in measurement of these instruments and also taking into consideration the uncertainties associated with the full and complete identification of the same and the current situation of the continued health emergency, we considered measurement of financial instruments not listed on active markets to be a key aspect when auditing the Company's financial statements at 31 December 2021.

Auditing procedures utilised

We initially acquired information about the Company's investment process, including understanding management and strategic guidelines. In this context, the auditing procedures included identifying and understanding the significant controls implemented by the Company and the execution of verification procedures relative to compliance with corporate directives and investment management policies.

With reference to financial instruments not listed on active markets, we carried out the following main procedures:

- understanding and identifying controls implemented by the Company to identify these financial instruments and the process of determining the market value of the same, also in the light of the current situation associated with the pandemic;

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- for a selection of these financial instruments, verifying proper identification of the type of financial instrument by management;
- understanding the measurement models and relative input data used by the Company to determine the value of instruments not listed on active markets and analysing the reasonableness of the same, also with respect to market standards and/or best practices;
- analysing the sources used and verifying the reliability of the main input data used in the measurement model, through comparison with the main infoproviders;
- recalculating market value for a selection of these financial instruments;
- verifying the consistency of the amount established for a selection of financial instruments, using documentary evidence provided by third parties;
- verifying the completeness and adequacy of the information provided by the Company with respect to that called for in applicable regulations.

Measurement of mathematical provisions

Description of the key audit aspect

At 31 December 2021, the Company had mathematical provisions totalling € 136,898.50 million in the financial statements under item C.II "Life Technical Provisions".

As noted by the Directors in Part A - Measurement Criteria in the Notes, determination of technical provisions is based on complex subjective evaluations and estimates associated with historic experience and assumptions which are considered reasonable at the time and as a function of the relative circumstances, which also suffer from uncertainties linked to the current context of the continued health emergency. Use of such estimates and assumptions affects the final amounts reported in the financial statements and related disclosures.

In Part A - Measurement Criteria of the Notes, the Company provides the criteria followed and methods used when determining mathematical provisions.

In consideration of the significance of the amount of mathematical provisions recognised in the annual financial statements and the existence of a discretionary component inherent to its nature, correlated with assumptions and hypotheses of a technical, actuarial, demographic and financial nature, as well as forecasts of future cash flows coming from insurance contracts signed and existing as of the reporting date, we held that the process used to measure mathematical provisions constituted a key aspect in the independent auditing of the Company's financial statements at 31 December 2021.

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Auditing procedures utilised

The auditing procedures utilised, also making use of support from specialists in the Deloitte network, included the following, among other things:

- understanding of the process used to establish the mathematical provisions, which included knowledge about management guidelines and assumptions and any changes taking place in the legal and regulatory framework for the sector;
- identifying and verifying significant checks implemented by the Company relative to the process used to prepare financial reporting relative to mathematical provisions;
- execution of verification procedures in relation to the completion and adequacy of the portfolios used as a reference and the relative underlying data;
- reading and analysing reports on technical provisions prepared by the relevant company functions;
- verifying calculation of mathematical provisions by applying simplified approaches ("recurring method") in order to assess the reasonableness of provision values determined by Company management;
- recalculating, for a selection of insurance contracts in the portfolio, the value of the mathematical provision at 31 December 2021, using the calculation formulas contained in the technical notes to the policies and analysing the compliance of the calculation in terms of company procedures and reference regulations;
- analysing the reasonableness of the methods and main technical and forward-looking hypotheses on which estimates of additional provisions included in the mathematical provisions are based, with regards to that indicated in the reference regulations;
- verifying the completeness and adequacy of the information provided by the Company with respect to that called for in applicable regulations.

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Responsibility of the Directors and the Board of Statutory Auditors for the Annual Financial Statements

The Directors are responsible for preparing annual financial statements that provide a true and accurate representation, in compliance with the Italian laws that govern preparation criteria and, within the limits of the law, for the portion of internal auditing of the same deemed necessary to allow preparation of financial statements that do not contain significant errors due to fraud or unintentional actions or events.

The Directors are responsible for assessing the Company's ability to continue to operate as a going concern and, in preparing the annual financial statements, the appropriateness of using the assumption of the company as a going concern, as well as for providing adequate information on the subject.

The Directors use the going concern assumption in preparing the annual financial statements unless they have determined the conditions for liquidation of the Company exist or there is an interruption in business or there are no realistic alternatives to these choices.

The Board of Statutory Auditors is responsible, within the limits of the law, for supervising the process used to prepare the Company's financial reports.

Responsibility of the Auditing Firm for the Independent Audit of the Annual Financial Statements

Our goals are to acquire reasonable certainty that the annual financial statements as a whole do not contain significant errors, due to fraud or unintentional actions or events, and to issue an audit report that includes our judgement. Reasonable certainty means a high level of certainty which, nonetheless, does not provide a guarantee that an independent audit carried out in compliance with international auditing standards (ISA Italy) will always identify a significant error, in the case it exists.

Errors may derive from fraud or from unintentional actions or events and are considered significant if it can be reasonably expected that, individually or together, they are able to influence economic decisions made by users of the financial statements.

In the context of the independent audit carried out in compliance with international auditing standards (ISA Italy), we exercised our professional judgement and maintained professional scepticism for the entire duration of the audit. In addition:

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- We identified and evaluated the risks of significant errors in the annual financial statements, due to fraud or unintentional actions or events; we established and implemented auditing procedures based on these risks; we acquired appropriate and sufficient probative elements on which to base our judgement. The risk of not identifying a significant error due to fraud is higher with respect to the risk of not identifying a significant error due to unintentional actions or events, given that fraud may imply the existence of collusion, falsification, intentional omissions, misleading representations or the forcing of internal controls.

- We acquired an understanding of internal controls significant for the purposes of the audit, with the aim of determining auditing procedures appropriate to the circumstances and not in order to express a judgement regarding the effectiveness of the Company's internal controls.

- We evaluated the appropriateness of the accounting standards used, as well as the reasonableness of the accounting estimates made by the Directors, including the relative information.

- We reached a conclusion regarding the appropriateness of the Directors' use of the going concern assumption and, based on the probative elements acquired, on the possible existence of significant uncertainties about events or circumstances, such as to give rise to significant doubts about the ability of the Company to continue to function as a going concern.

- In the presence of significant uncertainty, we are required to call attention in the auditing report to the relative disclosure in the financial statements or, if this information is inadequate, to reflect this fact when formulating our judgement. Our conclusions are based on the probative elements acquired up to the date of this report. Nonetheless, subsequent events or circumstances could mean that the Company ceases to function as a going concern.

- We evaluated the presentation, structure and content of the annual financial statements as a whole, including the disclosure, and whether the annual financial statements represented the underlying transactions and events so as to provide accurate representation.

We communicated with those responsible for governance, identified at an appropriate level as required by the ISA Italy including, among other things, the scope and schedule established for internal auditing and any significant results, including any significant problems in internal controls identified during the course of the audit.

We also provided those responsible for governance with a declaration of the fact that we complied with norms and standards relative to ethics and independence applicable under Italian law and we informed them of all situations that could reasonably impact our independence and, when applicable, the relative protective measures.

Among the aspects communicated to those responsible for governance, we identified those most significant in the context of the independent auditing of the annual financial statements in question, which hence constituted the key aspects of the audit. We have described those aspects in this audit report.

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Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

On 28 November 2019, the Shareholders' Meeting of Poste Vita S.p.A. granted us the appointment to provide independent auditing of the Company's annual and consolidated financial statements for financial years from 31 December 2020 to 31 December 2028.

We declare that we did not provide any services other than auditing prohibited under article 5, paragraph 1 of Regulation (EU) 537/2014 and that we remained independent with respect to the Company in executing the audit.

We confirm that our judgement of the annual financial statements expressed in this report is in line with that indicated in the additional report sent to the Board of Statutory Auditors, in its role as the Internal Control and Statutory Auditing Committee, prepared pursuant to article 11 of the cited Regulation.

REPORT ON OTHER PROVISIONS OF THE LAW AND REGULATIONS

Judgement pursuant to article 14, paragraph 2, letter e) of Legislative Decree 39 of 27 January 2010

The Directors of Poste Vita S.p.A. are responsible for preparing the Poste Vita S.p.A. Report on Operations at 31 December 2021, including its consistency with regards to the relative annual financial statements and its compliance with the provisions of the law.

We carried out the procedures indicated in auditing standard (SA Italy) no. 720B to express a judgement on the consistency of the report on operations with the annual financial statements of Poste Vita S.p.A. at 31 December 2021, and on the compliance of the same with the provisions of the law, as well as to issue a declaration on any significant errors.

In our opinion, the report on operations is consistent with the Poste Vita S.p.A. annual financial statements at 31 December 2021 and was prepared in compliance with the provisions of the law.

With reference to the declaration pursuant to article 14, paragraph 2, letter e) of Legislative Decree 39 of 27 January 2010, issued based on the knowledge and understanding of the company and its relative situation acquired during the course of audit activities, we have nothing to note.

Judgement pursuant to article 102, paragraph 2 of Legislative Decree 209 of 7 September 2005

Executing the appointment granted to us by Poste Vita S.p.A., we have verified, pursuant to article 102, paragraph 2 of Legislative Decree 209 of 7 September 2005, the items relative to the technical provisions for life business, recognised under the liabilities in the Statement of Financial Position in the Poste Vita S.p.A. annual financial statements as at 31 December 2021. The Directors are responsible for establishing technical provisions sufficient to meet the commitments deriving from insurance and reinsurance contracts.

Deloitte.

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Based on the procedures carried out pursuant to article 102, paragraph 2 of Legislative Decree 209 of 7 September 2005, ISVAP Regulation 22 of 4 April 2008 and the relative application methods indicated in the application clarifications published by IVASS on its website on 31 January 2017, these technical provisions, recognised in the liabilities of the Statement of Financial Statement at 31 December 2021 for Poste Vita S.p.A., are sufficient with reference to the current legal and regulatory provisions and proper actuarial techniques, in compliance with the principles of ISVAP Regulation 22 of 4 April 2008.

DELOITTE & TOUCHE S.p.A.

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Vittorio Frigerio
Partner

Rome, 1 April 2022

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Poste Italiane SpA

Registered office: Viale Europa, 190 - Rome
Fully paid-up share capital: €1,306,110,000.00
Tax Code and Rome Companies' Register no. 97103880585/1996
Business Registration Number in Rome: REA 842633
VAT no. 01114601006

Edited by
Corporate Affairs - Communication
Poste Italiane SpA

July 2022

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www.posteitaliane.it

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Insurance Group Poste Vita SpA
The Parent Company of the Poste Vita Group authorized to practice Insurance with provision ISVAP:
• No. 1144 12/03/1999 published on G.U. no. 68 23/03/1999
• No. 2462 14/09/2006 published on G.U. no. 225 27/09/2006
Poste Vita Insurance Group entered on the Register of Italian Insurance Group under n.043
Information of parent company Poste Vita SpA
Registered Office – Viale Beethoven, 11, Rome
Tax Code 07066630638 – VAT number 05927271006
Company entered on Registry of Companies of Rome under no. 29149/2000
Company entered in Section I of the Register of Italian Insurance under no. 1.00133
Share Capitale € 1,216,607,898 fully paid-up

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GruppoAssicurativoPostevita