

# INTERIM REPORT AT 30 JUNE 2021

**Posteitaliane**

*(Translation from the Italian original which remains the definitive version)*

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# REPORT ON OPERATIONS AT 30 JUNE 2021

**Posteitaliane**



## 1. INTRODUCTION

The Interim Report at 30 June 2021 of the Poste Italiane Group - approved by the Board of Directors on 3 August 2021, which authorised its public disclosure, also pursuant to IAS 10 - includes the Report on Operations at 30 June 2021 and the Condensed consolidated half-year financial statements.

The first half of 2021 continues to be characterised by the Covid-19 health emergency; the impacts of the pandemic are described later in this Report on Operations.

Lastly, it is noted that amounts shown in millions of euros have been rounded, with the result that the sum of the rounded figures does not always tally with the rounded total.

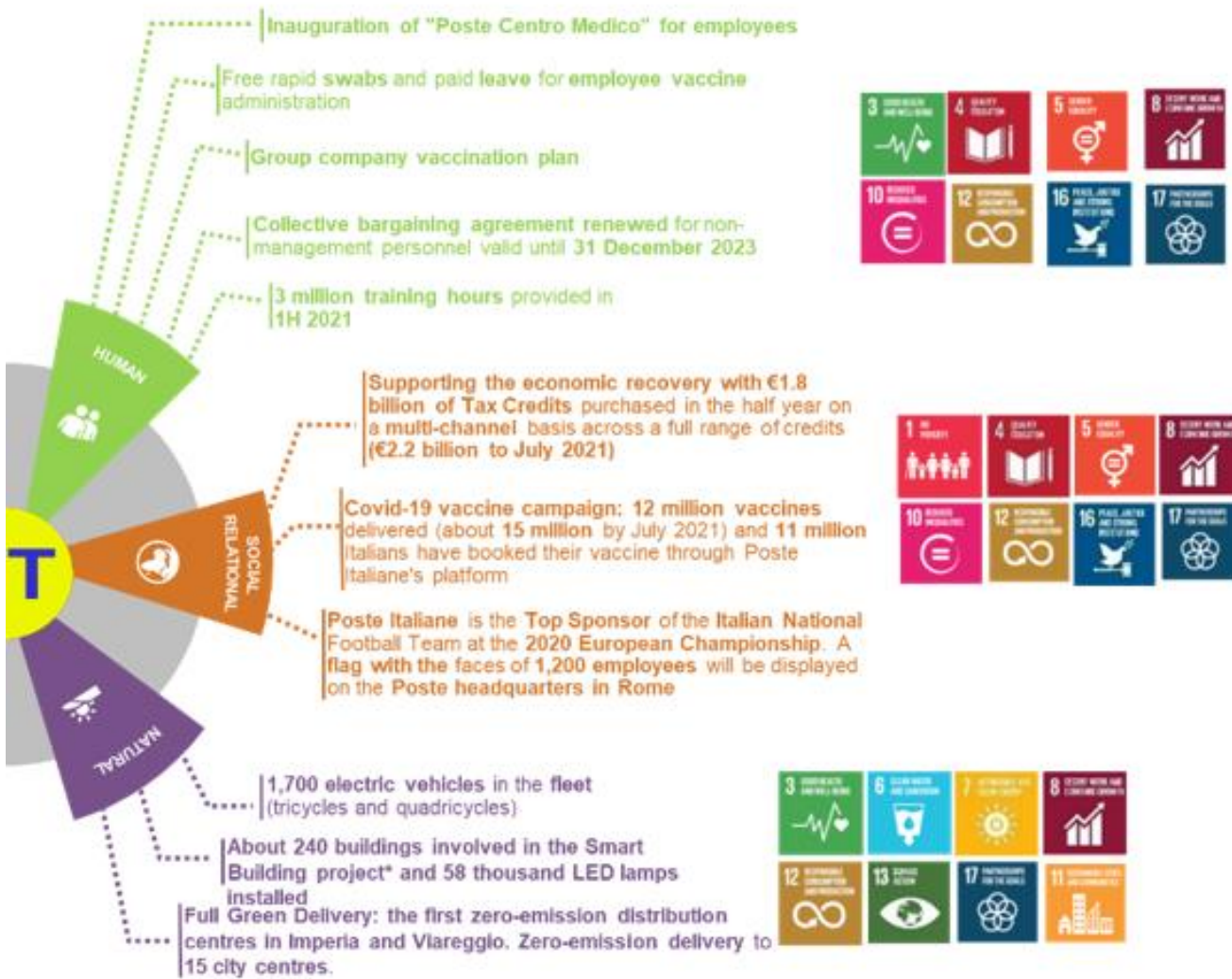
## 2. HIGHLIGHTS



### Output of the value creation process at Poste Italiane

In the first half of 2021, through significant investment in the six forms of capital on which the Company is based (financial, human, physical-structural, intellectual, social-relational and natural), the Poste Italiane value creation process generated a series of outputs that can be linked to the United Nations Sustainable Development Goals.





\* Automated and remote management of buildings to achieve energy efficiencies

### 3. OWNERSHIP, GROUP AND ORGANISATIONAL STRUCTURES



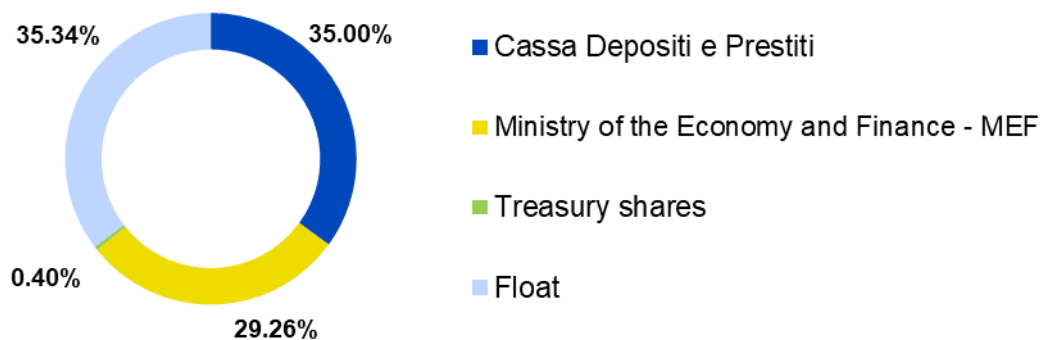
[POSTE ITALIANE SPA'S OWNERSHIP AND ORGANISATIONAL STRUCTURE](#)

[MANAGEMENT AND SUPERVISORY BODIES](#)

[GROUP STRUCTURE AT 30 JUNE 2021](#)

[AREAS OF OPERATIONS AND ORGANISATION OF THE GROUP](#)

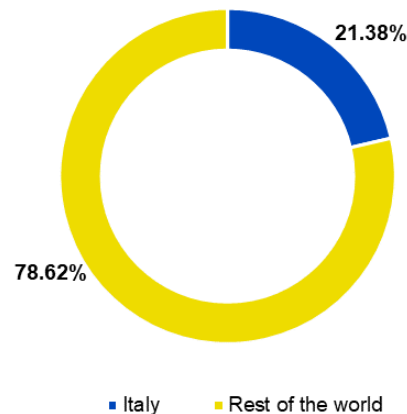
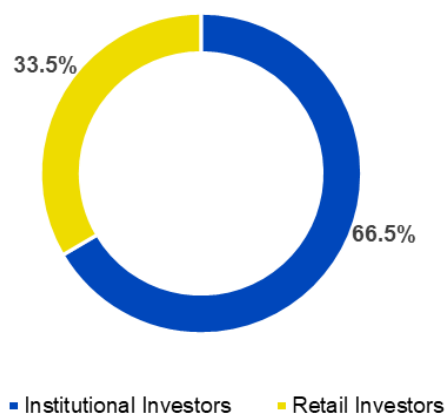
#### 3.1 POSTE ITALIANE SPA'S OWNERSHIP AND ORGANISATIONAL STRUCTURE



Poste Italiane has issued shares listed on the Mercato Telematico Azionario (Electronic Stock Exchange - MTA) organised and managed by Borsa Italiana S.p.A. as of 27 October 2015. At 30 June 2021, the Company is 29.26% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti SpA (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors. The proportion of Poste Italiane S.p.A.'s institutional investors who follow ESG criteria (Environment, Social, Governance) criteria in their investment decisions is 27%. The share capital of Poste Italiane S.p.A. consists of 1,306,110,000 ordinary shares, of which 1,300,852,035 are outstanding at 30 June 2021.

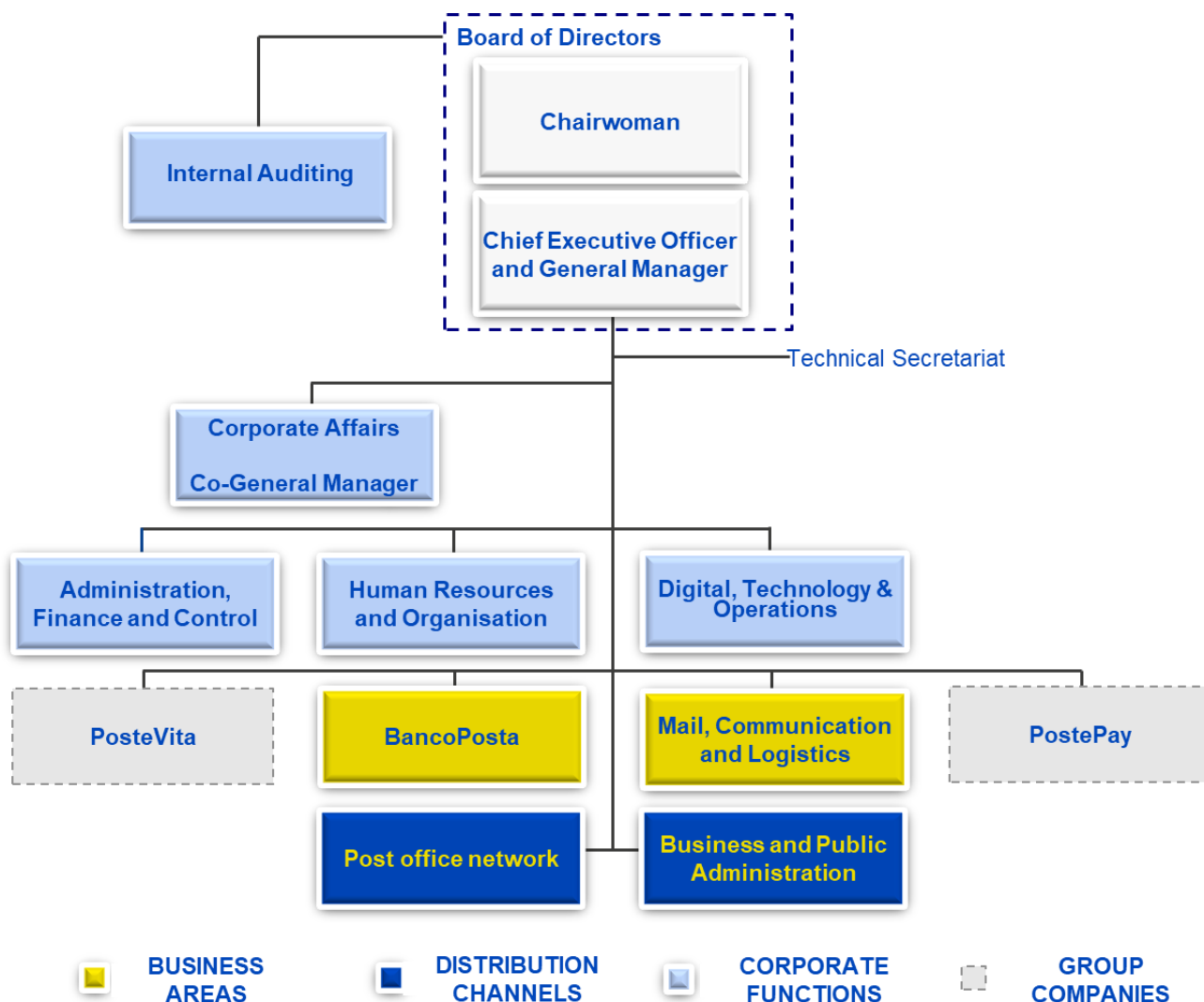
Floating equity profile

Geographical breakdown Institutional investors





Below is the organisational structure of Poste Italiane S.p.A.



The organisation of Poste Italiane S.p.A. envisages **business functions**<sup>1</sup> specialising in the main areas of offer that cover the Group's 4 business sectors and **two commercial channels** responsible for sales of products/services, which are supported by **corporate functions** of guidance, governance, control and provision of services in support of **business processes**.

With particular reference to the latter, the **Corporate Affairs** function plays a fundamental role of guidance and cohesion of the corporate structure; moreover, in May 2020, the Head of Corporate Affairs was assigned the role and office of **Co-General Manager**.

During the first quarter of 2021, the **Human Resources and Organisation** functions previously operating at BancoPosta and Group companies (Postel, SDA, Poste Air Cargo, EGI, PostePay and PosteVita Group) were

<sup>1</sup> These are the Mail, Communication and Logistics functions for the offer of mail and parcels and BancoPosta as placement intermediary for the financial and insurance offer. The other two business areas are covered by PostePay for the payments and telephony offering and by Poste Vita Group for the insurance range.

centralised at Poste Italiane, with the aim of recomposing the Human Resources professional family within a single organisational structure.

In addition, in line with the "2024 Sustain & Innovate" Business Plan (hereinafter "24SI"), the organisational structure of the BancoPosta function has been redefined with a view to creating a "customer-centric" model aimed at maximising understanding of customer needs and optimising the customer experience, expanding the range of financial and insurance services and innovating the related delivery processes, thus contributing to the evolution of the Group's omni-channel model.

### 3.2 MANAGEMENT AND SUPERVISORY BODIES



Poste Italiane's corporate governance system, i.e. the administration and control system designed to ensure the effective management of the company, is essentially oriented towards creating value for shareholders in the medium to long term, taking into account the interests of other stakeholders, also in view of the social importance of the activities carried out.

In 2015, with a view to listing on the stock exchange, the company adapted its governance structure to comply with the law, the relevant CONSOB regulations, the principles and recommendations contained in the Corporate Governance Code for listed companies<sup>2</sup> and international best practices in this area.

The governance model of Poste Italiane, is "traditional", i.e. characterised by the dichotomy between the Board of Directors and the Board of Statutory Auditors. In particular, the Board of Directors in office was elected by the Annual General Meeting of Shareholders held on 15 May 2020 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2022.

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<sup>2</sup> In this regard, in December 2020, the company also aligned its governance structure with the recommendations of the new Corporate Governance Code.

Board of Directors <sup>(1)</sup>	
Chairwoman	Maria Bianca Farina
Chief Executive Officer and General Manager	Matteo Del Fante
Directors	Giovanni Azzone Bernardo De Stasio Daniela Favrin Davide Iacovoni Mimi Kung Elisabetta Lunati Roberto Rossi

Control and Risk Committee <sup>(2)</sup>	Remuneration Committee <sup>(2)</sup>	Appointments and Corporate Governance Committee <sup>(2)</sup>	Related and Connected Parties Committee <sup>(2)</sup>	Sustainability Committee <sup>(2)</sup>
Bernardo De Stasio (Chair) Davide Iacovoni Roberto Rossi	Giovanni Azzone (Chair) Daniela Favrin Elisabetta Lunati	Bernardo De Stasio (Chair) Giovanni Azzone Mimi Kung	Elisabetta Lunati (Chair) Bernardo De Stasio Mimi Kung	Daniela Favrin (Chair) Davide Iacovoni Roberto Rossi

Board of Statutory Auditors <sup>(3)</sup>	
Chairman	Mauro Lonardo
Statutory auditors	Luigi Borrè Anna Rosa Adiatori
Alternate auditors	Alberto De Nigro Maria Francesca Talamonti Antonio Santi

Supervisory Board <sup>(4)</sup>	
Chairman	Carlo Longari
Members	Paolo Casati <sup>(5)</sup> Massimo Lauro

Magistrate appointed by the Italian Court of Auditors to audit Poste Italiane	Piergiorgio Della Ventura <sup>(6)</sup>
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Independent auditors	Deloitte&Touche SpA <sup>(7)</sup>
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(1) The Board of Directors was elected by the Annual General Meeting held on 15 May 2020 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2022. Following the Board of Directors' resolution of 10 June 2020, the Co-General Manager and Head of Corporate Affairs participates in Board meetings without voting rights.

(2) Committee members were appointed by the Board of Directors' meeting of 15 May 2020.

(3) The Board of Statutory Auditors was elected by the Annual General Meeting of 28 May 2019 to serve for a period of three years and will remain in office until the General Meeting's approval of the financial statements for the year ended 31 December 2021.

(4) The Supervisory Board was appointed by the Board of Directors' meeting of 30 July 2019 for a three-year term and will remain in office until 30 July 2022.

(5) The only internal member, Head of Poste Italiane SpA's Internal Auditing.

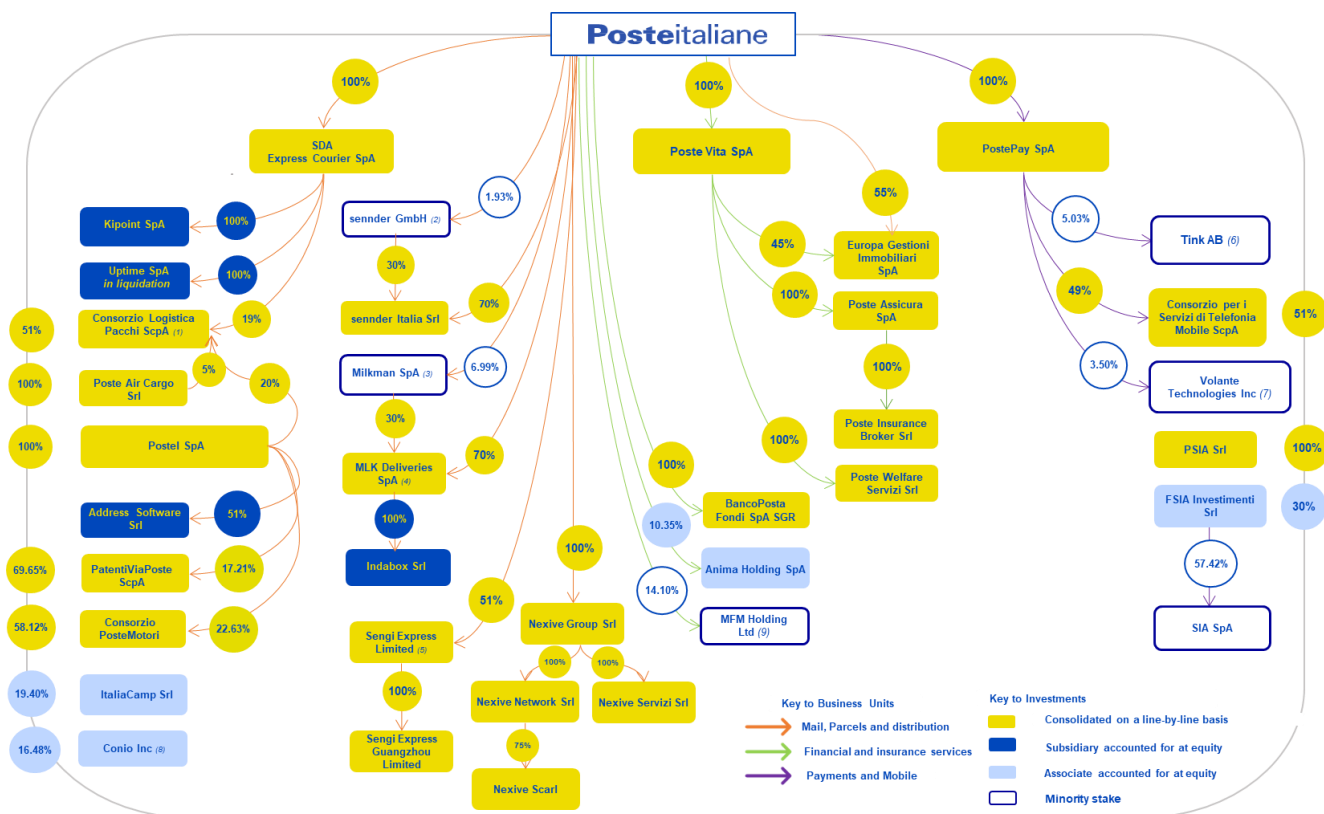
(6) Assigned by the Court of Auditors with effect from 1 January 2020.

(7) Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the Annual General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

### 3.3 GROUP STRUCTURE AT 30 JUNE 2021



At 30 June 2021, the Group held, directly and indirectly, equity investments in 37 companies and consortia, of which 23 are consolidated on a line-by-line basis, 4 are subsidiaries and valued using the equity method, 4 are associates and valued using the equity method and 6 represent minority stakes.




(1) The remaining 5% of Consorzio Logistica Pacchi S.c.p.A. is held by Poste Assicura S.p.A.  
 (2) The investment in sennder GmbH fully diluted is equal to 1.74%  
 (3) The investment in Milkman S.p.A. fully diluted is equal to 6.34%  
 (4) The investment in MLK Deliveries S.p.A. fully diluted is equal to 68.49%  
 (5) The investment in Sengi Express Limited is equal to 51% of the shares with voting rights (40% of property rights).  
 (6) The investment in Tink AB fully diluted is equal to 4.73%  
 (7) The investment in Volante Technologies Inc. fully diluted is equal to 2.94%  
 (8) The investment in Conio Inc. fully diluted is equal to 14.50%  
 (9) The investment in MFM Holding Ltd is equal to 14.10% of the shares with voting rights (15.16% of property rights).

The following table describes the activities of the Group companies, including them within the respective Business Units described in further detail in the paragraph "Areas of operations and Organisation of the Group" to which reference is made for further information.

Company Name	Description
<b>SDA Express Courier S.p.A.</b>	This is the Group's operational company. It mainly carries out activities to serve the logistics processes. It also operates on the Express Courier market, providing customised solutions to handle any type of transport.
<b>Postel S.p.A.</b>	This company operates in communication services for businesses and the public administration, providing printing and delivery services, electronic document management solutions, direct marketing, e-procurement, IT services and website management (portals) for online payments.
<b>Poste Air Cargo S.r.l. (formerly Mistral Air S.r.l.)</b>	This company provides commercial air transport, cargo courier transport and insures, as the Group's sole provider, the air logistics in support of mail and parcel delivery.
<b>Consorzio PosteMotori</b>	This is a non-profit consortium that manages and reports on the payment of prices due by users for the proceedings for which the Transport Department of the Ministry of Infrastructure and Transport is competent (e.g. issue of "pink sheets", issue and renewal of copies of driving licences, registrations, MOTs, etc.)
<b>Consorzio Logistica Pacchi S.c.p.A.</b>	This consortium coordinates the activities of the consortium members (Poste Italiane, SDA, Postel and Poste Air Cargo, Poste Assicura) in transport overland and by air of postal effects, integrated logistics, printing and envelope filling, electronic document management, e-commerce, marketing and telemarketing.
<b>PatentiViaPoste S.c.p.A.</b>	Non-profit consortium that provides centralised printing services, the dispatch and delivery of new licences and copies of log books.
<b>Address Software S.r.l.</b>	This company develops, mainly for Postel S.p.A., application software packages for the processing of personal and territorial data (normalisation of addresses, data cleaning and geomarketing).
<b>Europa Gestioni Immobiliari S.p.A.</b>	This company manages and optimises Poste's real estate assets that are not instrumental; it carries out town planning and construction transformations, in order to assure the relative marketing (new leases and sales). It also operated on the electricity market as "wholesale" purchaser for the Poste Italiane Group until 31 December 2020.
<b>ItaliaCamp S.r.l.</b>	Organisation that develops social innovation processes with a positive impact for the country, creating connections between institutions, companies, associations and universities.
<b>Indabox S.r.l.</b>	This company develops IT and telematic systems offering logistics support to e-commerce, proposing to customers a collection service of parcels purchased online from authorised retailers.
<b>Kipoint S.p.A.</b>	Through a network of franchise stores, this company sells national and international deliveries, products and services. Following the stipulation of the contract with Grandi Stazioni, it also manages luggage deposits at major railway stations.
<b>Conio Inc.</b>	This US company based in San Francisco, California creates and offers innovative services in digital currencies. It controls 100% of Conio S.r.l., which is involved in the research, development and testing of results consisting of innovative electronic payment technological solutions (cryptocurrencies, bitcoins).
<b>sennder Italia S.r.l. (30% owned by sennder GmbH)</b>	The Company carries out national and international long-distance road transport activities. The business model is based on highly digitised processes and proprietary IT platforms, creating optimised management of processes and distances covered.
<b>MLK Deliveries S.p.A. (30% owned by Milkman S.p.A.)</b>	Company that carries out home delivery activities for e-commerce through innovative and technologically advanced delivery services, such as Scheduled Delivery, which allows customers to customise deliveries by choosing the date and time of receipt and Same Day (the same day on which the purchase is made) and to have a detailed tracking service. The Company exclusively uses the technology of Milkman S.p.A.
<b>Sengi Express Limited</b>	Company based in Hong Kong that deals with the creation and management of cross-border logistics solutions for Chinese e-commerce players active in the Italian market. It offers a complete range of services to Chinese e-commerce operators, tailored to the specific needs of individual merchants, with competitive commercial solutions for each stage of the logistics chain connecting China to Italy.
<b>Sengi Express Guangzhou Limited (100% owned by Sengi Express Limited)</b>	Operational company, based in China, of Sengi Express Limited to which it provides business support services (operations, IT services, back office, administrative services, etc.).
<b>Nexive Group S.r.l.</b>	Holding company of the Nexive Group (Nexive Network S.r.l., Nexive Servizi S.r.l., Nexive Scari).
<b>Nexive Servizi S.r.l. (100% owned by Nexive Group S.r.l.)</b>	Company active in the parcel delivery sector serving the e-commerce market and at the same time providing services to the other operating companies of the Nexive Group.
<b>Nexive Network S.r.l. (100% owned by Nexive Group S.r.l.)</b>	A company that provides postal delivery, printing and digital services.
<b>Nexive Scari (75% owned by Nexive Network S.r.l.)</b>	Consortium company that coordinates the activities of consortium members for postal delivery activities mainly for Public Administration customers, awarded through participation in public tenders.

MAIL, PARCELS  
AND DISTRIBUTION

 <p>FINANCIAL SERVICES</p>	<b>BancoPosta RFC</b>	On 14/04/2011, Poste Italiane S.p.A.'s General Meeting resolved to set up assets for BancoPosta business as governed by Presidential Decree 144 of 14 March 2001 and determined the assets and legal relations included therein and the rules of organisation, management and control. On 1 October 2018, the set of activities, assets, goods and legal relations constituting the electronic money and payment services business unit was contributed to an earmarked asset within the subsidiary PostePay S.p.A. in order to enable the latter to operate as an Electronic Money Institution (EMI). On 28 May 2021, Poste Italiane's extraordinary general meeting approved the removal of the restriction on the allocation of BancoPosta RFC inherent to the activities, assets and legal relationships that make up the so-called "Debit Business" in order to confer the latter in favour of PostePay S.p.A. effective 1 October 2021.
	<b>BancoPosta Fondi S.p.A. SGR</b>	Collective asset management company that operates through the establishment and management of mutual investment funds and the individual portfolio management service relative to institutional mandates assigned to the Group.
	<b>Anima Holding S.p.A.</b>	Investment holding company in the asset management sector. It controls 100% of Anima SGR, which, in turn, controls 100% of Anima Asset Management Ltd.
	<b>Moneyfarm Holding LTD</b>	Digital asset management company, specialised in ETF (Exchange Traded Funds) portfolios.
 <p>INSURANCE SERVICES</p>	<b>Poste Vita S.p.A.</b>	Insurance company that provides insurance and reinsurance in Life classes.
	<b>Poste Assicura S.p.A.</b>	Insurance company that provides personal protection (health and accident), property protection (home and assets) and credit protection (insurance of loans and mortgages from unforeseen events).
	<b>Poste Insurance Broker S.r.l.</b>	Insurance broker for the distribution and brokerage of insurance and reinsurance.
	<b>Poste Welfare Servizi S.r.l.</b>	Company that manages Supplementary Medical Funds, services for the acquisition and validation of databases, services and liquidation of services on behalf of private medical funds; it also supplies services for the management of Poste Vita Group health and welfare products.
 <p>PAYMENTS AND MOBILE</p>	<b>PostePay S.p.A.</b>	A company that integrates electronic money and payment services, acting as an Electronic Money Institution (EMI) and Mobile Virtual Network Operator (MVNO) with the PosteMobile brand.
	<b>Consorzio per i Servizi di Telefonia Mobile S.c.p.A.</b>	Consortium for the supply of services relating to the "Electronic Postman" platform, mobile telephony and integrating messaging services (device info services connected with financial instruments) exclusively for Poste Italiane. As of 1 October 2020, the provision of services relating to the "Electronic Postman" platform has been transferred to Poste Italiane S.p.A.
	<b>Fsia Investimenti S.r.l.</b>	Holding company that holds 57.42% of SIA S.p.A., a company that manages infrastructures and provides technological services in the areas of payments, electronic money, network services and capital markets.
	<b>Tink AB</b>	Swedish company accredited as a PSD2 operator with the FSA (Financial Supervisory Authority) and present in more than 10 European countries (including Italy). It is one of the main open banking platforms and provides banks and financial institutions with technological solutions in a PSD2 perspective.
	<b>Volante Technologies Inc</b>	American company specialising in the development of technological solutions underlying the payment and financial messaging processes on cloud and on-premise for the acceleration of digital transformation and the modernisation of financial services.
	<b>PSIA S.r.l.</b>	The purpose of the company is to carry out the following activities: holding and management of shareholdings; financing and technical and financial coordination of companies or entities in which it has an interest, even indirectly, also through the provision of administrative, financial, commercial and technical services, including any other activity that is instrumental, useful or related to the above.

## CORPORATE ACTIONS DURING THE PERIOD

 <p><b>MAIL, PARCELS AND DISTRIBUTION</b></p>	<p><b>sennder GmbH</b> <b>sennder Italia</b></p>	<p>In January 2021, Poste Italiane took part in a capital increase promoted by sennder GmbH, investing €7.5 million and increasing its holding in the German company to 2.0% (1.8% on a fully diluted basis). In addition, sennder GmbH, consistent with previously signed agreements, in May 2021 carried out the follow up of the capital increase described above reaching a total valuation in excess of €1 billion. As a result of the new capital increase, Poste Italiane's interest in the company went to 1.9% (1.7% on a fully diluted basis).</p> <p>Moreover, it should be noted that, following the achievement by sennder Italia of all the financial and operating KPIs established in the agreements between Poste Italiane and sennder GmbH, following approval of the financial statements for the year ended 31 December 2020 by the General Meeting, in April 2021, a capital increase was carried out at nominal value reserved for sennder GmbH, which increased the interest held in sennder Italia by 5% (from the current 25% to 30%). Following this increase, Poste Italiane's direct stake in sennder Italia went from 75% to 70%.</p>
 <p><b>MAIL, PARCELS AND DISTRIBUTION</b></p>	<p><b>Nexive Group</b> <b>S.r.l.</b></p>	<p>On 16 November 2020, Poste Italiane signed a preliminary agreement with the Dutch company PostNL European Mail Holdings B.V. (hereinafter referred to as "PostNL") and the German company Mutares Holding - 32 GmbH (hereinafter referred to as "Mutares Holding"), for the purchase of the entire share capital of Nexive Group S.r.l. (hereinafter "Nexive").</p> <div data-bbox="1230 1272 1513 1391" style="background-color: #ffff00; padding: 5px; text-align: center;"> <p><b>Nexive Group</b> acquired on 29 January 2021</p> </div> <p>On 29 January 2021, the transaction was completed and Poste Italiane acquired the entire share capital of Nexive from PostNL and Mutares Holding at a price of €34.4 million, based on an enterprise value of €50 million and net debt of €15.6 million.</p> <p>Following the price adjustment provided for in the contractual agreements, the final consideration amounted to €30.7 million.</p> <p>The acquisition will allow Poste Italiane to take advantage of potential economies of scale from the consolidation of Nexive operations, improving the level of service for customers of both companies.</p> <p><i>Continued</i></p>



**MAIL, PARCELS  
AND DISTRIBUTION**

**Nexive Group  
S.r.l.**

*Continued*

The transaction was carried out pursuant to article 75 of Law Decree no. 104 of 14 August 2020 (converted into Law no. 126 of 13 October 2020), which provides that certain concentration transactions shall be considered authorised upon indication to the Antitrust Authority (AGCM) of suitable measures to prevent the risk of imposition of prices or other contractual conditions that could be costly for the user as a result of the transaction.

The acquisition was authorised by the AGCM, which prescribed a number of behavioural measures for Poste Italiane. The company sent its first half-year report following the closing in January 2021 on compliance with the prescribed measures.

A second half-year report and subsequent annual reports are due.

The process of integrating Nexive, aimed at achieving the above-mentioned synergies with the Poste Italiane Group, makes it necessary to reorganise the Group's legal entities with the aim of arriving at a gradual corporate structure that envisages an "Operating Company" focused on the management and coordination of the so-called "Third Network" set up by the current external delivery partners of Nexive and used to support the "last mile" phase of the delivery process for small postal products and parcels.

In this regard, Poste Italiane's Board of Directors on 11 May 2021 authorised the corporate reorganisation of the Nexive Group.

In particular, the merger and demerger projects relating to the corporate reorganisation operation were approved, which will be divided into the following steps:

- Merger by incorporation of Nexive Group and Nexive Servizi into Poste Italiane;
- Partial demerger of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel S.p.A., a company also wholly and directly controlled by Poste Italiane, as regards the printing business.

*Continued*





**Nexive Group  
S.r.l.**

*Continued*

The plans for the merger and demerger were also approved on 11 May 2021 by the Boards of Directors of Nexive Group, Nexive Servizi, Nexive Network and Postel, to the extent of their respective responsibilities. Final approval by Poste Italiane's Board of Directors, Postel's Extraordinary General Meeting and Nexive Group's General Meetings, Nexive Network and Nexive Servizi took place on 24 June 2021.

The transaction, which provides for application of the simplifications envisaged by the regulations for the demerger and merger of wholly owned companies, will take effect from 1 October 2021 and will not entail the issue of new shares or the allocation of shares in Poste Italiane, the sole shareholder of all the companies involved in the above mergers and demergers.



**Sengi Express  
Limited**

On 19 January 2021, Poste Italiane and Cloud Seven Holding Limited signed a binding framework agreement aimed at strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provides for the acquisition by Poste Italiane of 51% of the voting capital (40% of the total capital) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market.

**Sengi Express, the first  
foreign company consolidated  
in the Poste Italiane Group**

The transaction is part of the development of the international B2C parcels business, a key element of the transformation strategy within Poste Italiane's Mail, Parcels and Distribution division, which exploits the exponential growth opportunities of e-commerce.

The closing of the transaction was completed on 1 March 2021.




**FINANCIAL SERVICES**

**BNL Finance**

On 23 December 2020, Poste Italiane and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans secured by the assignment of one-fifth of salary or pensions ("CQ Credits") through the acquisition of a 40% equity investment in BNL Finance, a BNL Gruppo BNP Paribas company that is a leader in the CQ Credits market. The closing of the transaction was completed on 1 July 2021 following the authorisations received from the Supervisory Authorities and the completion of the demerger by BNL Finance in favour of its parent, BNL S.p.A., of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.

Also with effect from 1 July 2021, BNL Finance S.p.A. changed its name to **Financit S.p.A.**

Financit, as the product manufacturer, distributes its CQ Credits through the post office network on the basis of a ten-year commercial agreement with Poste Italiane - BancoPosta RFC, in continuity with the existing commercial agreement before transaction closing.



**PAYMENTS AND MOBILE**

**Tink AB**

On 23 June 2021, PostePay S.p.A.'s Board of Directors approved the signing of binding agreements for the sale of the interest held by PostePay S.p.A. in Tink AB, a fintech operator specialising in open banking technology solutions, for a consideration of approximately €77 million, as part of the announced sale of 100% of Tink AB to Visa Open Connect Limited, a Visa Group company. The transaction was agreed on the basis of an enterprise value valuation of Tink AB of €1.8 billion.

It is recalled that PostePay S.p.A.'s total investment in Tink amounted to €22.1 million, representing a 4.7% interest in the company on a fully diluted basis.

The Poste Italiane Group will continue to collaborate with Tink through the existing partnership focused on expanding the Group's digital service offering.

The closing of the transaction is subject to the approval of the supervisory and antitrust authorities.

### Other intra-group transactions

After obtaining all the authorisations required by law, Poste Italiane's Extraordinary General Meeting was held on 28 May 2021, which approved the removal of the restriction on the allocation of BancoPosta RFC regarding assets and legal relations constituting the **"Debit Business"**. The transaction is aimed at completing the process of centralising e-money services at the Electronic Money Institution (EMI) PostePay S.p.A., via the transfer of the "Debit Business" to the latter, as well as making the debit cards linked to BancoPosta accounts a PostePay S.p.A. product. BancoPosta account holders will be able to access the full functionality of the Postepay payment/cash collection ecosystem, thanks to integration of the functions of the BancoPosta debit card, without this entailing any changes to the product's economic conditions for customers. The deed of contribution of the Debit Business by Poste Italiane to Postepay S.p.A. will be formalised by September 2021 and will be effective from 1 October 2021, taking account of the 60-day period for creditor objections, which runs from the date on which the Poste Italiane shareholders' resolution is recorded in the Companies Register.

With a notarial deed dated 30 March 2021, Poste Italiane S.p.A., sold 100% of its interest in Indabox S.r.l. to MLK Deliveries S.p.A., a company 70% owned by Poste Italiane S.p.A. and 30% owned by Milkman Tech S.p.A.. The transaction - effective from 1 April 2021 - is aimed at bringing under a single government two initiatives that, in a complementary manner, are based on the same target, with a focus on last mile services and with interesting potential synergies, also in terms of further optimisation of the customer experience.

With a view to accelerating the implementation of the organisational/commercial model according to which MLK Deliveries S.p.A. would cover the role of Operating Company in the parcel business, on 30 June 2021, the MLK Deliveries S.p.A.'s General Meeting approved the sale of the **business unit "Business Parcel B2C"** and all related commercial activities in favour of Poste Italiane S.p.A.. The sale took effect on 1 July 2021, with Poste Italiane taking over all the assets, shares, rights and obligations currently held by MLK Deliveries S.p.A..

As part of a wider process of streamlining the efficiency of the Poste Italiane Group's information communication technology processes, by centralising the management of the subsidiaries' information systems at the Parent Company, the sale of **Postel S.p.A.'s ICT business unit** to Poste Italiane S.p.A. was completed. The transaction, which was approved by Postel's Board of Directors on 24 June 2021, was formalised by notarial deed on 25 June 2021 and took effect on 1 July 2021.

### Other transactions

On 21 June 2021, SIA's Extraordinary General Meeting approved the plan for the **merger by incorporation of SIA S.p.A. into Nexi S.p.A.** on the basis of the binding agreements that followed the signing of the memorandum of understanding on 5 October 2020. The closing of the merger is subject to the fulfilment of

certain standard conditions precedent for transactions of this type, including the obtaining of the relevant authorisations, including from the relevant Antitrust Authority.

In addition, on 15 November 2020, Nexi announced that it had entered into a binding agreement with **Nets** to merge the two groups. Upon completion of the two transactions, the new group formed by the combination of Nexi and Nets will be one of Europe's leading companies.

At 30 June 2021, Poste Italiane holds an indirect interest of 17.22% in SIA through its 30% interest in FSIA, the latter valued at equity in the Group's consolidated financial statements and recognised at approximately €405 million.

In accordance with the agreements between the parties, on 9 June 2021, a resolution was passed regarding the **demerger of FSIA**, which will be carried out via the transfer of assets representing 30% of FSIA, including a 17.2% interest in SIA and the shareholders' loan of € 20.7 million granted by Poste to FSIA, in favour of **PSIA S.r.l.**, a newly established company wholly owned by Poste Italiane S.p.A.. At the end of the demerger, therefore, FSI will remain the sole shareholder of FSIA, which will have as its sole asset a 40.2% interest in the share capital of SIA prior to the Nexi-SIA Merger, and Poste Italiane S.p.A. will be the sole shareholder of PSIA S.r.l., which will also have as its sole asset the 17.2% interest in the share capital of SIA prior to the Nexi-SIA Merger.

Lastly, on completion of the demerger of FSIA and the above-mentioned mergers, Poste Italiane S.p.A. will hold a direct interest of 3.6% in the new group Nexi-SIA-Nets (5.2% in the case of completion of the merger of SIA into Nexi alone).

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements to acquire 40% of the share capital of **Eurizon Capital Real Asset SGR S.p.A. ("ECRA")**, a company specialising in investments in support of the real economy controlled by Eurizon, which currently has assets under management of approximately €3.4 billion. Poste Vita will also entrust ECRA with a mandate worth €2.5 billion, thus gaining access to a global platform that will enable it to develop an integrated management model over the entire life cycle of the investment. The transaction is expected to close by the end of 2021, once the regulatory authorities have given their approval. It should be noted that upon completion of the transaction ECRA will continue to be controlled and consolidated by Eurizon.

On 29 July 2021, following authorisation from the Bank of Italy, Poste Italiane subscribed a capital increase in **Replica SIM S.p.A. ("Replica" or the "SIM")** becoming the owner of 45% of the company's capital. Replica operates in the brokerage sector on its own and on behalf of third parties and in asset management as an investment manager and execution broker for the management of some investment funds. The funds deriving from the capital increase will allow the SIM to operate in the MTS institutional market (Electronic Market for Government Securities).

## 3.4 AREAS OF OPERATIONS AND ORGANISATION OF THE GROUP



[OVERVIEW](#)

[OMNI-CHANNEL COMMERCIAL STRATEGY](#)

[ORGANISATION OF THE LOGISTICS NETWORK](#)

[MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

### 3.4.1 OVERVIEW



In line with the strategic guidelines set out in the "24SI" Business Plan, the Group's activities are divided into four Strategic Business Units (also referred to as operating segments in Poste Italiane's financial statements): Mail, Parcels and Distribution; Financial Services; Insurance Services and Payments and Mobile.

## Strategic Business Units

### Mail, Parcels and Distribution

In addition to its mail and parcel handling activities, the SBU also includes those relating to the sales network, post offices and the corporate functions of Poste Italiane S.p.A., which also support the other sectors of the Group.

### Financial Services

The SBU is engaged in the placement and distribution of financial and insurance services such as current accounts, postal savings products (on behalf of Cassa Depositi e Prestiti), mutual funds, loans provided by partner banks and policies.

### Insurance Services

The SBU refers to activities involving the issuance of Life and P&C insurance products and Welfare services.

### Payments and Mobile

The SBU includes the activities of payment management, card payment services and mobile and fixed-line telephone services by PostePay S.p.A.



### 3.4.2 OMNI-CHANNEL COMMERCIAL STRATEGY

The digital transformation undertaken by Poste Italiane in recent years has involved not only its own offer, but also the distribution model which, through an omni-channel strategy, guarantees the Company the possibility to provide services in an agile manner and in step with the needs of its customers.

The pandemic encouraged the acceleration of the transition to the new operating model, enabling the Company to respond quickly to changes in the market by leveraging its digital platforms that exploit the opportunities arising from technological innovation to create new personalised products and services and by opening up additional channels of communication with its customers, capable of offering a "seamless" and inclusive experience in line with their needs by Group companies.

The Group's integrated multi-channel platform provides for the monitoring of customers through 3 channels:

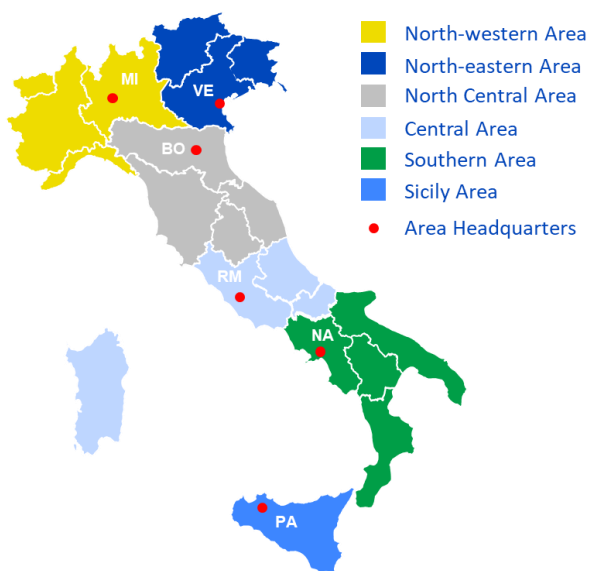
- the physical network of Post Offices flanked by a commercial network specialising in business customers;
- a digital infrastructure made up of all the Group's digital properties, capable of serving the entire national population;
- third-party networks, consisting of over 37 thousand retail outlets and the result of commercial partnership agreements for the marketing of Group products and services.

The customer physical contact channels are managed by two Poste Italiane's functions dedicated to the sale of products and services and specialised by type of customer: Post Office Network and Business and Public Administration. Additional organisational guidance is provided by Group companies to support commercial development.

#### PHYSICAL COMMERCIAL NETWORK - POST OFFICE NETWORK

The Post Office Network function manages the commercial front end for the retail segment and is in charge of Macro Area offices, Branches and Post Offices covering the entire country.

##### MACRO AREAS POST OFFICE NETWORK



##### GEOGRAPHICAL DISTRIBUTION OF POST OFFICES AND BRANCHES



## PHYSICAL COMMERCIAL NETWORK - BUSINESS AND PUBLIC ADMINISTRATION

The Business and Public Administration function of Poste Italiane guarantees the commercial supervision and sale of the Group's products and services for businesses and the Central and Local Public Administration.

The organisation of the sales force guarantees territorial coverage focused by product sector, through:

- 3 Sales Macro Areas (Lombardy North West, Central North and North East, Central South), with exclusive commercial responsibility for mail and communication revenue and commercial support for the specialist sales force;
- 2 Sales areas dedicated to the commercial management of products/services of logistics and parcels and specialised by industry (1. Health&Beauty, Electronics and Informatics, Other Sectors; 2. Food&Grocery&Pet, Homeliving&Fashion, Platform&Solution Players);
- 1 Commercial area specialising in the offer of financial and insurance products for large business customers and Public Administration;
- 1 Commercial area for Central and Local Public Administration related to Metropolitan Regions and Cities;
- 1 POE (Small Economic Operators) sales area, which guarantees the integration of the sales force dedicated to the Small Business segment to enable the development of a new service model carried out both with the use of direct salespeople specialising in the product and through the use of telesales salespeople<sup>3</sup>.

## MACRO AREAS BUSINESS AND PUBLIC ADMINISTRATION








<sup>3</sup> Salespeople responsible for telephone sales of parcel products.

## DIGITAL WEB CHANNELS AND APPS

Outside post offices, the Group's services are provided via digital channels (Poste.it website and app), the use of which continued to grow steadily during the first half of the year, despite the gradual easing of restrictions linked to the health emergency.

During the half-year, the Group worked to strengthen the digital sales channel, optimising the "one click to buy" purchasing process and expanding the range of products and services that can be purchased directly through the web.

The Group's Digital Properties are as follows:

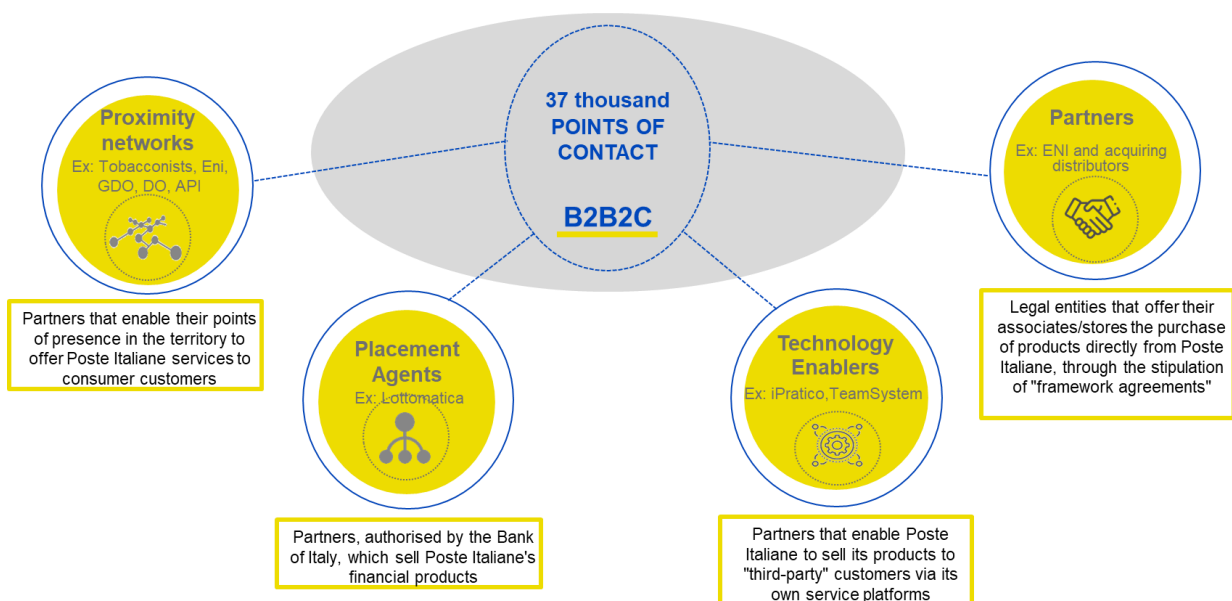
- BancoPosta App; 
- PostePay App; 
- Post Office App; 
- PosteID App; 
- Website. 

For further details on the performance of the first half of 2021 of the digital channels, please refer to the chapter "Digital Properties, Third-party networks and Main KPIs".

## THIRD-PARTY NETWORKS

Third-party networks play a crucial role in the Group's omni-channel strategy. They have been strengthened to provide Poste Italiane customers with a valid alternative to its own networks for access to transactional services, and have become particularly significant in the context of the ongoing health emergency. The objective is to create an **Ecosystem Platform** for the integration of the Group's products with new third-party distribution channels and to use third-party services within the Group's commercial offerings, also introducing innovative services with high added value.

Poste Italiane has affiliated a wide network of contact points using different types of agreements with partners:







### 3.4.3 ORGANISATION OF THE LOGISTICS NETWORK

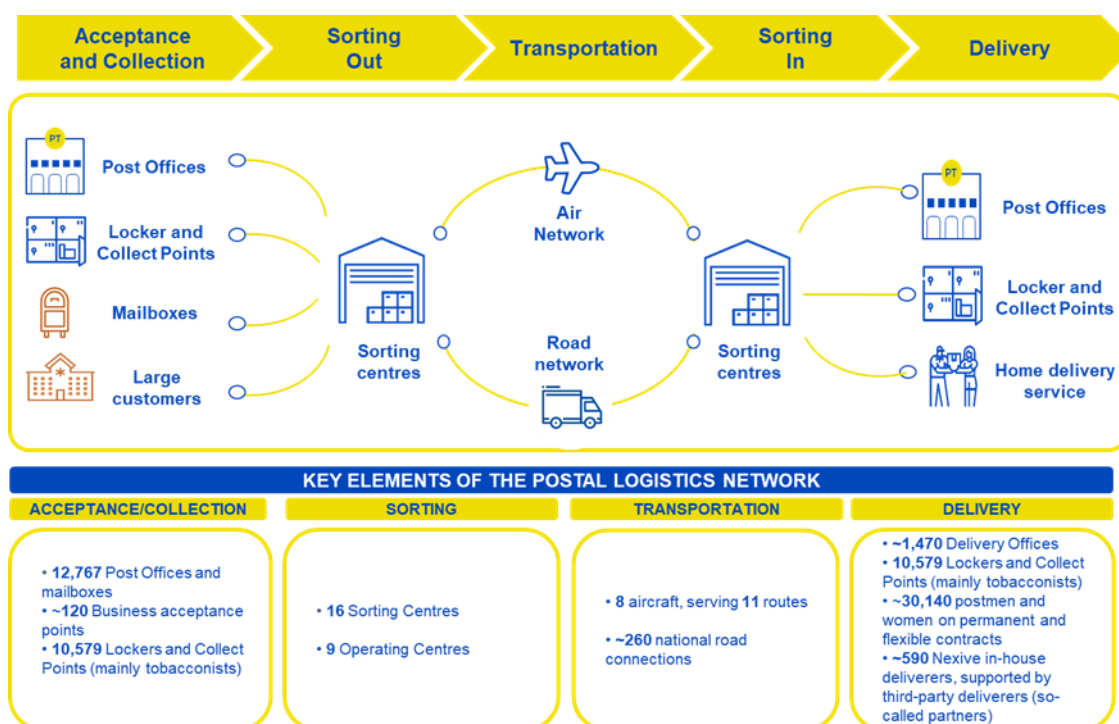
The Group's mail and parcel services are provided through two integrated and synergistic logistics networks: the **postal logistics network** for the management of mail, now evolved also to allow the management of small parcels and the **parcel logistics network** able to handle all types of parcel.

The integration between the two networks was strengthened in 2020 by increasing the interchange of small parcel volumes between the two networks (carriable parcels, i.e. under 5 kilos) using cost-effectiveness as distinguishing factor. The delivery of these products in Italy can be carried out indistinctly by the postal and parcel logistics network according to a dynamic approach, aimed at maximising efficiency for each area.

In addition to the two existing delivery networks (letter carriers and SDA couriers), a third "last mile" network was added in 2020, operated by MLK Deliveries and focused mainly on parcel deliveries with value-added services (Same Day Delivery and Scheduled Delivery). With the acquisition of the Nexive Group in the first quarter of 2021, a fourth delivery network has been added, which will be progressively focused on the delivery of parcels and mail primarily by signature.

#### POSTAL LOGISTICS NETWORK ACTIVITIES

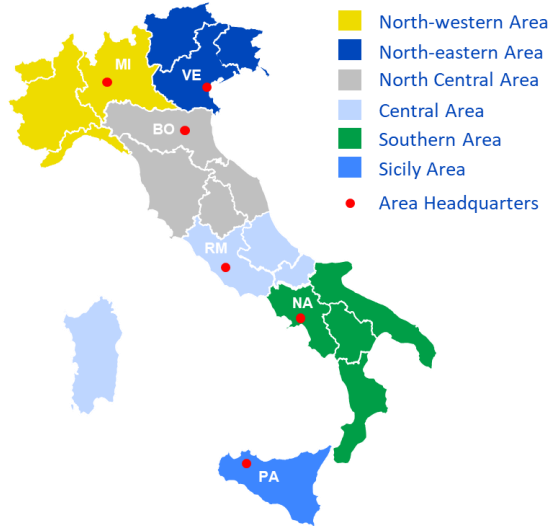
The postal logistics network accepts, sorts and delivers mail products and small parcels (carriable parcels). The following chart provides an overview of the postal logistics network value chain and the main quantitative drivers.



The organisational model for the postal logistics network consists of 6 Logistics Macro Areas which, coordinated centrally, internally handle all stages of the value chain: acceptance and collection, outbound sorting, transport,

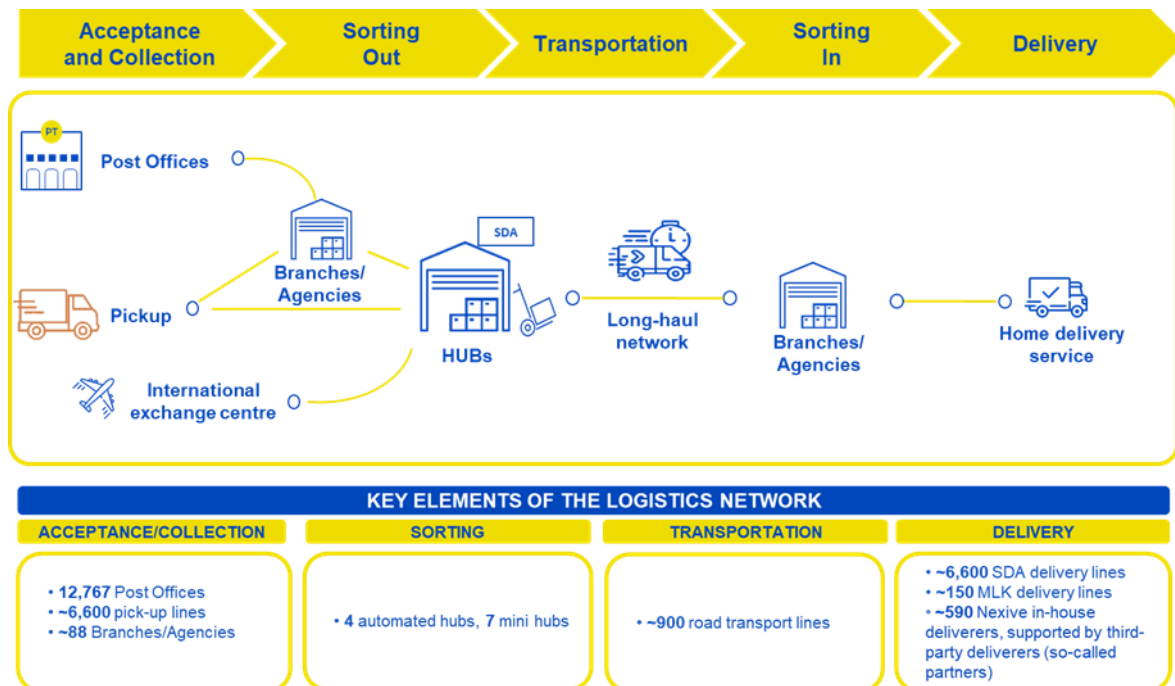
inbound sorting and delivery. At the same time, this model makes it possible to have a single management system for the entire territory and to be able to adapt it to each specific situation with targeted interventions.

The model's macro areas are shown below.



### PARCEL LOGISTICS NETWORK ACTIVITIES

Large or non-carriable parcels and express courier products are delivered via the network of the subsidiaries, SDA Express Courier, MLK Deliveries and Nexive. The logistics flow is shown below.



### 3.4.4 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT



**2024 Sustain & Innovate Strategy**

**Mail, Parcels and Distribution**

Key logistics player for a sustainable business, accelerating the transition to the growing parcel market

- Evolution of the logistics network
- B2C market leadership
- Growth in C2X and B2B markets

#### Market context

During the first half of 2021, the international scenario recorded a progressive recovery, distributed in a differentiated manner among countries and productive sectors, in relation to the progress of vaccination campaigns and the relative re-openings.

Given the improved scenario, the May 2021 Organisation for Economic Co-operation and Development (OECD) forecasts for global growth have been updated upwards, predicting an increase of 5.8% for the current year, compared to 4.2%, estimated in December<sup>4</sup>; the International Monetary Fund in its April 2021 World Economic Outlook had already revised up the forecasts, assuming a 6% growth<sup>5</sup>.

In the first quarter of 2021, Eurozone GDP recorded a slight contraction (-0.3%) conditioned by the new restrictive measures related to the evolution of contagions in the various countries; only Italy bucked the trend, with a recovery that began in February 2021. In the second quarter of 2021, very positive signals are emerging from the climate of confidence of economic operators in the main European countries: the European Commission's synthetic index<sup>6</sup> in June 2021 recorded the highest levels in recent years. All the main European countries have values above their historical average and in some cases, such as Italy, have exceeded the level before the first pandemic wave. The removal of mobility restrictions pushed the Markit PMI index of service sector activity to 58.3 points, a level not reached since 2007.

The Italian economy showed signs of recovery already in the first quarter of 2021, recording a 0.1% growth in GDP compared to the previous three months<sup>7</sup>. This gave an acquired change in GDP for the full year of 2.6%<sup>8</sup>. Growth was sustained by the push of the domestic component, fuelled by the recovery of investments and the new positive contribution of inventories<sup>9</sup>. The gradual easing of anti Covid-19 restrictions from April 2021 has also allowed the services sector to show the first signs of recovery. Italy's growth forecasts for 2021, although conditioned by the progress of the vaccination campaign and the effectiveness of support policies, envisage growth above 4.1% as estimated by the government in the Economic and Financial Document (DEF), approved in April 2021<sup>10</sup>. For the current year, the Monetary Fund has estimated a GDP growth of 4.3%<sup>11</sup>, Istat has

<sup>4</sup> OECD - Economic Outlook, May 2021

<sup>5</sup> World Economic Outlook - Managing Divergent Recoveries - April 2021

<sup>6</sup> ESI - Economic sentiment indicator

<sup>7</sup> ISTAT - Quarterly economic accounts - 1 June 2021

<sup>8</sup> The acquired change is the change that would be obtained if there were no growth in the quarters following the current one

<sup>9</sup> Il Sole 24 ore - GDP: first quarter positive at +0.1%. In the first 4 months, 120 thousand more employed - 1 June 2021

<sup>10</sup> Ministry of Economy and Finance - Economic and Financial Document - Stability Programme

<sup>11</sup> International Monetary Fund - IMF Executive Board Concludes the 2021 Article IV Consultation with Italy - 3 June 2021

indicated a growth of 4.7%<sup>12</sup> and the Bank of Italy has estimated a possible increase between 4.9% and 5%<sup>13</sup>. Consumer inflation in the first half of 2021 rose by 1.3%. The upward pressure on the trend value came mainly from the growth in energy prices (from 9.8% to 13.8% y/y), due to a particularly favourable base effect. The trend is expected to continue in the coming months, with manufacturing companies likely to start passing on higher production costs to end consumers.

With particular reference to the [postal services market](#), it is going through a phase of radical change, primarily linked to the digital transformation, which has influenced the volume of letters and parcels in circulation. The ongoing structural decline in traditional mail, replaced with digital forms of communication (e-mail, instant messaging, etc.) is accompanied by a significant increase in the volume of parcels shipped.

E-Commerce confirmed as the key driver of growth in the parcels segment, mainly for light and low-value items<sup>14</sup>. Specifically, in Italy, there was a volume of parcels per capita of 6 units in the year 2020<sup>15</sup>, up compared to 4 units in 2019.

Moreover, the percentage of retail purchases made online went from 4% in 2015 to over 7% in 2019, reaching about 9%<sup>16</sup> in 2020), with additional growth margins compared with the double-digit growth rates registered in the main European countries. Poste Italiane is now one of the leading operators in the sector with a market share (B2C - Business to Consumer) that went from 30% in 2017 to 37%<sup>17</sup> in 2020.

In Italy, as in the rest of the world, in 2020, there was an even more significant decline in mail with historical trends due to the lockdown caused by the health emergency, which provoked a general slowdown in the Italian economy.

With reference to the parcels sector, the pandemic, as a result of the change in buying habits of Italians, has generated an acceleration of the growth trends also foreseen in the new 24SI Business Plan.

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<sup>12</sup> ISTAT - The outlook for the Italian economy in 2021/2022 - 4 June 2021

<sup>13</sup> Bank of Italy - Macroeconomic projections for the Italian economy - 11 June 2021

<sup>14</sup> Source: Report IPC and other postal/logistics operators.

<sup>15</sup> Source: Internal processing on historical data and forecasts, Cerved Databank, Netcomm Cerved Databank, Netcomm.

<sup>16</sup> Source: Osservatorio eCommerce B2C - Politecnico Milano/Netcomm data.

<sup>17</sup> Source: Internal processing based on Cerved Databank, Netcomm data.

## Regulatory context

### Expense of the Universal Postal Service

On **30 December 2019**, the Parties signed the new **Contratto di Programma (Service Contract) for the years 2020-2024**; it is effective from 1 January 2020 to 31 December 2024.

On **1 December 2020**, the **European Commission approved the compensation** for public service obligations provided for in the 2020-2024 Service Contract in the amount of **€262 million per year**. The compensation system for the public service obligations undertaken by the Company was deemed to be fully compliant with the applicable EU rules on State aid.

On 1 July 2021, **AGCom Resolution 199/21/CONS** was published, concluding the procedure to verify the **net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019**. In particular, the burden of the universal postal service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established.

### Publishing tariff subsidies

The **2020 Budget Law** (Law no. 160 of 27 December 2019) redefined the appropriations for reimbursement, providing for a value of €53.1 million for 2020, **€53.2 million for 2021 and €52.5 million for 2022**.

The **2021 Budget Law** (Law no. 178 of 30 December 2020) provided an allocation of **€52.5 million for 2023**.

**Law Decree no. 162 of 30 December 2019** - as converted by Law no. 8 of 28 February 2020 - ordered that reimbursements of publisher tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

In August 2020, the **procedure was initiated for pre-notification of the Service of General Economic Interest (SGEI)** to the Commission for the period 2020-2026.

## Evolution of the regulatory scenario

### Competition in the parcel delivery market

**AGCom resolution 212/20/CONS of 1 July 2020 ("Interim report")**: the Authority initiated the procedure to identify the relevant markets for parcel delivery services and to assess the relative level of competitiveness. The resolution highlights a predominant role for Poste Italiane in the C2X\* market, which nevertheless has a marginal impact on the overall parcel market. The analysis represents an intermediate step in the procedure, the final deadline of which (previously 31 December 2020) was extended with **Resolution 47/21/CONS** to 27 September 2021. In this procedural phase, further investigations are underway also aimed at identifying any regulatory remedies for operators with significant market power in one or more of the relevant markets identified.

On 18 September 2020, AGCom also sent to the Company a request for information, stating that all clarifications must be provided concerning postal items with a thickness of more than 20 mm and a weight of no more than 31.5 kg. Poste Italiane sent a notice on 22 October 2020 stating that the European Parcel Regulation applies only to international items; the definitions of the Postal Directives remain unchanged with respect to other types of items. There is therefore no obligation to apply these definitions to "domestic" delivery services at present. In addition, national legislation and regulations in the sector rule out in principle the possibility of mail being used to send objects. On 20 May 2021, AGCom sent a further request, asking for an update to 2020 of the information already requested for previous years.

\*The C2X market identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

### Mail: Identification of relevant markets

**AGCom Resolution 589/20/CONS of 25 November 2020**: the first phase of market analysis was concluded, in which AGCom approved the definition of the relevant markets for mail delivery services. In the subsequent procedural phase, the Authority, after further public consultation, will assess the degree of competitiveness of the identified markets and will define, if necessary, the appropriate regulatory interventions, including a possible resetting of the maximum tariffs of universal services.

**Replicability of offers (EU2 areas)**

The procedure is underway for the revision of the criteria for defining the so-called EU2 areas (areas where there are no competitors of Poste Italiane). In particular, with resolution **294/20/CONS of July 2020**, the procedure for revising the criteria for defining **EU2 Areas** was initiated in order to arrive at a more objective method of identifying these areas.

**With a request dated 18 January 2021**, the Authority expressed the need to acquire certain elements useful for defining new criteria and parameters for identifying EU2 areas and asked Poste Italiane to send a series of information. Poste Italiane provided the information requested, where available, and maintained the validity of the principles already established by current regulations, highlighting the importance of redefining the scope of EU2 areas in relation to network access in light of the acquisition of the Nexive Group. In this context, the Company has requested that the principles already established by current regulations remain valid, with specific reference to the definition of EU1/EU2 areas, hoping for an update of the list of areas covered by competitors and the definition of objective criteria to assess whether the areas currently not covered can still be considered replicable.

With **Resolution 168/21/CONS** published on **3 June 2021**, Agcom launched the public consultation to review the criteria for defining EU2 areas. The Authority proposes to identify as non-contestable areas approximately 5,800 municipalities, corresponding to a total population of 26.5% (using, for this purpose, parameters such as population and population density). On **1 July 2021**, the Company sent the Authority its comments, which were subsequently set forth at the hearing held on 7 July 2021.

**Health emergency - AGCom**

In view of the developments in the e-commerce segment caused by the health emergency, AGCom has also initiated proceedings to **promote the use of "Lockers"** (automated lockers for parcel collection and delivery) by online shoppers and to promote their dissemination. On 14 December 2020, with **Resolution 629/20/CONS**, AGCom initiated the public consultation, which ended on 28 January 2021.

With **Resolution 117/21/CONS** of 4 June 2021, AGCom reported the results of the public consultation with a summary of the contributions and guidelines on the subject. The Authority accepted many of the suggestions put forward by Poste Italiane and decided to send a report to the Government in order to **urge legislative measures to encourage the use and installation of lockers**, including "condominium" lockers.

**Quality standards for the universal postal service**

**Starting from 2021**, the **new quality standards** defined by **AGCom Resolution 331/20/CONS**, published on **31 July 2020**, shall apply for the universal postal service, relating to the **continuity and reliability of the services provided in post offices**, i.e.: a) regular opening/closing at national and regional level, b) progressive removal of architectural barriers in post offices that can be adapted. In addition, average wait times for counter service provision have been defined, the principle of counter priority for vulnerable groups (the disabled, pregnant women, etc.) and the procedures for accepting complaints about the postal service made at the offices have been strengthened. With respect to the objectives under a), b), the Company will be measured on the basis of the results achieved annually against predefined objectives, rather than as part of individual sanction proceedings.

With respect to the other standards, the Company is required to ensure implementation thereof in the manner deemed appropriate.

**Mailboxes**

In accordance with article 2, paragraph 7, of the 2020-2024 Service Contract, on 24 June 2020, Poste Italiane submitted to AGCom a proposal to **adjust the number of mailboxes to the changed size of the market and customer needs**, taking into account the trend in postal volumes and actual use by users. In a **communication dated 21 January 2021**, AGCom initiated a procedure to define the criteria for remodelling the distribution of mailboxes in Italy. The time limit for concluding the procedure is 180 days, unless a reasoned extension is granted. At the request of the Authority, the Company submitted information to the Authority to supplement its proposal of 24 June 2020.

**Digital notification of PA documents - new platform**

Law Decree no. 76 of 16 July 2020 (the so-called Simplifications), converted into Law no. 120 of 11 September 2020, by means of Article 26, as amended, regulates the **implementation of the platform for the digital notification of public administration acts**. The operator of the platform will be the company PagoPA, which may entrust its implementation, in whole or in part, to Poste Italiane as Universal Service Provider. Subsequent implementing measures will define the technical and operational modes of operation of the platform.

**Guidelines for the award of public contracts for postal services**

With regard to the process of revising the "Guidelines for the award of public contracts for postal services", which aims to update the previous guidelines taking into account the liberalisation of the mail notification market, **the National Anti-Corruption Authority (ANAC) and AGCom**, following the work of a technical roundtable on a draft document in which the Company also took part, **prepared the document revising the aforementioned Guidelines, which was submitted for public consultation until 31 December 2020** and as part of which the Company submitted its comments on 30 December 2020.

The Antitrust Authority has made a number of observations, pursuant to article 22 of Law 287/90, with respect to the draft Guidelines, hoping for some changes to the text proposed by the two authorities. Publication of the final measure is pending.

## Operating review

Also in 2021, the Group continues with the process of reorganising its transport, sorting, delivery and customer experience activities, in line with the long-term objectives outlined in the new 24SI Business Plan, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

The following table shows the main activities of the Mail, Parcels and Distribution Strategic Business Unit for the period:

Segment	Operating review
Parcels	<div data-bbox="491 633 715 779" data-label="Image"> </div> <div data-bbox="735 633 1528 909" data-label="Text"> <p>The two new parcel hubs in Northern and Central Italy are now fully operational, with the inauguration in June of the new hub in Northern Italy, in Landriano (PV). This is the <b>largest logistics centre in Italy</b> (80 thousand square metres), capable of handling peaks of over 300 thousand packages a day thanks to the most advanced technological standards.</p> <div data-bbox="1225 725 1501 882" data-label="Text" style="background-color: yellow; padding: 5px;"> <p>Inaugurated in <b>Landriano (PV)</b> the <b>largest Logistics Centre</b></p> </div> </div>

<sup>18</sup> Poste Deliverybox Express is the shipping service with box included that allows sending directly from post office or Punto Poste at the same time of purchase or within one year, at no additional cost. There are two delivery attempts: if recipients miss even the second delivery attempt, they have 10 days to collect the parcel from the post office indicated in the non-delivery notice, without having to pay anything. It is also possible to request Poste Deliverybox Express collection at home throughout Italy. In case of non-delivery due to absence or refusal of the recipient, wrong address or failure to collect, the shipment will be returned free of charge.

<sup>19</sup> A set of solutions that offers the recipient the possibility of deciding precisely when to receive their shipment, even within the same day, and of customising and re-planning all aspects of the delivery.

The new **Reverse Paperless** feature of Poste Delivery Business has been released, the new solution that allows e-shoppers to return online purchases without having to print any paper documents<sup>20</sup>.

The project "**Smart Letter Boxes**"<sup>21</sup> continued. During the first half of the year, 10 boxes with screens were installed (4 in Milan, 3 in Rome and 3 in Turin) in addition to the 347\* boxes without screens installed since the start of the programme.



\*Installed in small municipalities and other municipalities (>5,000 inhabitants)



In March 2021, the acquisition was finalised of the majority interest in Sengi Express Limited, a reference point for Chinese-commerce merchants

Acquisition of Sengi  
Express Limited

in the Italian market and a leader in the creation and management of cross-border logistics solutions.



Italy.

The logistic support to the **vaccination campaign** for the delivery of Covid-19 vaccine doses continued, with about 12 million doses delivered throughout

12 million vaccines  
delivered in support of  
vaccination campaign



Mail

In January 2021, the acquisition of the entire share capital of Nexive was finalised, for the rationalisation of the mail market value chain.

The integration activities within the Group, necessary to achieve the economic synergies and operating efficiencies set, continued.

### Small Municipalities Project

With reference to the programme launched in November 2018 in favour of the communities of Small Municipalities, aimed at promoting specific initiatives to support the development of the territory, Poste Italiane has achieved all the objectives presented at the time.

Following the state of emergency on the national territory declared in 2020 by the competent authorities concerning the health risk related to the Coronavirus, some activities have been suspended.

The following is the summary of the main initiatives and results at 30 June 2021:

<sup>20</sup> The sender of the return can go to a proximity point (Post Office or Punto Poste store) and deliver the shipment showing only the QR-code received from the merchant or, in case of home collection, simply hand the shipment to the courier, who will include the Waybill already printed.

<sup>21</sup> This project involves replacing 10,500 traditional letterboxes with Smart boxes equipped with sensors to detect the presence of mail, environmental sensors to detect temperature, humidity and pollution and, for some, e-ink (electronic ink) screens to transmit advertising messages for the Group's products and services.



- there have been no post office closures
- a central office now provides dedicated support for small Municipalities
- 1,421 new ATMs have been installed in 1,399 Municipalities
- 1,104 architectural barriers have been removed in 1,041 Municipalities
- 7,096 high-definition video surveillance cameras were installed in 2,584 Municipalities
- the treasury service was activated in the municipalities that requested it
- 9,857 red mailboxes have been installed in 4,778 Municipalities; 19 murals have been created to improve the urban decorum of the peripheral post offices
- 488 financial, digital and postal education events were provided in 484 Municipalities
- 3,270 schools were licensed by the "Risparmio che fa scuola" programme in 2,684 municipalities
- 590 POS have been activated in 361 Municipalities
- 303 smart post boxes have been installed in 232 Municipalities
- 1,308 municipalities were served by New Green Fleet.

### 3.4.5 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT



**2024 Sustain & Innovate Strategy**



**Financial Services**

Most trusted financial institution in Italy, benefiting from an omni-channel approach

- Promoting diversification of asset allocation
- Expansion of omni-channel for the Customer
- Integration of non-life coverage into the investment offering

#### Market context

##### *Financial markets*

The first months of 2021 were characterised by the continuation of the "reflation trade<sup>22</sup>" on the main global assets. Equity prices continued to rise in the second quarter of 2021, although in many cases at a slower pace than in the first few months of the year.

The risk that the rise in inflation could be persistent, leading Central Banks to anticipate the withdrawal of instruments to stimulate the economy, was reflected in an increase in the premium required by investors to hold equities. However, equities were supported by corporate profits, both historical (better than expected quarterly reports) and prospective (due to the progressive reduction of restrictive measures imposed by the pandemic and favourable estimates of economic growth). The Italian equity index (FTSE MIB +12.9%) benefited from the improvement in economic prospects and the effects of the significant reduction in the BTP-Bund spread on bank prices, returning to just below the levels reached before the health emergency.

<sup>22</sup> Price growth stimulated by fiscal or monetary policy in order to curb the effects of deflation in the months following a recession or period of economic uncertainty.

In the Eurozone, the ECB's continued support helped maintain stability in bond markets, which saw a reduced increase in nominal yields in both quarters of 2021, despite the optimistic growth outlook and the continuing upward trend in inflation expectations. The 10-year BTP-Bund spread therefore remained on average below 115 bps.

Below is a table that represents the precise returns expressed in percentage terms at the end of the period for BTP government bonds and interest rate swaps<sup>23</sup>.

	1H 2020	9M 2020	2020	1Q 2021	1H 2021
<b>BTP 10Y</b>	1.26	0.87	0.54	0.67	0.82
<b>SWAP 10Y</b>	(0.17)	(0.23)	(0.26)	0.07	0.10
<b>BTP 15Y</b>	1.68	1.23	0.92	1.06	1.29
<b>SWAP 15Y</b>	0.00	(0.05)	(0.08)	0.34	0.36
<b>BTP 30Y</b>	2.22	1.75	1.42	1.65	1.84
<b>SWAP 30Y</b>	0.04	(0.01)	(0.03)	0.48	0.48

The following graph shows the trend of the 10-year BTP-Bund spread in recent years with the values recorded up to 30 June 2021.



### Banking system

On the basis of estimates provided by the Italian Banking Association (ABI), at 30 June 2021<sup>24</sup>, customer deposits of the total number of banks in Italy, represented by deposits to resident customers (in current account, deposit certificates and repurchase agreements) and bonds, increased by 6.8% annually to approximately €1,988 billion (+€30 billion compared to 31 December 2020). The growth in the first half of 2021 stems from the significant increase in deposits from resident customers, which amounts to approximately €41 billion (+8.9%

<sup>23</sup> Source: Bloomberg

<sup>24</sup>ABI - Economy and Financial & Credit Markets - July 2021

y/y), and is accompanied by a reduction of about €10 billion in bond deposits (-8.1% compared to the same period in 2020).

In June 2021, the average cost of bank funding (which includes the return on deposits, bonds and repurchase agreements from households and non-financial companies) was around 0.47%.

Bank loans to the private sector and PA during the first half of 2021 increased by about €15 billion (+3.2% compared to the same period in 2020) to €1,725 billion. The component of loans to households and non-financial companies recorded a 4% increase in June 2021 compared to the same period last year.

In the first half of 2021, there was a slight decrease in interest rates on outstanding loans to households and businesses compared to 31 December 2020 (from 2.26 to 2.20%) and substantial stability in rates on new business transactions (from 1.17 to 1.16%), while there was an increase in rates on new loans to households for home purchases (from 1.25 to 1.44%).

### Asset Management

Assogestioni figures at 31 May 2021<sup>25</sup> showed total assets of about €2,480 billion, compared to about €2,421 billion at the end of December 2020 (+2.4%, as a result of the positive contribution of inflows of +1.7% and performance of +0.7%). With reference to Portfolio management, assets amounted to approximately €1,220 billion, in line with the end of December 2020 (positive contribution from inflows of +1.0% and negative contribution from performance of -1.0%). With regard to Collective asset management, assets went from about €1,201 billion at the end of December 2020 to about €1,260 billion at the end of May 2021 (+4.9%). With regard to open-ended mutual investment funds alone, customer assets at the end of May 2021 amounted to approximately €1,190 billion (approximately €1,133 billion at the end of December 2020, +5.1%, as a result of the positive contribution of inflows of +2.5% and performance of +2.6%). In terms of net inflows, the asset management industry recorded a total positive balance of about €41.7 billion in the first five months of 2021 (about -4.6 billion in the same period of the previous year).

### Regulatory context

Circular no. 285  
of 17 December  
2013 Bank of  
Italy

Following the publication of the **34th update of Circular no. 285 of 17 December 2013**, which implements the **EBA Guidelines on outsourcing** (EBA/GL/2019/02), on 23 September 2020 by the Bank of Italy, and the final report on the "Guidelines on outsourcing to cloud service providers", on 18 December 2020 by ESMA, the new Regulation governing BancoPosta RFC's contracting out and outsourcing process were approved on 24 June 2021.

Changes  
Intermediaries'  
Regulation

On **10 March 2021 CONSOB** published **Resolution no. 21755** on amendments to the Intermediaries' Regulation on the subject of knowledge and competence requirements for personnel providing advice and information to customers; the **amendments to the Intermediaries' Regulation**, effective **as of 31 March 2021**, leave it up to them to assess the methods of training and professional updating of their own resources, allowing for greater flexibility of organisational controls based on the principle of proportionality. In this regard, the trade associations are working to define a framework of organisational rules common to all intermediaries.  
On 9 April 2021, CONSOB published an update to the Q&A on application guidelines in order to bring them in line with the changes introduced by Resolution no. 21755 of 10 March 2021 to the Intermediaries' Regulation.

<sup>25</sup> Assogestioni, Monthly map of asset management, 28 June 2021

<p><b>Discipline of websites for the comparison of offers relating to payment accounts</b></p>	<p>On <b>18 March 2021</b>, the Decree of the Ministry of Economy and Finance (MEF) of 22 December 2020 was published in the Official Journal, containing the <b>"Discipline of websites for the comparison of offers relating to payment accounts"</b> for the comparability of related charges, defining their characteristics, as well as the criteria for access by payment service providers. Poste Italiane is evaluating the actions to be taken for participation in the comparison website and PostePay, with reference to the <b>IBAN-equipped Postepay</b> card dedicated to consumer customers, will join one or more comparison websites, providing the website owners with the data needed to compare offers.</p> <p><small>*A payment account is an account held in the name of one or more customers, used exclusively for the execution of payment transactions.</small></p>
<p><b>MIFID II-ESMA</b> New guidance on compliance function requirements</p>	<p>On 6 June 2021, the <b>"ESMA Guidance on certain aspects of MiFID II requirements relating to the compliance control function"</b> came into force, replacing its 2012 predecessors. The new Guidelines confirm the provisions of the previous ones, reinforcing and extending the responsibilities and organisational requirements of the Compliance function and calling for a direct role of Top Management in particular for the promotion of the <b>"culture of compliance"</b> and the verification of the adequacy of the function in relation to the activities supervised in terms of both staff and IT resources. Poste Italiane, which is already generally compliant with the guidelines, is in the process of adapting to fully implement certain specific provisions.</p>
<p><b>Bank of Italy</b> Guidelines on governance and control mechanisms for retail banking products</p>	<p>On 1 April 2021, the <b>Bank of Italy</b> published the document <b>"Guidelines for intermediaries on governance and control mechanisms for retail banking products (POG)"</b>, which, in including good practices, as well as critical issues found both by the <b>EBA</b>, as part of a survey activity conducted in European countries, and by the Bank of Italy in its supervisory activity, requires banks and intermediaries to take appropriate initiatives to <b>raise the level of compliance</b> with regulations and the <b>quality of customer relations</b>. The Company is finalising the assessments and related actions to be implemented.</p>
<p><b>Covid-19</b> Urgent measures to support businesses and families in difficulty</p>	<p>In relation to the <b>Covid-19</b> epidemic, the issuance of legislative provisions* aimed at extending the <b>urgent measures</b> adopted to <b>support businesses in difficulty</b> or to introduce <b>facilities for access to credit</b>, to protect households and micro, small and medium-sized enterprises, continued. The Company, together with the partners for whom it places financing products, has implemented the planned initiatives.</p> <p><small>* Law Decree no. 73 of 25 May 2021 (the so-called "Decreto Sostegni bis") which provides, for example, (i) for SMEs already admitted to the support measures provided for by article 56 of Law Decree no. 18/2020 the extension, upon request, of the suspension of loans until 31 December 2021; (ii) certain facilitations (e.g., exemption from substitute tax) for loan applications for persons under 36 years of age for deeds stipulated until 30 June 2022, (iii) extension to 31 December 2021 of the exemptions from the operation of the Solidarity Fund for loans for the purchase of the first home, etc.</small></p>
<p><b>Bank of Italy</b> Requirements for corporate officers of banks and financial intermediaries</p>	<p>On 5 May 2021, the Bank of Italy published the <b>"Provisions on the procedure for assessing the suitability of officers of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes"</b> following the adoption of MEF Decree no. 169/2020 on the suitability requirements for officers of banks and other intermediaries regulated by the Consolidated Banking Act. These Provisions became effective on 1 July 2021 and apply to appointments after that date. The work table launched by the Company to assess regulatory impacts and actions to be taken continues.</p>
<p><b>ESMA</b> "Guidelines on outsourcing to cloud service providers."</p>	<p>On 10 May 2021, ESMA published <b>"Guidelines on outsourcing to cloud service providers"</b>, aimed at helping enterprises and competent authorities to identify, manage and monitor risks and issues arising from outsourcing arrangements with cloud service providers. The main topics covered are: governance and contractual elements to be provided for, prior due diligence activities, information security, provision for exit strategies from contracts, access and audit rights, notifications to competent authorities. The Guidelines apply from 31 July 2021 to all cloud outsourcing agreements entered into, renewed or amended on or after that date. Assessments are underway regarding possible additions to be made to the Regulation governing BancoPosta RFC's contracting out and outsourcing process.</p>
<p><b>Delegated Regulation 2021/923</b> Identification of Material Risk Takers</p>	<p>On 9 June 2021, <b>Delegated Regulation 2021/923</b> was published in the Official Journal of the European Union, updating, among other things, the technical standards for the identification of Material Risk Takers of financial intermediaries, and repealing the previous Delegated Regulation (EU) no. 604/2014. Revisions to the Material Risk Takers Identification Guideline are underway by the Company.</p>

## Operating review

The following table shows the main activities of the Financial Services Strategic Business Unit during the period:

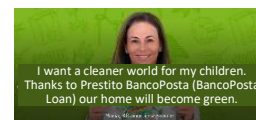
Segment	Operating review
	<p>The <b>transfer of tax credits</b> for BancoPosta current account holders has been extended to other categories of credit. <i>For further information</i> </p>
Current accounts	<p>In the area of Business and PA current accounts, the new <b>BancoPosta Business Link</b> current account was launched for the Small Business segment, offering a modular range of products<sup>26</sup> accessible via the revamped online Internet Banking platform and a new App.</p>
Assets under Administration	<p>Poste Italiane took part in the placement of the third issue of the <b>Futura Multi-year Treasury Bond (BTP)</b>, a security linked to Italy's GDP performance and launched as part of the Government's measures to tackle the health emergency, in particular to support economic recovery and the vaccination campaign. </p>
Asset management	<p>The distribution was initiated of two new mutual funds: "<b>BancoPosta Focus Rilancio 2026</b>", and "<b>BancoPosta Focus Rilancio Giugno 2027</b>" focusing on 6 current megatrends (technology, public health, consumption, climate change, infrastructure and smart cities), for which Anima SGR is the managing agent. </p>
	<p> With a view to developing the product range in ESG terms, the investment policy of the two funds, "BancoPosta Azionario Euro" and "BancoPosta Selezione Attiva", has been integrated to take account of environmental, social and governance sustainability factors.</p>
Distribution of third-party products	<p>Together with the Partners for whom the <b>financing products</b> are distributed, the initiatives continued in the first half of 2021 as envisaged by the regulations and those adopted on a voluntary basis during 2020 in relation to the health emergency, in support of businesses in difficulty, as well as in relation to access to credit, to protect households and small and medium-sized businesses.</p>

<sup>26</sup> Upon request, the customer can activate two modules, each available in two versions ("Operation Module", which includes, in addition to 1 free chequebook, also 5 or 10 free transactions per month, depending on the version, and "Utilities Module" which, depending on the version chosen, includes respectively up to 3 or 5 utilities additional to the first one included in the Basic Module fee).

During the period, in the area of loans, the product Prestito Personale BancoPosta was developed and released in collaboration with our **new partner Santander** Consumer Bank.



The promo **Green**<sup>27</sup> on BancoPosta loans to support energy efficiency measures was launched.



### Transfer of the tax credit

During the first half of 2021, the tax credit purchase service dedicated to BancoPosta current account holders, launched in 2020, was further enhanced. In February 2021, the service was extended to other types of loans for businesses such as those relating to rent and sanitation and for the purchase of Personal Protective Equipment (PPE). The standard offer, which is available both online and at post offices, has also been joined by a dedicated offer for large customers, who have been given the opportunity to reserve a ceiling. These initiatives have met with strong interest from both the business and private markets. The bonus mainly purchased was that relating to restructuring for the recovery of the building stock.

**€1.8 bn of Tax Credits** purchased with **82%** of requests from the web (around **€2.2 bn** in July)

At 30 June 2021, the portfolio of Tax Credits acquired by Poste Italiane is worth around €1.8 billion in nominal terms.

Receivables acquired from customers have the following characteristics

- approximately 67% were acquired by legal entities and 33% by individuals;
- around 82% were requested by customers via the web channel and around 18% at post offices;
- approximately 72% were made up of credits relating to "ordinary" building bonuses (e.g. restructuring - recovery of the building stock, ordinary ecobonus, façade bonus), while the 110% superbonus represents approximately 23% of the total.

### Other information

#### Bank of Italy

In January 2021, the Bank of Italy requested information regarding the closure of the Online Trading service with particular reference to the reasons and methods of communication to customers. The feedback was provided on 25 March 2021.

In February 2021, the Bank of Italy launched a fact-finding investigation, "Fintech Survey 2021", concerning the technological innovations adopted by financial intermediaries with a focus both on investments and collaborations with fintech companies, and on the holding of crypto-assets. The investigation was also launched

<sup>27</sup> Loan useful for financing green house renovations (e.g. photovoltaic system) or for the purchase of a hybrid or electric car.

into the subsidiary, PostePay S.p.A., with which feedback was provided. The feedback was provided on 23 April 2021.

On 30 March 2021, the Bank of Italy sent BancoPosta and its subsidiary, PostePay S.p.A., a note requesting further information on the actions underway to manage IT (Information Technology) risk, focusing on certain areas for improvement identified in the note. The feedback was provided on 1 June 2021.

### CONSOB

In March 2021, CONSOB launched a thematic survey concerning the provision of cryptocurrency services by intermediaries, with a focus on investments/financial instruments with underlying cryptocurrencies placed on behalf of customers together with any project activities planned on the matter over the next three years. The feedback was provided on 19 April 2021.

Again in March 2021, CONSOB requested information on reports by customers of delays in the execution of requests to transfer securities to other intermediaries, requesting evidence of complaints relating to the case in question, any anomalies identified in the process in question and, finally, the Compliance function's assessment of the matter, together with the controls carried out. The feedback was provided on 22 April 2021.

In May 2021, CONSOB sent a technical note with the results of the inspections conducted by the Authority from January to October 2020, with particular reference to the following areas: i) product governance; ii) procedures for assessing adequacy; iii) training of sales network personnel. A meeting was held with the Authority on 15 June 2021 at which a specific response note was requested to be prepared and sent on 16 July 2021.

### FEDERCONSUMATORI

Federconsumatori, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

The first appearance hearing to consider admissibility is currently scheduled for 21 September 2021.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.

On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were time-barred, and contested the merits of the proposed claim.



### 3.4.6 INSURANCE SERVICES STRATEGIC BUSINESS UNIT



## 2024 Sustain & Innovate Strategy

### Insurance Services

Market-leading insurance company with comprehensive and sustainable product portfolio

- Life products at the heart of the group's investment offering
- Profitable growth in the non-life market
- Full integration of ESG principles and reduction of underinsurance in Italy

#### Market context

##### Life business

The new Life individual insurance policies, amounting to €39 billion at the end of May 2021, recorded an increase of 30.8% compared to the same period of 2020, when the restrictions to deal with the pandemic crisis led to a strong contraction in new business (-19.6%). If new Life business reported by EU companies is taken into account, the figure reached €45.8 billion, up 37.1% compared to the same period of 2020.

Analysing the figures by class of insurance, **Class I** premiums amount to €23.8 billion at the end of May 2021, up 15.4% compared to the same period of the previous year. The performance of **Class III** products (in the exclusive unit-linked form) was up sharply (+71.3%) compared to the figure for the same period in 2020, with inflows of €14.9 billion. Residual inflows came from capitalisation products (€0.3 billion), which recorded a significant decrease at the end of May 2021 (-46.7%) compared to the figure for the same period in 2020. The trend in new premiums relating to long-term health policies (**Class IV**) continued to be limited (approximately €21.9 million), a significant increase (+87.5%) compared to the same period in 2020.

New contributions relating to the management of pension funds in the first five months of 2021 recorded inflows of €54 million, an increase (+33.7%) compared to the same period in 2020.

Single premiums continued to be the preferred form of payment for policyholders, representing 95% of total premiums written and 59.5% of policies by number.

With regard, finally, to the distribution channel, 64.3% of new business was obtained through banks and post offices until the end of May 2021, with premium revenue of €25.1 billion, an increase (+24.9%) compared with the same period of 2020. On the other hand, with regard to the agency channel, the volume of new business distributed in the first five months of 2021 reached €6.6 billion, a significant increase (+27.6%) compared to the figure for the same period in 2020 and with an incidence on total brokered business of 16.9%.

The performance of new business obtained through authorised financial advisors was €6.7 billion, up (+61.3%) compared with the figure for the previous year and with an incidence compared to the total of brokered premiums equal to 17.2%.

Finally, the broker and distance sales channel recorded an increase at the end of May 2021 of 45.2% compared to the same period in 2020, with a volume of premiums placed of €0.6 billion (or 1.6% of the total brokered).



### New Life individual business by class <sup>(\*)</sup>

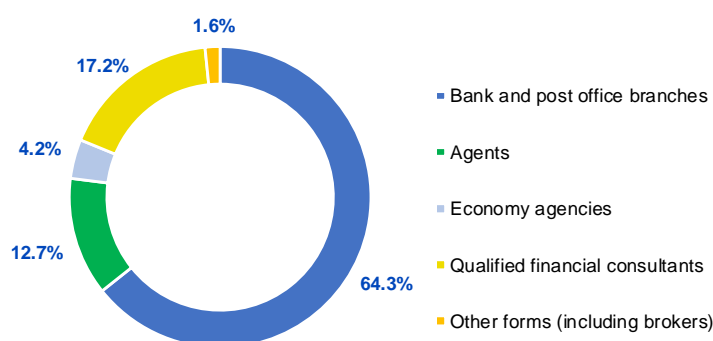
(figures updated to May 2021 in €m)

Premiums by class/product	Premiums YTD	% change 05 2021 vs 05 2020
Life - class I	23,757	15.4%
Unit - Linked - class III	14,904	71.3%
Capitalisations - class V	257	-46.7%
Class VI pension funds	54	33.7%
Illness class IV	22	87.5%
<b>Italian insurers - non-EU</b>	<b>38,995</b>	<b>30.8%</b>
<b>EU insurers <sup>(**)</sup></b>	<b>6,849</b>	<b>89.6%</b>
<b>Total</b>	<b>45,844</b>	<b>37.1%</b>

<sup>(\*)</sup> Source: ANIA

<sup>(\*\*)</sup> 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.

### New Life individual business by distribution channel



Source: ANIA

### P&C business

Total direct Italian premiums in the P&C insurance market, thus including policies sold by Italian and overseas undertakings, based on the available official data (source: ANIA) at the end of the first quarter of 2021, stood at €9.6 billion, up 1.3% on the same period in 2020, thanks to the recovery of the non-Motor sector (+3.5%) and a smaller decrease (-1.4%) in Motor sector premiums.

In particular, the **motor TPL class** reported a 3.6% decrease in premium income, while premiums from the **land vehicles** class grew by 7% in the first quarter of 2021.

The **Non-motor class** grew by 3.5% in the first quarter of 2021. In particular, the **health class** grew 1.5% to €911 million, the **accident insurance class** increased 2.8% to €947 million, the **general liability class** grew 6.4% to €1,148 million, and the fire insurance business grew 8% to €674 million.

As regards the distribution channels, the agency one is confirmed as the leader with a market share of 71.7% substantially in line with the figure recorded in the same period of 2020 of 72.3%. Brokers represent the second

P&C premium distribution channel with a market share of 9.7% (equal to the figure recorded at the end of March 2020), while bank and post office branches recorded a market share of 8% (7.8% in the first three months of 2020).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of March 2021, there was an incidence of 10.2% (9.8% in the corresponding period of 2020). The remaining 0.4% (in line with the March 2020 figure) refers to premiums brokered by qualified financial advisors.

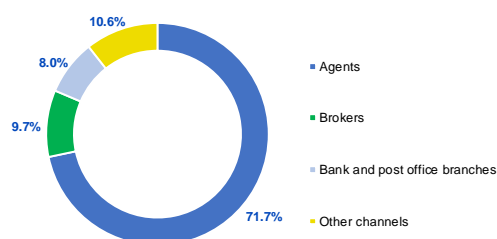
#### Direct P&C premiums by class (\*) (figures updated to March 2021 in €m)

Premiums by class (**)	Premiums YTD	% change 1Q 2021 vs 1Q 2020
Total motor segment	4,055	-1.4%
Other P&C classes	5,507	3.5%
<b>Total P&amp;C classes</b>	<b>9,562</b>	<b>1.3%</b>

(\*) Source: ANIA

(\*\*) Premiums refer to Italian and non-EU undertakings and EU undertakings.

#### Distribution of direct P&C premiums by distribution channel\*



Source: ANIA

(\*) Italian insurers and non-EU insurer representatives operating as an establishment.

Data updated to March 2021

#### Regulatory context

##### Extension of IVASS recommendations

IVASS, on **29 December 2020**, in adopting the renewed recommendations of the European Systemic Risk Board (ESRB), which require that **extreme prudence** continue to be used in the **distribution of dividends, the repurchase of own shares and the recognition of variable components of remuneration** at least until **September 2021**, invites companies that intend to undertake one of these actions to assess the impacts with attention and sense of responsibility and to contact the Institute in advance 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 communicated on 29 December 2020, 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. Moreover, the Company will proceed with the payment of variable remuneration in line with the recommendations and timing indicated by IVASS.

##### Amendments to ISVAP Regulation no. 14 of 18 February 2008

IVASS measure no. 107 of 12 January 2021 made amendments to ISVAP Regulation no. 14 of 18 February 2008 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 the Private Insurance Code. The measure **eliminates the specific prohibition on transferring portfolios consisting solely of claims**, which was expressly excluded in its original wording. 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.

Amendments to ISVAP Regulation no. 7 of 13 July 2007

**IVASS measure no. 109 of 27 January 2021** made 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. The 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 (the insurance regulator) 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 Delegated Regulation (EU) 2015/35 to be applied in the context of information and communication technology (ICT) security and governance. **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. The Company is assessing compliance with the provisions in order to be able to adjust to the various guidelines if necessary.

### Operating review

The following table shows the main activities of the Insurance Services Strategic Business Unit during the period.

Segment	Operating review
Life	<p>As part of the strategic guidelines outlined in the "24SI" Plan, which envisage improving the product mix in the life business with a particular focus on multi-class products, the following were launched during the period:</p> <ul style="list-style-type: none"> <li>the Multi-class policies "<b>Poste Progetto Dinamico</b>" and "<b>Poste Progetto Dinamico Più</b>"<sup>28</sup>. The benefits are linked to the Separate Account "Posta Valore Più"<sup>29</sup> and to the value of the units in one of the two available 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;</li> <li>the "<b>Poste Soluzione Valore</b>" 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.</li> </ul> <p>In order to reduce the country's under-insurance by raising customer awareness of the importance of protection needs, as envisaged in the "24SI" strategic plan, the marketing of the new <b>integrated Life/ P&amp;C offer</b> was launched during the period, whereby subscribers to specific Life policies are offered a P&amp;C policy free of charge.</p>

<sup>28</sup> Dedicated to customers who bring in new liquidity and characterised by investments in a single solution with the possibility of repayment of the cost applied on the initial single premium in the form of a Bonus, starting from a pre-established date.

<sup>29</sup> Poste Vita S.p.A. manages a portfolio of investments separately from the other assets held by the insurance company. This portfolio of investments, known as "Posta ValorePiù", falls within the definition of a Separate Account pursuant to ISVAP Regulation 38 of 3 June 2011 (hereinafter ISVAP Regulation 38). Posta ValorePiù generates a return on which the benefits of the insurance contracts linked to it are revalued.

P&amp;C



The new motor liability offer, "**Poste Guidare Sicuri**", was launched on the market, following a gradual approach to sales by the distribution network (around 2.6 thousand sales offices).

Entering the **motor liability** market

Improvements were also made to the terms and conditions of the modular product,<sup>30</sup> "**Poste Vivere Protetti**", aimed at ensuring that the needs expressed by customers are met more effectively.

## OTHER INFORMATION

### IVASS - Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

In May 2021, IVASS requested information regarding the advertising material used in offering life and P&C insurance products to the public at Post Offices. The feedback was provided on 31 May 2021.

On 4 May 2021, following a meeting held on 12 April 2021, with reference to the processes in place to support the management of dormant policies, IVASS sent Poste Vita and BancoPosta a communication requesting them to submit, within 60 days, an action plan setting out the initiatives that the companies intend to adopt to improve the above processes. At the request of the Authority, the related plan, accompanied by the assessments of the Compliance and Internal Audit functions, was approved by the Board of Directors on 24 June 2021 and sent on 2 July 2021.

It should be noted that on 14 December 2020, IVASS launched an ordinary inspection concerning the governance, management and control of investments and financial risks of Poste Vita S.p.A..

The inspection was completed during the first half of 2021 and the results were brought to the attention of the subsidiary's Board of Directors at their meeting on 26 July 2021.

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, the Company's Board of Directors had already approved a targeted action plan aimed at overcoming them. The aforementioned Plan is subject to periodic monitoring by the Company's control functions and may be subject to amendments and additions in view of recent inspection findings.

With regard to some of the aforesaid findings, IVASS identified violations of articles 30 bis, 30 ter, 37 ter and 183 of Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. The Company shall, within the time limits envisaged by the regulations, present defence briefs in support of the correctness of its actions. In relation to the above, no significant elements have emerged that need to be considered in the condensed consolidated half-year financial statements.

<sup>30</sup> The modular policy "Poste Vivere Protetti" complements the protection coverage available to retail customers, to protect their health, home and pets. Modules and related coverages can always be added or removed as customers' needs change, and the coverages, which are indicated in the policy, always form a single contract.

### 3.4.7 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT



**2024 Sustain & Innovate Strategy**



**Payments and Mobile**

Innovative digital platform for an integrated payment, telephony and energy offering

- Strengthening leadership in digital payments
- New TLC offer, for both mobile and fixed lines
- Energy services from 2022, leveraging market liberalisation and customer confidence

#### Market context

The latest data available<sup>31</sup> on the Italian **payment card** market show growth thanks to the progressive reduction of the restrictions imposed due to the global health emergency and highlight an overall transaction which, in March 2021, was equal to approximately €64 billion (+9% compared to March 2020).

The total number of transactions increased by 19% compared to the same period of the previous year thanks to the greater adoption of payment cards (e-commerce and contactless payments), albeit with a very different performance among the various types of cards, and exceeded €1.3 billion, with a marked reduction in average tickets.

Debit card transactions grew by 22% compared to the first quarter of 2020 and accounted for more than half of total transactions with transactions up 15% compared to the same period in 2020 (+€4 billion), due to both the health crisis and measures adopted by the Government (e.g. State Cashback).

Prepaid cards continue to grow at a rapid pace with transactions up 30% and transaction volume up 25% compared to the first quarter of 2020 due to increased e-commerce.

There was also a slight increase in credit card transactions, with a positive change of 3.2%, although the value of transactions fell by 8.3% compared to the first quarter of 2020.

At 31 March 2021, the number of active cards in the market reached 95 million, registering an increase of 1.1% compared to the stock of cards outstanding at 31 December 2020. The greatest growth was recorded on prepaid cards whose stock stood at 32.5 million, up 2% on December 2020. There was also a slight increase for debit cards (+0.8% vs December 2020) with 47 million active cards and for credit cards (+0.4% vs December 2020) with 15.4 million active cards at 31 March 2021.

According to the latest available figures, **mobile telephony** market penetration<sup>32</sup>, in terms of total mobile lines, stands at approximately 173% of the population, with mobile virtual operators MVNOs<sup>33</sup> accounting for 16.9%<sup>34</sup>. The total number of lines at 30 June 2021 amounted to 104.4 million, including approximately 26.7

<sup>31</sup> Source: Internal processing and estimates on Bank of Italy data (supervisory reporting flows)

<sup>32</sup> Source: Agcom Communications Observatory no. 2/2021, Operators' Report.

<sup>33</sup> Mobile Virtual Network Operator

<sup>34</sup> Source: Internal Estimate PostePay - Administration, Planning and Control.



million Machine to Machine (M2M) SIM cards. PosteMobile, with a total market share of approximately 4.3%, accounts for around 44.3% of the total customers of mobile virtual network operators.

## Regulatory context



## Operating review

The following table shows the main activities of the Payments and Mobile Strategic Business Unit for the period:

Segment	Operating review
	 <p>The marketing of <b>Postepay Connect</b>, the offer that integrates the Postepay Evolution prepaid card and the PosteMobile SIM in a single app, has continued, focusing on the offer <b>Postepay</b></p> 

**Connect Back** which allows users to receive cash back on their Postepay Evolution card for unconsumed gigabytes.

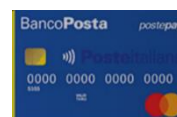
As part of the Poste Italiane Group's sustainability plan, the first biodegradable **Postepay Green** card was launched in March 2021. The new sustainable prepaid card, designed for the target aged 10 to 17 year, is made of biodegradable

**Launch of  
PostePay Green:  
the sustainable  
prepaid card**



material and offers new functions for children and their parents, from "parental control" to the "pocket money" service. These services can be used from both web and app channels.

The new **Postepay debit card** has been launched. The card will be valid for BancoPosta retail and business current accounts and will gradually replace the current BancoPosta debit card, thus guaranteeing account holders all the services currently available on the BancoPosta card, as well as the additional and differentiating elements of the Postepay ecosystem. The new **Postepay Business debit card** allows account holders to have cash back on the amount of transactions enabled, as well as more advanced features than the current card dedicated to the Business segment and which will be expanded during 2021.



Monetics

**Lottomatica** points of sale have been enabled to accept bill payments<sup>35</sup> using the **Postepay code**<sup>36</sup>.

The partnership with **ENI** continued with the progressive activation at service stations participating in the offer of Postepay acquiring services (physical and digital POS through the Paga con Postepay solution, included in the Eni Station APP).

The possibility of paying the PA postal account **slip**<sup>37</sup> on the **LIS PAY** and **ENI** acceptance network has been extended<sup>38</sup>.

<sup>35</sup> Payment service that allows paying bills, MAV, RAV and PagoPA through a third party that manages the financial and transactional aspects.

<sup>36</sup> An innovative acceptance service that allows participating merchants to collect payments ordered by the customer directly from their Postepay app, by framing the QR code (a two-dimensional bar code that stores information that can be read by a mobile phone, using a special application) displayed by the merchant.

<sup>37</sup> Bollettino Postale (Postal Slip) integrated in pagoPA payment notices that allows payments to be made to Public Administrations through standardised payment methods.

<sup>38</sup> Legal entity that enables the network of affiliated tobacconists to offer Poste Italiane services to consumer customers (payment of slips and top-up of Postepay cards).

Collections  
and Payments

As part of the fund transfer service, the possibility was introduced for holders of Smart Postal Savings Books equipped with IBAN to receive **SEPA Instant Transfers** and the possibility of arranging them, from the web and app channels, for holders of BancoPosta Retail current accounts and Postepay Cards with IBAN enabled.

**PostePay enters  
the fibre market**

Entry into the ultra broadband market with the provision of fibre optic services through ultra broadband technologies: PostePay has launched **PosteCasa Ultraveloce**, the new "data only" offer, which can be

subscribed to online, with a "full-digital" process, which enables users to surf from home at the speed of fibre up to 1Gbps without limits. The offer also includes a second connection on the 4G network to surf immediately without limits and take WiFi everywhere, a WiFi modem and a USB key supplied on loan for free.



Telecommunications

In June 2021, PostePay began the process of migrating to the new **Mobile Host Operator**<sup>39</sup>. The project of gradual migration of already active SIM on the previous platform (which does not require changing the SIM) will be completed during 2021.

<sup>39</sup> Reference operator for the provision of mobile network access services.



## 4. RISK MANAGEMENT

[POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM](#)

[RISK MANAGEMENT AND RISK ASSESSMENT](#)

[COVID-19 RISK MANAGEMENT AT POSTE ITALIANE](#)

### 4.1 POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In a context characterised by a high level of operational and regulatory complexity and the need to compete more and more efficiently in the reference markets, risk management and the related control systems take on a central role in the decision-making processes, with a view to creating long-term value to the benefit not only of the shareholders, but also in consideration of the interests of the other stakeholders of relevance to the company.

The Poste Italiane's Internal Control and Risk Management System (SCIGR) is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, through an adequate definitions of players, duties and responsibilities of the various corporate bodies and control functions as well as through the identification, measurement, management and monitoring of the main risks, and through the structuring of adequate reporting lines to expedite the flow of information.

This system is a fundamental element of Poste Italiane's corporate governance system, as it enables the Board of Directors to guide the Company in its pursuit of long-term value creation, defining the nature and level of risk compatible with its strategic objectives, and including in its assessments all elements that may be relevant to sustainable success. In particular, in line with the main leading practices that place particular emphasis on the integration of sustainability into strategies, risk management and remuneration policies, Poste Italiane's SCIGR aims to contribute to the Company's sustainable success by defining ESG roles and responsibilities, information flows between the players involved in the internal control system and towards corporate bodies, and the methods of managing the related risks. Moreover, in order to achieve this objective, the Company has decided to promote dialogue with the relevant stakeholders, in order to ensure a constant exchange of views on business strategies and their implementation.

In line with statutory requirements and the related best practices, the SCIGR consists of three levels of control and involves a range of actors within the organisation. The second-level control units, whose role consists primarily of defining risk management models and carrying out monitoring activities, play a key role in the integration and overall functioning of the Internal Control and Risk Management System.



## 4.2 RISK MANAGEMENT AND RISK ASSESSMENT

Poste Italiane has adopted a Risk Management model based on the Enterprise Risk Management (ERM) framework, with the aim of providing an organic, integrated vision and an effective, standardised response to the risks to which the Group is exposed. The Corporate Affairs function is responsible for ensuring that these objectives are met. This is primarily done through the definition of an integrated risk management process that relies on the coordinated involvement of all the actors in the Internal Control and Risk Management System, above all the specialist forms of second-level control, the use of standardised models and metrics based on Group-wide criteria, and the design and implementation of shared tools for assessing and managing risk. In this latter regard, the Group implemented an integrated Governance, Risk and Compliance (GRC) platform in 2018 to support the integrated risk management process. This IT tool assesses and manages operational risks, in accordance with Legislative Decree no. 231/01, fraud, IT and physical security, strategic, ESG and reputational, corruption, privacy, as well as regulatory compliance, including those relating to the financial and payment sectors and taxation, and is constantly evolving to extend to all categories of risk to which the Group is exposed. The tool adopted enables the Group to maximise integration of the risk management process, ensuring that risk assessment methods are shared across all the specialist second-level control functions. At the same time, it has improved communication with senior management and corporate bodies and between the various control functions, minimising the risk of inadequate or redundant information.

The principal risks to which the Poste Italiane Group is exposed are described below.

Risk category	Description
Strategic	This category of risks could influence achievement of the goals set out in the Strategic Plan and are identified, classified and monitored with the involvement of management from the SSRCG function. This process describes the key nature of the risks, the triggers and the potential consequences or effects, in both financial terms (e.g. losses, increased costs due to delays or the failure to implement restructuring plans and efficiencies, reduced revenue), and in other terms (e.g. customer satisfaction).
Operational	Operational risks refer to the risk of losses resulting from inadequate or failed internal processes, people and systems at Group level, or from external events. Management of operational risk takes place at both the level of specialist units within the Group (BancoPosta Risk Management, Poste Vita Group Risk Office and PostePay Risk Management and Compliance), in compliance with the respective supervisory standards, and at an integrated level, involving the SSRCG function. The following risks, among others, are closely monitored: i) IT risk, above all the risk that malfunctions and/or shortcomings in information systems could result in the loss of data integrity, leaks of personal data or breaches of confidentiality, potentially causing disruption to the services provided to customers; ii) health and safety risk, with specific regard to the risk of workplace injury to employees or contractors as a result of operations (e.g. the collection, transport and sorting of parcels and letter post, and the delivery of postal products using motor vehicles); iii) physical security risk, relating to the headquarters premises of Group companies, to post offices or other private areas by unauthorised or unidentified persons, and risks deriving from limited protection of Poste Italiane's assets and property against criminal behaviour (robberies, losses resulting from

Risk category	Description
	fraud, theft, ATM attacks, vandalism, etc.). Operational risk also includes disruption and/or obstacles to entry to the Group's operating facilities (mail sorting centres and delivery offices, etc.) due to industrial action or strikes.
Compliance	This refers to risks of breaches of laws and regulations, such as the risks connected with Legislative Decree no. 231/01, Law 262/05, Data Protection and Market Abuse regulations or the introduction of new legislation or regulations (or new interpretations legislation and regulations) of either general importance (e.g. regarding administrative, accounting, tax matters, etc.) or specific to the sectors in which the Poste Italiane Group operates. This risk category includes the risks linked to the introduction of new regulations governing the management and development of universal postal services and the related rates providing a return for Poste Italiane, and the risk of the failure to meet the service quality standards set by the regulator (the Autorità per le Garanzie nelle Comunicazioni or AGCom).
Reputational	This category regards the risks connected with a negative perception among the Group's stakeholders, in response to which the Group has adopted a stakeholder engagement framework in order to identify and assess this type of risk at source. The main element of reputational risk to which the Group is, by its nature, exposed is linked to market performance and primarily associated with the placement of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiaries, Poste Vita and Poste Assicura, and mutual funds managed by BancoPosta Fondi SGR), and those linked to the perceived and effective quality of the services linked to letter post and parcel delivery.
ESG	Risks arising from factors related to environmental, social and governance issues (in particular, linked to human rights, climate change and sustainable finance).
Financial and Insurance	Financial risks that are regulated and overseen by supervisory authorities (the Bank of Italy and IVASS, the insurance industry regulator) and the responsibility of the Risk Management units belonging to the various business units, coordinated by the function responsible in SSRCG. Financial risks primarily relate to the operations of BancoPosta RFC <sup>40</sup> and PostePay's ring-fenced EMI <sup>41</sup> (the

<sup>40</sup> On 14/04/2011, Poste Italiane S.p.A.'s General Meeting resolved to set up assets for BancoPosta business as governed by Presidential Decree 144 of 14 March 2001 and determined the assets and legal relations included therein and the rules of organisation, management and control.

<sup>41</sup> Following the receipt of clearance from the Bank of Italy, Poste Italiane's General Meeting held on 29 May 2018 approved the proposed removal of the assets, liabilities and contractual rights attributable to the card payments and payment services business unit from the ring-fence that applies to BancoPosta RFC. On 1 October 2018, this business unit was transferred to the subsidiary PostePay S.p.A. in assets earmarked for electronic money and payment services, in order to enable the latter to operate as an Electronic Money Institution (EMI). After obtaining all the authorisations required by law, Poste Italiane's Extraordinary General Meeting was held on 28 May 2021, which approved the removal of the restriction on the allocation of BancoPosta RFC regarding assets and legal relations constituting the "Debit Business". The transaction is aimed at completing the process of centralising e-money services at the Electronic Money Institution (EMI) PostePay S.p.A., via the transfer of the "Debit Business" to the latter, as well as making the debit cards linked to BancoPosta accounts a PostePay S.p.A. product. BancoPosta account holders will be able to access the full functionality of the Postepay payment/cash collection ecosystem, thanks to integration of the functions of the BancoPosta debit card, without this entailing any changes to the product's economic conditions for customers. The deed of contribution of the Debit Business by Poste Italiane to Postepay S.p.A. will be formalised in September 2021 and will be effective from 1 October 2021, taking account of the 60-day period for creditor objections, which runs from the date on which the Poste Italiane shareholders' resolution is recorded in the Companies Register.

Risk category	Description
	<p>active management of the liquidity deriving from postal current account deposits, and of collections and payments carried out in the name of and on behalf of third parties), asset financing and the investment of liquidity and, as regards the Poste Vita Insurance Group, investments designed to cover contractual obligations to policyholders. Insurance risks derive from the stipulation of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, the terms and conditions of redemption, etc.). In technical terms, mortality is one of the main risk factors for Poste Vita, i.e. any risk associated with the uncertainty of a policyholder's life expectancy, alongside the risk associated with redemptions.</p>
<p><b>Spread</b></p>	<p>This is the risk of a potential fall in the value of the bonds held, following deterioration in the creditworthiness of issuers. This is due to the importance that the impact of the spread on yields on government securities has on the fair value of euro area government and corporate securities. In the Poste Italiane Group's case, this risk particularly relates to the spread on Italian government securities, which influences the fair value of the Group's holdings of Italian government securities. The nominal value of these securities at 30 June 2021 amounted to €139 billion (€165 billion in terms of total bond holdings). As regards the evolution of relevant risks, the first half of 2021 was characterised by a slight increase in the yields on Italian government securities, from a level of 0.54% at the end of December 2020 to 0.82% at the end of June 2021. The increase in yields on Italian government bonds, combined with the increase in risk free rates, has led to an increase in valuation gains<sup>42</sup>.</p> <p>The increase in the spread had a negative effect on the Poste Vita Group's Solvency II Ratio, which stood at 288%<sup>43</sup> at 30 June 2021, compared with 301% at 31 March 2021 and 267% in December 2020.</p> <p>In addition, in August 2019, the Company was authorised by IVASS to use the Transitory Measures on technical provisions and the effect of this application allowed the Solvency Ratio to be raised to 316% at the end of June 2021 (301% at the end of March 2021). Starting 2019, the Company made use of the Ancillary Own Funds (AOF), i.e. non-asset items represented by guarantees or signature commitments that can be included in own funds items.</p> <p>The transaction designed to strengthen the company's capital position through the use of AOFs was formalised in November 2018 with the Parent Company Poste Italiane S.p.A.'s signature of an unconditional, irrevocable commitment letter with a five-year term. The letter commits the Parent Company, merely at the request of the subsidiary, to subscribe for ordinary shares to be issued in future by Poste Vita, amounting to up to €1.8 billion. Following authorisation by IVASS in February 2019, the commitment letter signed by the Parent Company in favour of Compagnia Poste Vita S.p.A. is counted among the elements of Tier 2 (AOF) ancillary funds, together with the subordinated loan, the value of which was €0.3 billion at 31 March 2021. Therefore, in accordance with the Solvency II</p>

<sup>42</sup> The positions of Poste Italiane exposed to the risk in question mainly regard financial assets at fair value through other comprehensive income with a fair value at 30 June 2021 of €40 billion. Fixed income securities measured at amortised cost relating entirely to BancoPosta RFC amounted to €33,460 million at 30 June 2021 (with a fair value of €34,939 million). With regard to the Poste Vita Group, on the other hand, the portfolio exposed to this form of risk at 30 June 2021 amounts to a total of €117 billion and primarily consists of financial assets at FVTOCI.

<sup>43</sup> Value inclusive of the payment of dividends to the Parent Company for €429 million (approved by the Company's Board of Directors on 23 March 2021 and by the General Meeting on 28 April 2021).

Risk category	Description
	Directive and the regulatory framework of reference for insurance, the Tier 2 elements eligible to cover the Capital Requirement amount to €2 billion at 30 June 2021.
Price	This is the risk that the value of a financial instrument fluctuates as a result of market price changes, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market.
Credit	This is the risk of default of one of the counterparties to which there is an exposure, except for investments in equity instruments and mutual funds. In relation to revenue and receivables due from the state and from central and local government bodies, regulated by statute and specific agreements or contracts, prompt and full payment of the amounts due is dependent on availability of the necessary funds in the state budget or in the budgets of the related Public Administration entities.
Liquidity	<p>This is the risk that the Poste Italiane Group is unable to meet its obligations deriving from financial instruments due to its inability to raise sufficient funds (funding liquidity risk) or to sell assets in the market (market liquidity risk) effectively or at market conditions.</p> <p>The Poste Italiane Group applies a financial policy based on diversification of the various forms of short-term and long-term borrowings and counterparties, the availability of significant committed and uncommitted lines of credit in terms of amounts and the number of banks, the gradual and consistent distribution of the maturities of medium/long-term borrowings and the use of dedicated analytical models to monitor the maturities of assets and liabilities. In this regard, further details are provided in the section of this Report entitled "Group Financial position and cash flow".</p>
Fair value interest rate	This is the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates. This refers to the effects of changes in interest rates on the price of fixed rate financial instruments or floating rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components (the interest spread) of floating rate financial instruments or fixed rate financial instruments converted to floating rate via fair value hedges. The impact of these risks is directly related to the financial instrument's duration.
Cash flow interest rate	This is defined as the uncertainty related to the generation of future cash flows, due to fluctuations in market interest rates. It may result from the misalignment - in terms of interest rates, indexation methods and maturities - of financial assets and liabilities that tend to remain in place until their contractual or expected maturity (so-called banking book) which, as such, generate economic effects in terms of net interest income, reflecting on the income results of future periods.
Cash flow inflation	This is defined as the uncertainty related to future cash flows due to changes in the rate of inflation observed in the market.
Foreign exchange risk	This is the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency. This risk primarily regards trade receivables and payables due from and to overseas counterparties, investments in equity instruments and holdings in certain funds.

**Risk  
category**

**Description**

Risk of downgrading the Rating assigned to Poste Italiane. An eventual downgrade due to a significant deterioration in Poste Italiane's creditworthiness, above all to below investment grade, could have an impact on Poste Italiane's cost of funding and potentially restrict Poste Italiane's access to certain forms of financing, including the capital markets.

Below are the ratings assigned to the company and to the Italian Republic:

**Downgrade of  
Poste Italiane**

POSTE ITALIANE S.P.A.	RATING	OUTLOOK	RATING ACTION
STANDARD & POORS	BBB	STABLE	30/03/2021
MOODY'S	Baa3	STABLE	14/06/2021
ITALIAN REPUBLIC	RATING	OUTLOOK	RATING ACTION
STANDARD & POORS	BBB	STABLE	23/04/2021
MOODY'S	Baa3	STABLE	06/11/2020

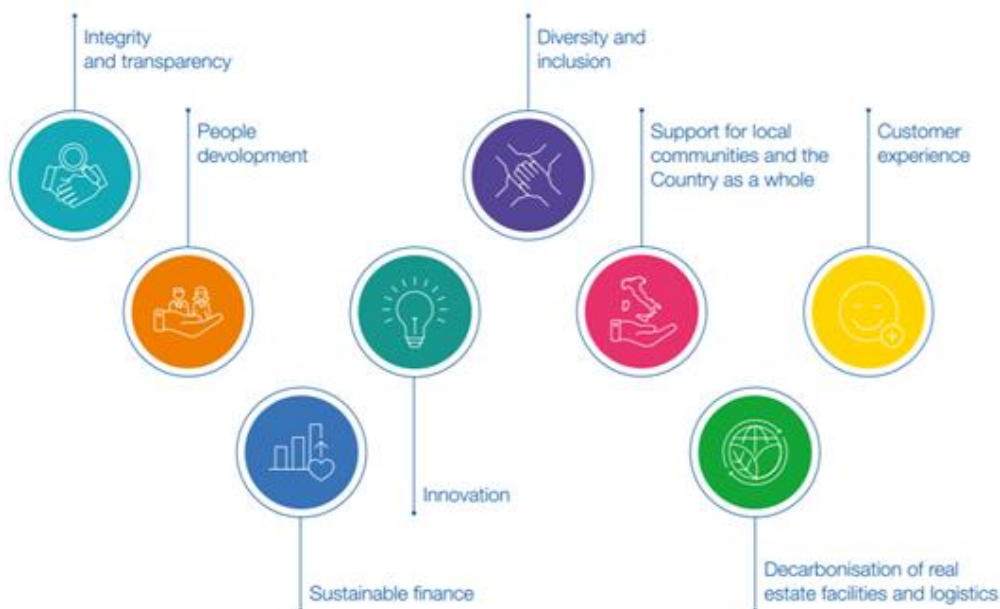


### 4.3 COVID-19 RISK MANAGEMENT AT POSTE ITALIANE

Poste Italiane is unique in Italy in terms of its size, recognition, capillarity and customer trust, and is an integral part of the economic, social and productive fabric of the country. Its role in relation to the entire nation makes the Group responsible for the well-being of the communities in which it operates, in the conviction that in such a critical period of Italian history its contribution can represent a valuable tool at the service of citizens and institutions. The Covid-19 pandemic, which has been part of everyday life for a long time, has taken the whole world by surprise, requiring great efforts from all economic operators to identify solutions aimed at ensuring people's health and, at the same time, continuity of their business. Poste Italiane, in compliance with government measures on virus containment and interpersonal distancing, has implemented various initiatives and made them possible thanks to the commitment of the entire organisation, making its contribution to the entire country.

The Group has reshaped the way in which it provides its services, constantly taking into account the evolution of the current epidemiological situation and the consequent Government measures on the subject. First of all, the Company has considered it of fundamental importance to guarantee the protection of health and of employees, adopting flexible forms of work (smart working) and providing personnel with all the tools and equipment they need to work in complete safety (e.g. personal protective equipment - PPE, plexiglass panels, etc.), in cases of activities that are incompatible with the remote working model, such as postal and logistics activities.









The actions undertaken by the Group are consistent with the values recognised by Poste Italiane in relation to the sustainability strategy, based on eight pillars, and in line with the recommendations of the Global Compact Network Italy, the UN PRI (Principles for Responsible Investment) guidelines and the additional indications provided by the United Nations in relation to the impact of the Covid-19 emergency on SDGs<sup>44</sup>:




<sup>44</sup> "Shared Responsibility, Global Solidarity: responding to the socio-economic impacts of Covid-19", March 2020.

## ACTIONS TAKEN










### OUR POSTE ITALIANE PEOPLE

<p>Establishment of bodies and tools aimed at a unified and nationally coordinated governance of containment and prevention actions (Coronavirus Risk Management Committee chaired by CEO and Co-General Manager, Strategic Crisis Committee for Coronavirus Risk Management, which involved more than 500 people from the various corporate structures of Corporate Protection, Properties, Purchasing, Communication, Human Resources, Institutional Affairs, Regulatory Affairs, Information Systems and all Business Functions).</p>	
<p>Measures to reduce the level of potential contagion: organisational measures to remodel operations for the branch network and for logistic-postal activities (reduction in the concentration of personnel to ensure the minimum interpersonal safety distance within the operating sites), smart working, suspension of travel (international, national, infra-regional except if absolutely unavoidable), of classroom training at internal events and participation in external events suspension of access by consultants, service providers and visitors to the management offices and, in a second phase, closure of internal bars and company canteens.</p>	
<p>Constant distribution of PPE to exposed personnel protective masks (about 7.07 million pieces), fabric/surgical masks (about 64 million pieces), hand gel (1.97 million litres), disinfectant kit (648,089 pieces); extraordinary cleaning and sanitisation of PO and SC workplaces and production sites, using alcohol-based detergents, as well as sanitisation of the company fleet (vehicle spraying devices). New interventions were activated on the forced aeration systems for the winter season.</p>	
<p>Extension of employee health policy: extension of the guarantees offered to Poste Assicura health policyholders and its employees who have adhered to the Group's Health Fund plan, with the aim of providing the best possible assistance to people infected by Covid-19.</p>	
<p>Establishment of a dual communication channel to facilitate the flow of information (web portal to allow timely verification of the actions taken by Poste and a toll-free number to request further information).</p>	
<p>Extension smart working: the Poste Italiane Group, in order to continue to contain the spread of the Covid-19 virus, has extended smart working for staff until 30 September 2021.</p>	
<p>Guaranteed that employees will be able to undergo free swabs: the Company initiated a Covid-19 testing campaign ensuring that all employees could undergo a free swab starting 12 March 2021.</p>	
<p>Free leave for Covid vaccines: the Company has set up paid leave for employees to take part in the Covid-19 vaccination campaign, further demonstrating the fundamental value that the Poste Italiane Group attaches to participation in the vast national anti-Covid-19 operation. All employees will be eligible for leave for up to two calendar days in total, one for the administration of each dose of vaccine, either full-day or hourly. In addition, in June, a vaccination campaign was launched for company personnel living in the regions of Lazio, Piedmont, Veneto, Campania, Lombardy and Calabria. The vaccine is made available by the Region and is administered at specialised outside health facilities. A dedicated booking platform has been made available to employees.</p>	













<p>Installation of thermal cameras to detect body temperature at the headquarters, in the entire network of post offices, in logistics offices open to the public and in all other work environments with more than 150 employees, including logistics HUBs.</p>	
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## CUSTOMERS

<p>Continuity in the openings of PO, also taking into account the proportion with inhabitants (at least one day a week, at least one PO has been opened in each municipality to limit travel). Continuity in the provision of services (e.g. delivery, collection of pensions, etc.).</p>	
<p>Continued also in the first half of 2021 the suspension of mortgages and loans (suspension of mortgage instalments for individuals, self-employed and freelance workers; "remote" suspension of BancoPosta loan instalments for Small and Medium-sized Enterprises (SMEs) and self-employed workers with VAT number).</p>	
<p>Adoption of measures to ensure spacing in the PO (e.g. safety strips on the floor at each counter, regulation of entrances, etc.).</p>	
<p>Multichannel and growth in the digital segment (which ensure the service also outside the traditional post offices). Adoption of tools to discourage the use of cash (e.g. ATM, app, digital channels, etc.).</p>	
<p>Chatbot reinforcement: addition to the chat channel of the Digital Mail Assistant (chatbot) of the voice channel (voicebot), which has addressed numerous standardised and repetitive requests for assistance, giving valuable time to "human co-workers" for the management of more complex and emerging situations.</p>	
<p>Communication activities to customers also through advertising campaigns. Information to the PO to have the security measures adopted to contain the spread of the virus (communications via e-mail, Intranet and push app; messages/letters posted from time to time at all post offices to communicate the preventive measures taken and the required behaviour).</p>	
<p>Simplification of succession practices in order to offer special assistance in the regions most affected by Covid-19 such as Lombardy, Piedmont, Liguria and Val d'Aosta. Citizens in these regions were able to start the claim online in a simplified way, thus avoiding having to go to the post office several times. With this request, citizens have obtained the Declaration of Credit, the document necessary for the submission of the declaration of succession to the tax authorities. Once the declaration of credit has been received online, the heir or legal successor can go to the post office selected to submit the declaration of inheritance together with the original documents, thus considerably reducing the time required for the entire request.</p>	
<p>BancoPosta account opening also from BancoPosta app. It is sufficient to choose the type of account and follow the instructions in the app with health card and a valid identity document available. The account will be opened in a few days and will be active immediately. Poste is offering more and more advanced and digital services in order to combine traditional channels with new solutions, also dedicated to young people.</p>	
<p>Installation on 30 June 2021 of about 29,400 sustainable plexiglass barriers (polymethylmethacrylate - PMMA), protective panels installed at all PO that did not have them and protective screens for consultants and Postepay corners, to protect staff and customers. The number is increasing in relation to the construction of new offices or the</p>	





renovation of existing ones. Additional barriers are installed in acceptance centres dedicated to business customers, medical centres and swab areas.

## INTERNATIONAL, NATIONAL AND LOCAL AUTHORITIES

Opening of an interactive channel with all the institutions potentially affected by the phenomenon starting from the Presidency of the Council. Interaction with government bodies in charge of crisis management: Civil Protection (stable and uninterrupted presence of Poste Italiane within the Civil Protection Operations Committee), Prefectures and law enforcement (Management of relations with Prefectures and law enforcement involved at local level), CODISE and COBAN (Poste Italiane participates in every meeting of CODISE and COBAN as the central operator of the country's economic-financial system). Daily monitoring of rules and regulations relating to measures adopted by the authorities.	
Close collaboration with Trade Unions and constant updating with respect to the strengthening of measures to limit contagions and measures aimed at ensuring service continuity	
Agreement between Poste Italiane and the Carabinieri for the provision and home delivery of pensions for citizens over 75 years of age. Following agreements with the MEF, the Civil Protection, the Ministry of Labour, the Inps and the Bank of Italy, the staggered payment of pensions began in April 2020 and will continue in the first quarter of 2021. At the same time, contracting more than 500 surveillance institutes and contact with all the Prefects, the Postal Police, the Carabinieri and the Civil Protection to request collaboration in the management of possible gatherings outside Post Offices.	
Agreements with local administrations for the delivery of masks to the population. Listening strategy and proximity to institutions to offer, even in a limited time span, solutions to emerging critical issues.	
Collaboration with institutions on the disbursement of the Inps bonus and the advance payment of ordinary and special redundancy payments to BancoPosta and Postepay Evolution customers.	
Implementation of a platform to facilitate the vaccination campaign: Covid vaccine bookings can be made using the Poste Italiane online platform, developed and made available to the Italian regions, and totally free of charge.	 
Logistical support for the delivery of vaccines: special vehicles, equipped with cold rooms, proceed with the delivery of vaccines to the appropriate locations.	
Continuous communication activities to national and local institutions aimed at raising awareness	
Among the free financial education initiatives for the public, Poste Italiane is providing educational webinars with the aim of spreading and increasing awareness of financial, insurance and pension matters.	
The creation of the information channel, TG Poste, responds to the Poste Group's need to continue its mission of presence and proximity to its employees, including information and the intention to share national and international news, integrating it with corporate content, thus offering to the over 120,000 employees and the country in-depth knowledge of the	

<p>largest and most widespread company in Italy. TG Poste is on the air every day, Monday to Friday, at 12 noon, visible for employees on demand from the company Intranet or the NoidiPoste app. Starting from the fourth quarter of 2020, it was broadcast to the public via the web channel Postenews.it and, progressively, on post office screens.</p>	
<p>Superbonus 110% and other tax bonuses: as part of the measures provided for in the Relaunch Decree (Law Decree no. 34/2020), Poste Italiane offers the solution of assigning tax credits to BancoPosta companies and current account holders and specific insurance products, in line with its role in supporting the country.</p>	

## SUPPLIERS

<p>Supplier assessment by providing for the COVID risk analysis taking into account both the specific sector to which they belong, through the classification of economic activities adopted by the Italian National Institute of Statistics for national economic statistical surveys (ATECO code), and the April 2020 guidelines prepared by the Government-INAIL task force for the assessment of production sectors.</p>	
<p>Transparency in the management and maintenance of relations with the supply chain, based on stable and solid partnerships that allow reactivity of demand satisfaction (time-to-market) also thanks to the national geographic origin of suppliers.</p>	
<p>Respect for payment methods and times towards suppliers.</p>	
<p>Engagement of specialised companies for sanitisation involving more than 13,000 headquarters, production sites, management offices, post offices, with a time schedule that has involved hundreds of different locations every day.</p>	



## 5. FINANCIAL REVIEW

[PERFORMANCE OF POSTE ITALIANE SHARES](#)

[GROUP OPERATING RESULTS](#)

[SUMMARY OF OPERATING RESULTS BY STRATEGIC BUSINESS UNIT](#)

[MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[DIGITAL PROPERTIES, THIRD-PARTY NETWORKS AND MAIN KPIs](#)

[GROUP FINANCIAL POSITION AND CASH FLOW](#)



### 5.1 PERFORMANCE OF POSTE ITALIANE SHARES

During the first six months of 2021, Poste Italiane shares increased by 33.7% on the stock market, from €8.342 at the beginning of the year to €11.15 at the end of June 2021. Over the same period, the FTSEMIB increased 12.5%.

On 8 June 2021, the stock has reached an all-time high price since it was listed at €12.08.

From the date of listing on the stock exchange (27 October 2015) to 30 June 2021, Poste's share price increased by 65.2% (while the FTSEMIB index increased by 10.9% in the same period), guaranteeing an overall return for shareholders (TSR<sup>45</sup>) of +126% while the main Italian stock exchange index recorded an increase of 33%.

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<sup>45</sup> Total Shareholder Return.



The table below shows the main information on the stock and on the Company's dividend policy as well as the relative performance recorded during the period compared to previous periods.

Share KPIs	1H 2021	FY 2020	1H 2020	FY 2019
Closing price at the end of the period (€)	11.150	8.320	7.740	10.120
Minimum price of the period (€)	8.076	6.144	6.144	6.970
	(29/01/2021)	(12/03/2020)	(12/03/2020)	(02/01/2019)
Maximum price of the period (€)	12.080	11.510	11.510	11.205
	(08/06/2021)	(19/02/2020)	(19/02/2020)	(12/11/2019)
Average price of the period (€)	10.324	8.364	8.760	9.292
Stock exchange capitalisation at the end of the period (€m)	14,563	10,867	10,109	13,218
TSR of the period (%)	37.79	-13.03	-20.59	53.94
TSR FTSE MIB of the period (%)	14.74	-3.34	-16.22	33.80
Earnings per share (€)	0.594	0.927	0.419	1.032
Dividend per share (€)	-	0.486	-	0.463
Payout ratio (%)*	-	52	-	45
Dividend Yield (%)**	-	5.66	-	3.04

Source Bloomberg

\* It is calculated as the ratio of the total dividend and the Group's net profit

\*\* It is calculated as the ratio of the dividend per share and the share price at the end of the period



## 5.2 GROUP OPERATING RESULTS

The Group's performance in the first half of 2021 is solid and confirms the validity of the strategic guidelines of the new "24SI" plan. Revenue up on the same period in 2020 and operating profit improved despite higher personnel expenses, attributable to pandemic-related savings in the first half of 2020, and higher variable costs incurred to grow the businesses.

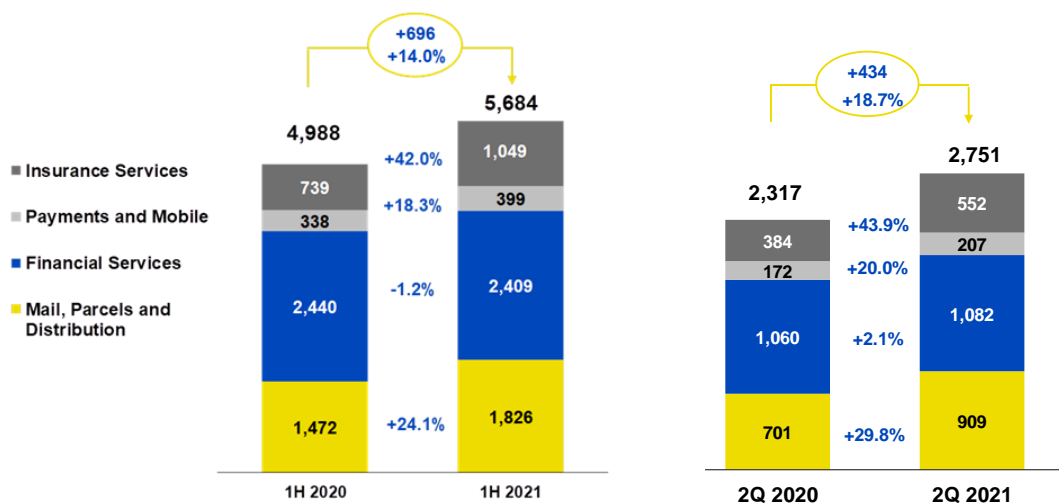
### CONSOLIDATED OPERATING RESULTS

	1H 2021	1H 2020	CHANGES	
(€m)				
<b>EXTERNAL REVENUE</b>	<b>5,684</b>	<b>4,988</b>	<b>+696</b>	<b>+14.0%</b>
<b>TOTAL COSTS</b>	<b>4,634</b>	<b>4,222</b>	<b>+412</b>	<b>+9.8%</b>
<b>EBIT</b>	<b>1,049</b>	<b>766</b>	<b>+284</b>	<b>+37.1%</b>
<b>EBIT margin %</b>	<b>18.5%</b>	<b>15.3%</b>		
<b>NET PROFIT</b>	<b>773</b>	<b>546</b>	<b>+228</b>	<b>+41.8%</b>
<b>NET EARNINGS PER SHARE</b>	<b>0.59</b>	<b>0.42</b>	<b>+0.18</b>	<b>+41.8%</b>
<b>CAPEX</b>	<b>308</b>	<b>210</b>	<b>+98</b>	<b>+46.9%</b>
<i>% of revenue</i>	<i>5.4%</i>	<i>4.2%</i>		

Group revenue amounted to €5.7 billion, up €696 million compared with the first half of 2020 (+14%), as a result of the recovery trends of the various businesses that confirm the effectiveness of the Group's strategic decisions communicated to the financial community in March with the presentation of the "24SI" Strategic Plan. In some segments (parcels, insurance, monetics and telecommunications), revenue grew even compared with pre-pandemic levels.

## EXTERNAL REVENUE

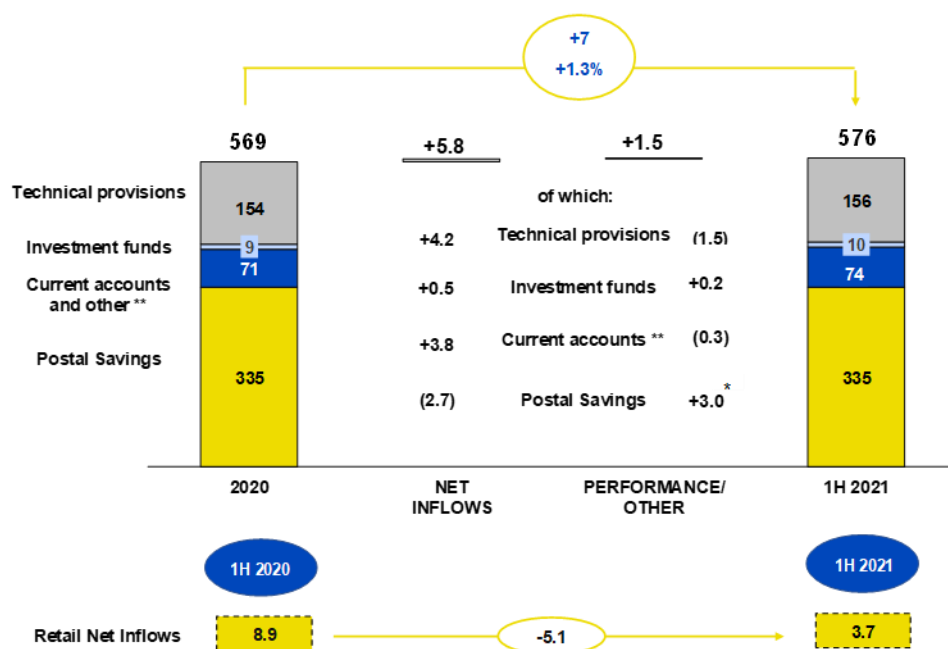
(€m)



Specifically, the following Strategic Business Units made a positive contribution: Mail, Parcels and Distribution (+€355 million or +24.1%), Insurance Services (+€310 million or +42%), Payments and Mobile (+€62 million or +18.3%), partly mitigated by the decline in revenue from Financial Services (-€30 million or -1.2%). The second quarter of 2021 reflects the positive trend of the first half of the year with a more robust growth (+€434 million, or +18.7%) compared to the same period of the previous year when the most severe restrictive measures were implemented to cope with the most acute phase of the health emergency. Growth, due to the positive contribution of all business functions, is concentrated in the Mail, Parcels and Distribution and Insurance Services Strategic Business Units.

## TOTAL FINANCIAL ASSETS

(€bn)



\* Includes capitalisation of interest

\*\* Includes current accounts and assets under administration. Current accounts do not include REPO and Poste Italiane's liquidity.

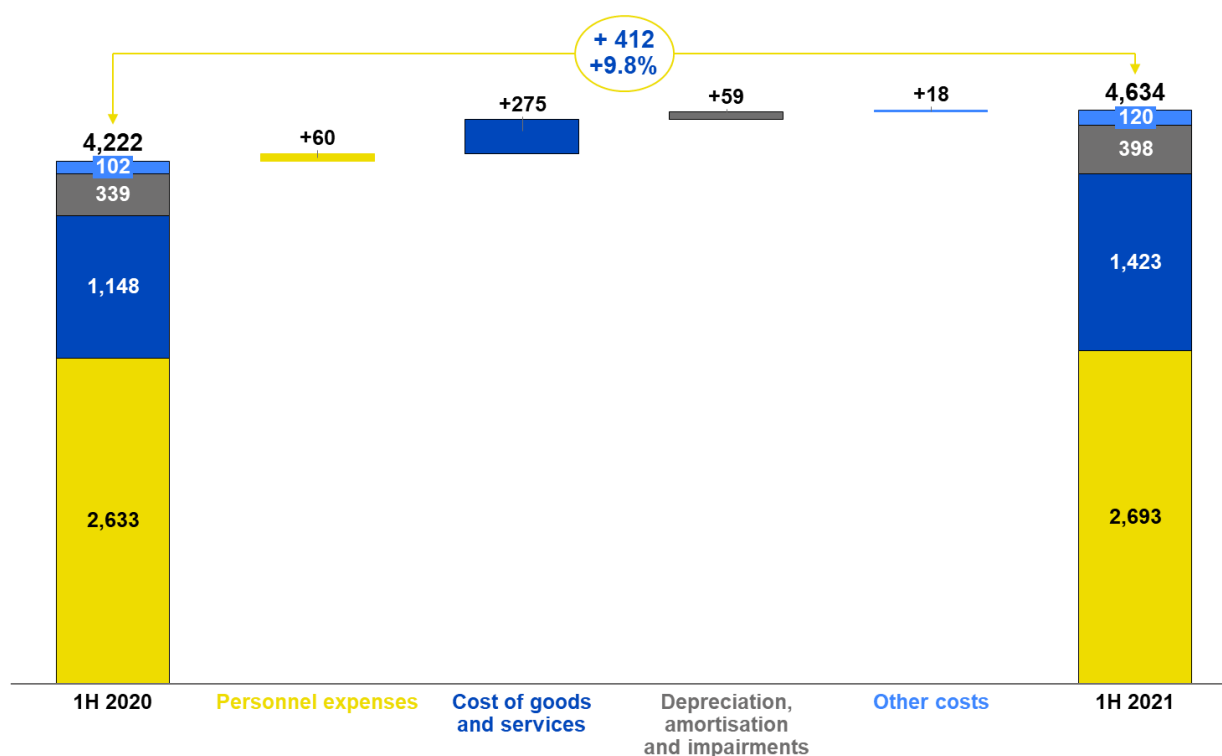
Total financial assets at 30 June 2021 amounted to €576 billion, up €7 billion compared to 31 December 2020, due to the positive performance recorded mainly in the insurance segment supported by the growth of Multi-class products, as well as net inflows on current accounts.

Retail net inflows decreased by €5.1 billion due primarily to the greater liquidity in savings accounts and current accounts in the first half of 2020 related to the market context of that period, which influenced customers' behaviour, directing them more towards the use of liquidity products.



## TOTAL COSTS

(€m)



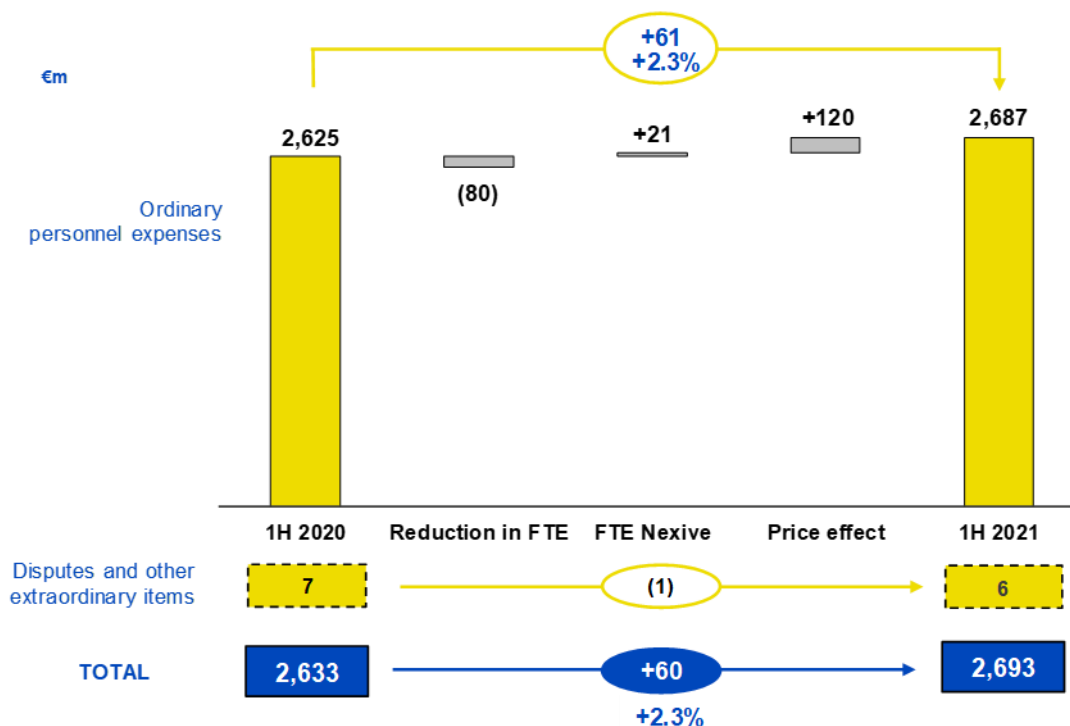
Total costs amounted to €4,634 million, an increase compared to the €4,222 million of the first six months of 2020 (+€412 million), essentially due to higher costs for goods and services (+€275 million), related to the increase in variable costs mainly of the parcel, telecommunications and monetics businesses and the consolidation as of 1 January 2021 of the Nexive Group.

The value at 30 June 2021 of costs for goods and services also includes expenses incurred to deal with the health emergency, which in the first half of 2021 amounted to €48 million (€53 million the value for the corresponding period in 2020).

Also contributing to the growth in total costs in the first half of 2021 are the components of personnel expenses, depreciation and amortisation, and an increase in other operating expenses. On the personnel expenses side, the change is mainly attributable to one-off savings recorded in the first half of 2020 related to the emergency situation; higher amortisation and depreciation are related to higher investments made or entering into operation compared to the previous half-year, while other costs include, among others, higher provisions made to meet contingent liabilities mainly related to the activities of the Financial Services Strategic Business Unit.

## PERSONNEL EXPENSES

The total personnel expenses increased by €60 million compared to the first half of 2020. This change is attributable to the growth in the ordinary component, which rose from €2,625 million in the first half of 2020 to €2,687 million in the corresponding period of 2021 (+2.3%).



The change in the ordinary component compared to the first half of 2020 mainly derives from the lower costs incurred during the health emergency recorded in the first half of 2020 (use of Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the lockdown). The price effect is partly counter-balanced by the reduction in the number of resources deployed in the period (approximately 2,700 FTE less than in the corresponding period of 2020). It should be noted that the reduction in FTEs includes the entry of Nexive resources (approximately 1,200 FTEs), following the acquisition of the Group in January 2021.

In June 2021, the National Collective Labour Agreement for non-executive staff of Poste Italiane and Group companies falling within its scope of application was signed, effective until 31 December 2023. Economic improvements are envisaged and will be recognised during the term of the contract. For further information, please refer to the paragraph "Industrial Relations".

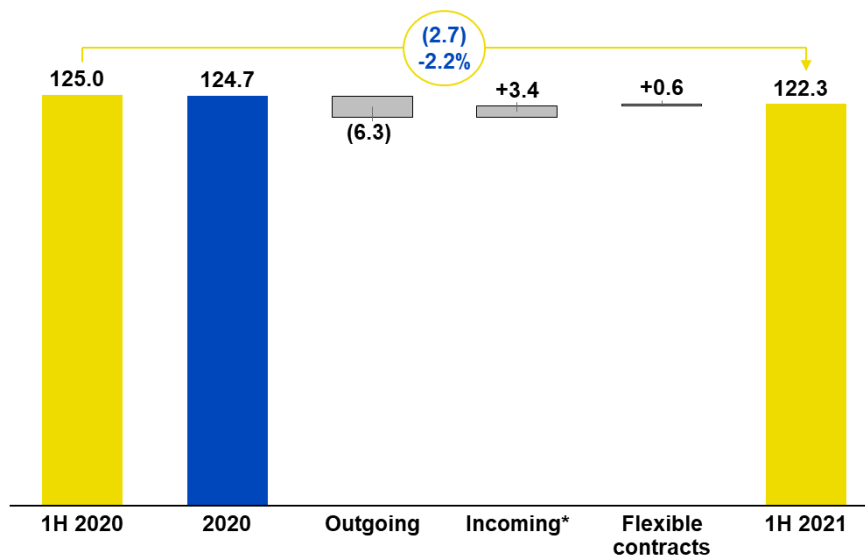
For further information



## WORKFORCE

(Full Time Equivalent in thousands)

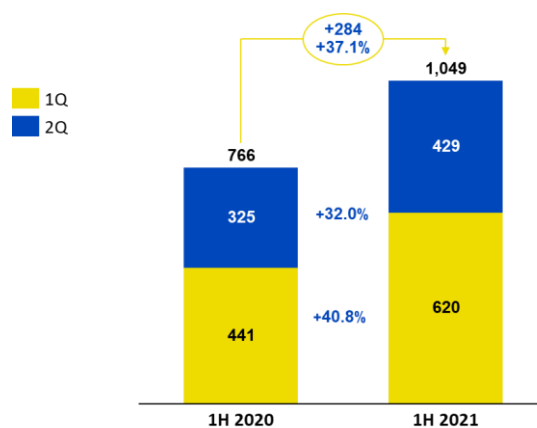
The reorganisation and rationalisation of internal processes continued in the current year through incentive-based redundancies; exits in the first half of 2021 were 6.3 thousand FTE against entries of 3.4 thousand FTE on permanent contracts and approximately 600 FTE on fixed-term contracts.



\* Including approximately 1,200 FTE incoming from Nexive Group

## EBIT

(€m)



Consolidated EBIT for the first half of 2021 amounted to €1,049 million, an increase of €284 million (+37.1%) compared with the same period last year (€766 million), due to the sustained growth in revenue achieved in a macroeconomic context which, although still characterised by the health emergency, was more favourable. The development of revenue also testifies to the solidity of the various business and the validity of the strategic choices outlined in the new "24SI" Plan.

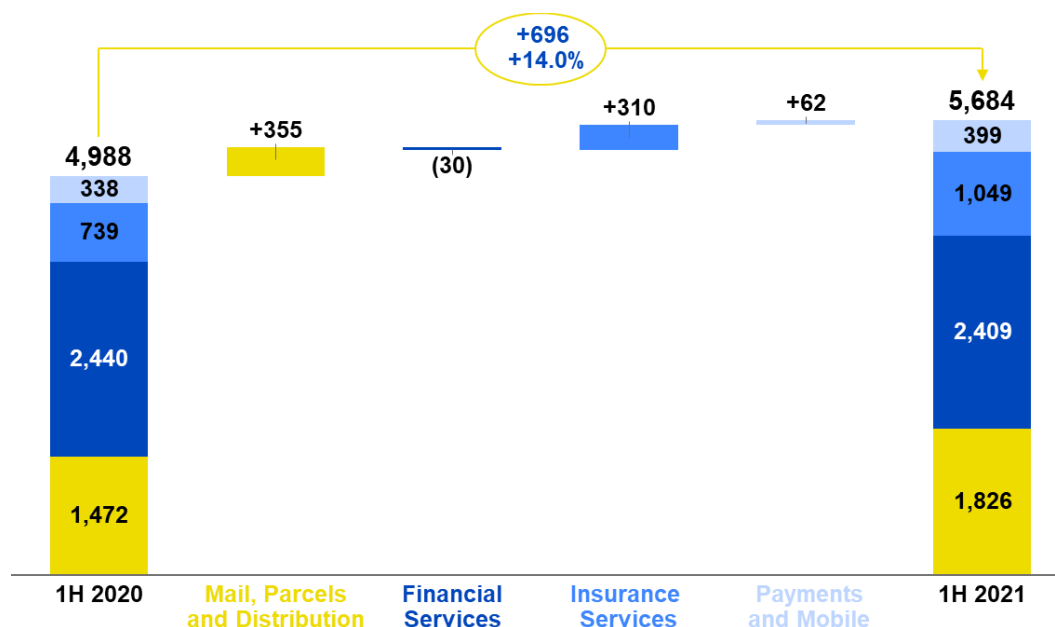
## 5.2.1 SUMMARY OF OPERATING RESULTS BY STRATEGIC BUSINESS UNIT



The main economic results by Strategic Business Unit are shown below.

### EXTERNAL REVENUE

(€m)



External revenue of the **Mail, Parcels and Distribution Strategic Business Unit** amounted to €1,826 million, up €355 million compared to the first half of 2020, due to the significant growth of the parcels business in all segments, the increase in revenue from traditional mail (+€97 million, equal to +10.5% compared to the first half of 2020) and thanks also to the positive contribution of the Nexive Group (€87 million in the first half of 2021).

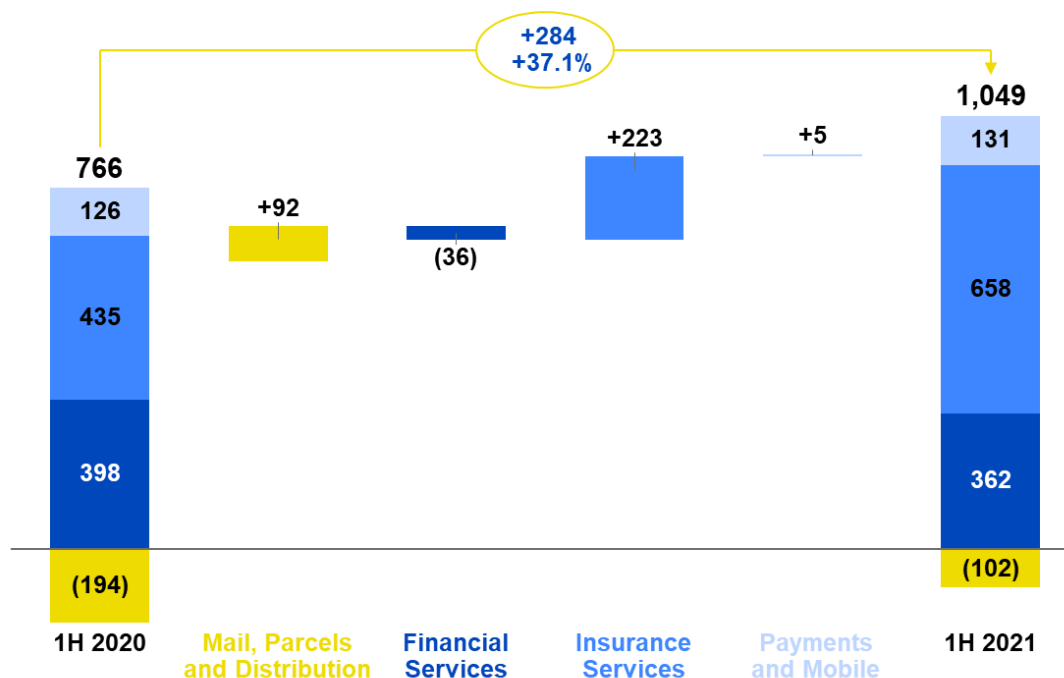
The **Financial Services Strategic Business Unit** contributed €2,409 million to Group revenue, representing a decrease of €30 million compared with the first half of 2020 due primarily to the expected lower yields on the securities portfolio related to the decline in market rates.

The **Insurance Services Strategic Business Unit** recorded external revenue of €1,049 million and a positive change of €310 million compared to the first half of 2020. In detail, Life net revenue amounted to €975 million, up by €311 million compared to the first half of 2020, mainly due to the positive contribution of the net investment result, which benefited from both an increase in profitability linked to the rise in inflation and a volume effect related to the increase in average assets under management.

P&C net revenue, which was penalised in the first half by one-off negative items (guarantees for Covid-19 on health policies for Poste Italiane employees), amount to €74 million, essentially in line (down €1 million) with the first half of 2020.

The **Payments and Mobile Strategic Business Unit** contributed to total revenue with €399 million (+€62 million, compared to the same period in 2020), recording growth in all segments.

EBIT  
(€m)

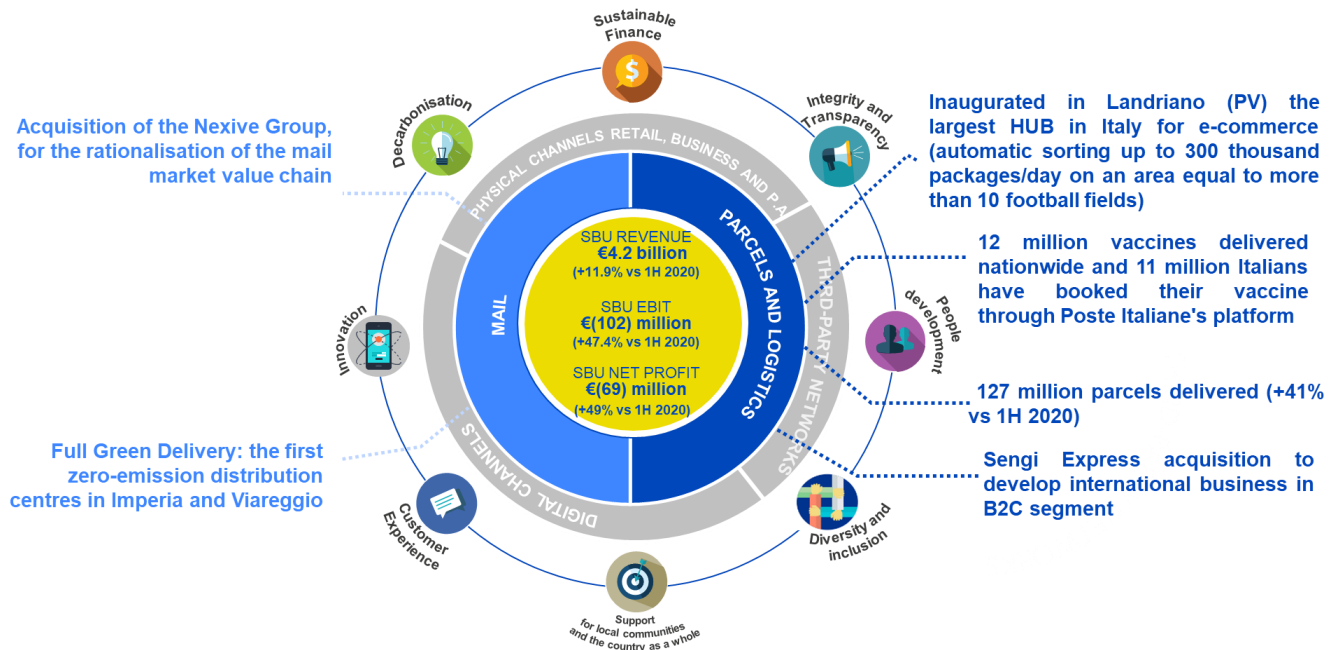


The operating profit of the **Mail, Parcels and Distribution Strategic Business Unit** was negative for €102 million, an improvement (+€92 million) compared to the negative value in the first half of 2020 (-€194 million).

Growth in performance also for the **Insurance Services** and for **Payments and Mobile Strategic Business Units**, which respectively recorded an operating profit of €658 million (+€223 million compared to the same period of 2020) and €131 million (+5 million compared to the first half of 2020) in the first half of 2021.

The **Financial Services Strategic Business Unit** contributes to the group's operating results with an EBIT of €362 million, a decrease of €36 million compared to the same period last year.

## 5.2.2 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT



The positive performance of the Strategic Business Unit in the first half of 2021 reflects growing revenue in both segments, mail and parcels, driven by the significant development of the latter. Positive contribution from the mail segment thanks to the recovery of production activities compared to the first half of 2020 and the integration of the Nexive Group.

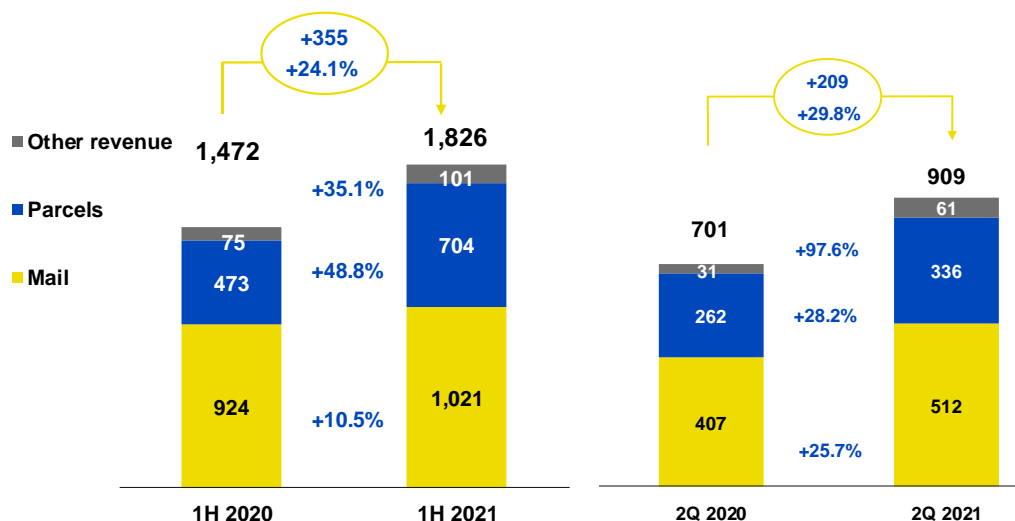
MAIL, PARCELS AND DISTRIBUTION	1H 2021	1H 2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>1,826</b>	<b>1,472</b>	<b>+355</b>	<b>+24.1%</b>
Revenue from other sectors	2,346	2,256	+90	+4.0%
<b>Total revenue</b>	<b>4,173</b>	<b>3,728</b>	<b>+444</b>	<b>+11.9%</b>
Costs	4,234	3,888	+346	+8.9%
Costs vs other sectors	41	34	+7	+19.7%
<b>Total costs</b>	<b>4,274</b>	<b>3,922</b>	<b>+353</b>	<b>+9.0%</b>
<b>EBIT</b>	<b>(102)</b>	<b>(194)</b>	<b>+92</b>	<b>+47.4%</b>
<b>EBIT margin %</b>	<b>-2.4%</b>	<b>-5.2%</b>		
<b>NET RESULT</b>	<b>(69)</b>	<b>(135)</b>	<b>+66</b>	<b>+49.0%</b>

Main KPIs	1H 2021	1H 2020	CHANGES	
<b>Mail and parcels</b>				
Revenue/FTE (€k)	34	30	+4	+14.3%
Parcels that can be delivered as standard mail (volumes in m)	39	33	+6	+17.7%
New Punto Poste Network (number of lockers and alternative collection points)*	10,579	10,799	(220)	-2.0%
<b>Distribution</b>				
Number of Post Offices*	12,767	12,765	+2	+0.0%
Number of customers (m)	35.0	34.7	+0.3	+0.9%
Rooms dedicated to consultancy	6,940	6,762	+178	+2.6%
Postamat ATM network	8,022	7,731	+291	+3.8%

\*The figure reported in 1H2020 refers to 31.12.2020

## EXTERNAL REVENUE

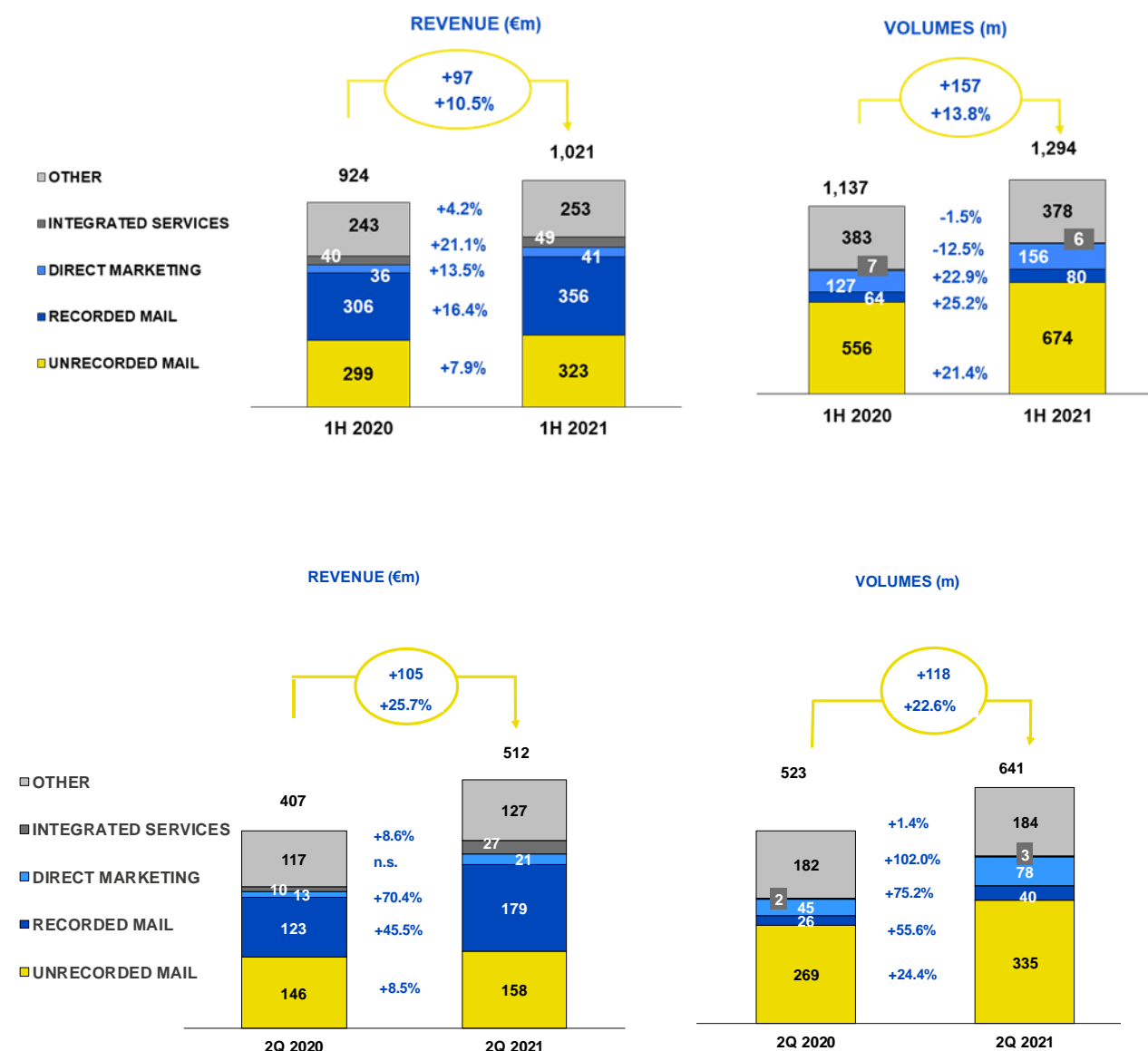
(€m)



Segment revenue for the first half of the year rose from €1,472 million in 2020 to €1,826 million in 2021 (+€355 million; +24%), confirming, also in the second quarter of 2021, the growth recorded in the first quarter. The positive change in the first half of 2021 is due to the increase in revenue from traditional mail (+€97 million, or +10.5% compared to 2020), thanks to the recovery of activities that had been impacted in the first half of 2020 by the restrictive measures imposed by the lockdown and the positive contribution of the Nexive Group (€64

million) in relation to the mail business. In addition, revenue benefited from the particularly positive performance of the parcels business (revenue up €231 million, or +48.8%, compared with the same period of the previous year). The growth in the parcels segment confirms the Group's weight in the B2C segment and the development of international business (+€14 million, equal to +50.6%, compared with the same half of 2020) thanks also to the acquisition of the Chinese operator, Sengi Express. The parcels segment also benefited from the contribution of the order for the delivery of personal protective equipment to public administrations, as well as growth in other segments (B2B and C2X).

## Mail





**Unrecorded Mail:** Standard mail service with mailbox delivery.

**Recorded Mail:** Delivery to the person with proof of delivery and tracking for retail and business customers. This category includes in particular: registered mail, insured mail and judicial documents.

**Direct Marketing:** Service for the sending by companies and Public Administration entities of communications with advertising, promotional or informative content.

**Integrated services:** Integrated and customised offers for specific customer segments, in particular Public Administration, large companies and professional firms. The most relevant integrated service is the Integrated Notification Service, for the management of the entire process of notification of administrative and judicial documents (e.g. violations of the Highway Code).

**Other:** Services for publishers, multi-channel services, printing, document management, other basic services. This item also includes tariff subsidies relating to external revenue earned on products and services discounted in accordance with the law and the Universal Postal Service Compensation (also includes compensation relating to ordinary parcels).

The performance of the Mail services recorded by the Group in the first half of 2021 show growth in both volumes and revenue of +13.8% (+157 million items) and +10.5% (+€97 million respectively) compared to the same period of the previous year.

Recorded Mail registered a volume growth of 25.2% (+16 million items) in the half year, accompanied by an increase in revenue of 16.4% (+€50 million), mainly concentrated in the second quarter. This trend can be attributed to the recovery in registered mail and court documents compared to the same period in 2020.

The encouraging recovery in volumes for Unrecorded Mail recorded in the first quarter of 2021 continued into the second quarter of the year, resulting in growth in volumes and revenue of +21.4% (+119 million items) and +7.9% (+€24 million), respectively, compared with the same period of 2020.

With overall volumes stable compared with the same period of 2020, Integrated Services registered a 21.1% increase in revenue (+€8.5 million), primarily due to the positive contribution generated by the recovery of activities involving the notification of products with higher added value, such as administrative and judicial documents.

Direct Marketing shows in the first half of 2021 an increase in volumes of 22.9% (+29 million items), which determines a positive change in revenue of approximately €5 million (+13.5%). This growth, concentrated in the second quarter of the year (+34 million items or +€9 million in revenue) is related to the increase in commercial shipments from customers following the recovery in economic activity.

Other, which also includes the services marketed by Postel, continued to report a decline in volumes equal to 1.5% (-5.7 million items) compared with the first half of 2020, despite a significant improvement in performance in the second quarter. The item also includes the fee for the Universal Service Compensation (€131 million) and the tariff subsidies in the publishing service: both items show results in line with those of the same period of the previous year.

## Parcels



**B2B:** acronym for Business to Business. Company to company shipping services. Offer that focuses on quality and reliability, with delivery options with defined delivery times, mainly multi parcel shipments.

**B2C:** acronym for Business to Consumer. A modular offer created for e-commerce with a choice of additional services.

**C2X:** identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

**OTHER:** includes international shipments, partnerships with logistics operators, dedicated services (for specific needs of PA, Insurance, Banks and Large Customers), integrated logistics orders and other revenue also including the price of the order awarded for the distribution of personal protective equipment.

In the first half of 2021, the parcels business continued to show significant development of performance, with a positive change in both volumes and revenue respectively of +41.4% (+37 million items) and +48.8% (+€231 million) compared with the same period of the previous year.

Growth is particularly concentrated in the B2C segment, thanks to the strong development of e-commerce. This process, which had already been gradually taking place over the previous years and which was greatly accelerated by the pandemic, continues to manifest its effects even as the economy recovers and physical access points to the various economic activities gradually reopen. In particular, in the first half of the year, the B2C sector generated revenue of €362 million, up 42.7% (+€108 million) with respect to the first half of 2020, with against 92 million shipments (+49.2%, +30 million items).

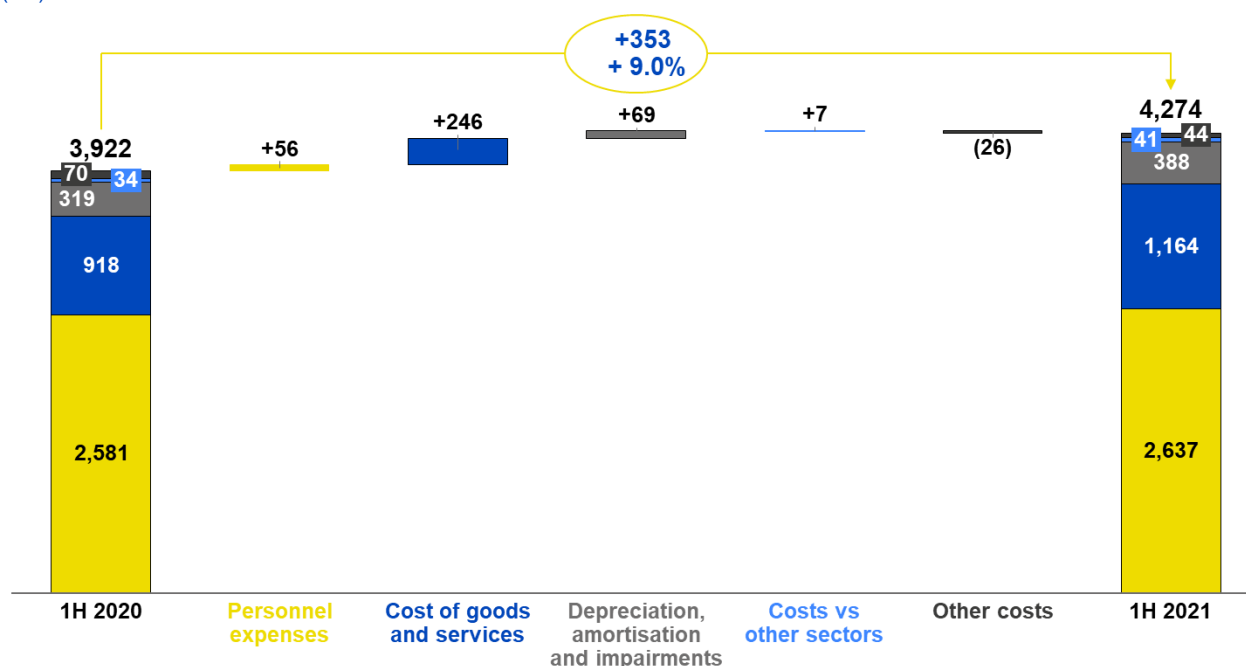
Positive performance also for the B2B segment, which achieved revenue of €131 million in the first six months of 2021, up 20.7% (+€22 million compared to the same half of 2020), against 21 million shipments handled (+4 million items, +20.6%).

The performance of the item Other, which registered an increase of €96 million (+117%) in the first half compared with the same period of 2020, primarily reflects the integrated logistics order awarded in May 2020 to Poste Italiane for the delivery of personal protective equipment to Public Administrations (+€70 million compared to 2020) and the development of the international business (+€14 million or +50.6%), which benefits from the integration of the Chinese operator, Sengi, into the Group from March 2021.

In the second quarter of 2021, parcel volumes slowed from the growth trend seen in the first quarter of the year compared to the similar period in 2020 trending towards a post-pandemic "new normal" level.

## TOTAL COSTS

(€m)



Costs, including depreciation, amortisation and impairments for the first half of 2021, amounted to €4,274 million, an increase of €353 million (+9%), compared to the first half of 2020. This performance is essentially attributable to the €246 million (+26.8%) increase in the cost of goods and services, mainly due to variable costs incurred to support the development of the parcels business, call centre activities and IT services required to support the Group's digital transformation. In addition, the cost of goods and services is affected by expenses

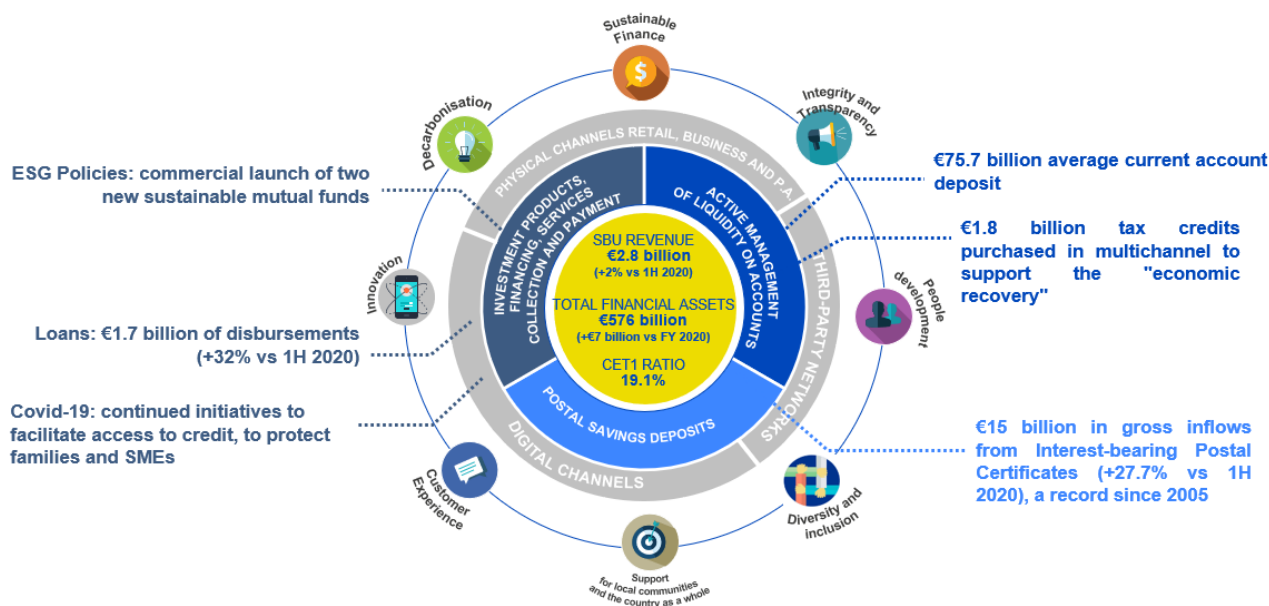
related to the Covid-19 emergency and expenses to support the vaccination campaign, for a total value of €48 million (€53 million in the first half of 2020 incurred for the health emergency).

Personnel expenses amounted to €2,637 million, up €56 million compared with the same period last year, due mainly to an increase in ordinary personnel expenses (+€57 million, +2.2%), mainly as a result of lower costs related to the health emergency recorded in the first half of 2020 (use of Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the lockdown). This change is only partially mitigated by the reduction in average headcount in the half year (approximately 2,600 FTE less than in the first half of 2020).

Depreciation, amortisation and impairments increased by €69 million (+21.7% compared to the first half of 2020), mainly due to higher investments in the period compared to the first half of 2020.

In light of as represented, the Mail, Parcels and Distribution Strategic Business Unit reported negative EBIT of €102 million for the first half of 2021, an improvement of €92 million compared to the first half of 2020 (+47.4%).

### 5.2.3 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT



The results of the Strategic Business Unit for the first half of 2021 show overall revenue increasing due to the combined effect of higher revenue from the insurance segment for the development of the related business partially mitigated by lower external revenue mainly due to the expected lower returns on loans related to the decrease in rates.

EBIT, down compared to the first half of 2020, was affected by higher provisions set aside to cover contingent liabilities.

The CET1 ratio at June 2021 stood at 19.1%, confirming the capital solidity of BancoPosta. On 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a €350 million perpetual subordinated loan, on terms and conditions that allow it to be counted as Additional Tier 1 capital ("AT1").

FINANCIAL SERVICES	1H 2021	1H 2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>2,409</b>	<b>2,440</b>	<b>(30)</b>	<b>-1.2%</b>
Revenue from other sectors	380	296	+85	+28.6%
<b>Total revenue</b>	<b>2,789</b>	<b>2,735</b>	<b>+54</b>	<b>+2.0%</b>
Costs	99	60	+39	+65.9%
Costs vs other sectors	2,329	2,278	+51	+2.2%
<b>Total costs</b>	<b>2,428</b>	<b>2,337</b>	<b>+90</b>	<b>+3.9%</b>
<b>EBIT</b>	<b>362</b>	<b>398</b>	<b>(36)</b>	<b>-9.1%</b>
<b>EBIT margin %</b>	<b>13.0%</b>	<b>14.6%</b>		
<b>NET PROFIT</b>	<b>264</b>	<b>273</b>	<b>(9)</b>	<b>-3.3%</b>

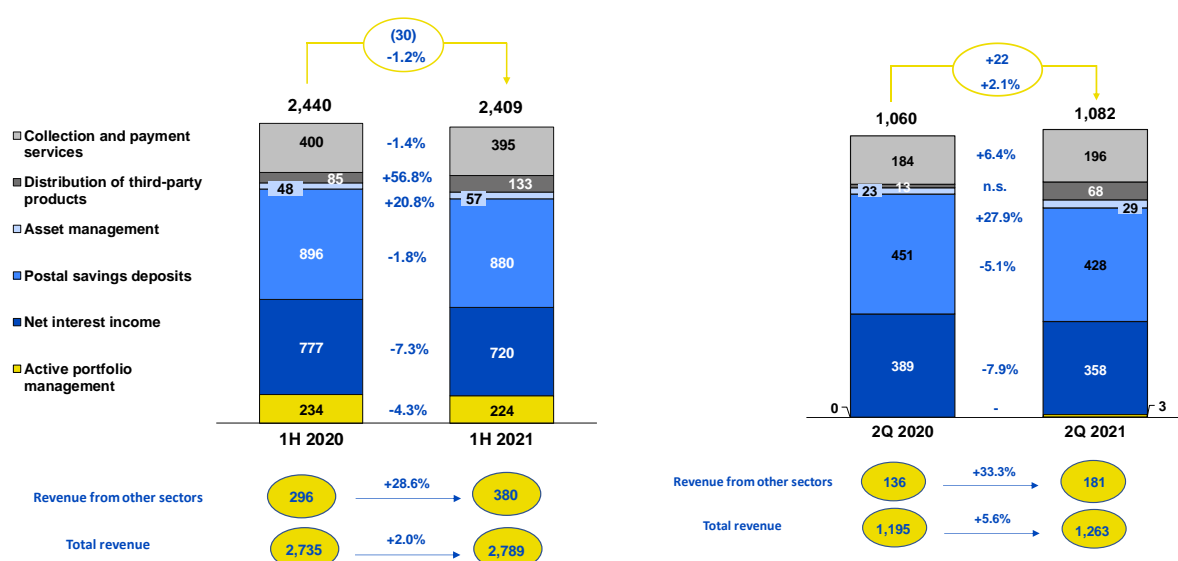
Main KPIs	1H 2021	1H 2020	CHANGES	
Total financial assets (€bn)*	575.9	568.6	+7.3	+1.3%
Net inflows (€m)	5,805	8,964	(3,159)	-35.2%
Unrealized capital gains/losses (€m)	4,335	(1,411)	+5,746	+407.2%
Current accounts (average deposits for the period in €bn)	75.7	65.4	+10.4	+15.9%
Investment portfolio return <sup>1</sup>	1.9%	2.4%		
Postal savings (average deposits in €bn)	319.6	316.4	+3.2	+1.0%
Loans (disbursed in €m)	1,711	1,299	+412	+31.7%
Portfolio financial duration (no. of years)	5.9	6.2	(0.3)	-5.3%

\* The figure indicated in column 1H 2020 refers to 31 December 2020

<sup>1</sup> Excluding capital gains

## EXTERNAL REVENUE

(€m)



**Distribution of third-party products:** Distribution of products disbursed/issued by third-party partners (financing, mortgages, loans, credit cards, etc.).

**Collection and payment services:** Slips, collections and payments PP.AA., transfer of funds and ancillary services for current accounts.

**Asset management:** Collective asset management through mutual investment funds and management of individual portfolios relating to institutional mandates attributable to the Group.

**Postal savings deposits:** Savings deposits through Interest-bearing Postal Certificates and Postal Savings Books issued by Cassa Depositi e Prestiti.

**Net interest income:** Income from investment of liquidity revenue via postal current account deposits, net of interest expense and other financial transaction costs.

**Active portfolio management :** Gains from the sale of securities in the BancoPosta Portfolio, net of losses.

External revenue in the first half of 2021 amounted to €2,409 million and recorded a decrease of €30 million (-1.2%) compared to €2,440 million achieved in the same period of the previous year.

In detail, the period under review shows: (i) Net interest income down compared to the first half of 2020 (-€56 million), essentially due to the expected lower returns caused by the market scenario with falling rates and only partially mitigated by the increase in loans consequent to the greater stocks on customer deposits; (ii) Active portfolio management equal to €224 million, down by €10 million compared to €234 million in the same period of 2020.

Revenue from the postal savings collection and management service amounted to €880 million (down by €16 million compared to the same period of 2020), pending the signing of a new agreement with Cassa Depositi e Prestiti S.p.A. - reflect activity rendered in the first half of 2021 and are valued consistent with the key provisions of the agreement that governed the service during the 2018-2020 period. Revenue from collection and payment services amounted to €395 million, down 1.4% (-€6 million) on the same period of last year, mainly due to lower volumes of payment slips and the progressive increase in payments accepted through third-party networks and digital channels, which have lower unit acceptance fees.

With reference to revenue from the distribution of third-party products, which amounted to €133 million, up €48 million (+56.8%) compared to the first half of 2020 (€85 million), the change is mainly attributable to higher volumes of personal loans and salary-backed loans, which were significantly impacted in the first half of 2020 by lower operations due to the lockdown.

Revenue from Asset Management increased by €10 million (+20.8%) compared to the same period of the previous year, mainly due to management and placement fees for mutual funds.

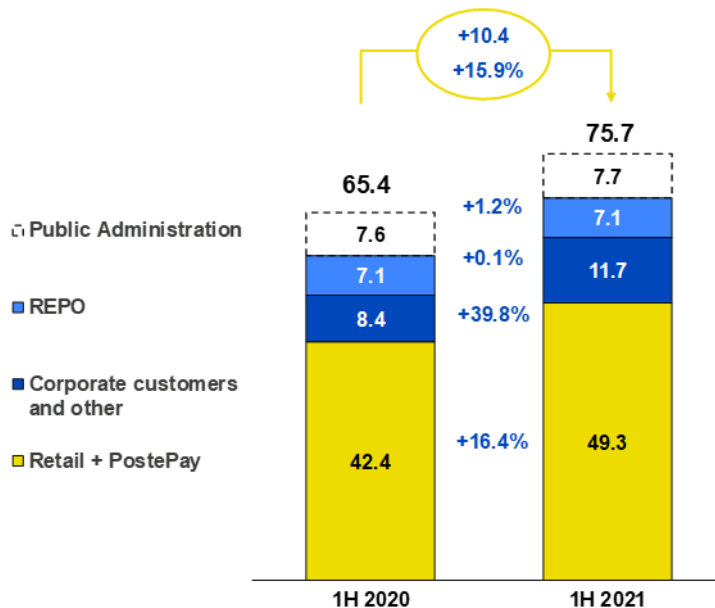
Revenue from other sectors amounted to €380 million (+28.6% compared to the first half of 2020). The increase is mainly due to the growth in volumes in the insurance business and the consequent increase in commissions paid for the placement and maintenance of policies.

The second quarter of the year showed external revenue up €22 million (+2.1%) compared to the same period of 2020, driven by the increase in revenue from the distribution of financing products (+€56 million), and by the good performance of asset management (+€6 million). These positive changes are partially mitigated by lower net interest income accrued on the securities portfolio (-€31 million).

Growth was also recorded in revenue from other sectors (+€45 million), and in particular from the Insurance Services Strategic Business Unit due to higher volumes on Life policies.

## AVERAGE CURRENT ACCOUNT DEPOSIT

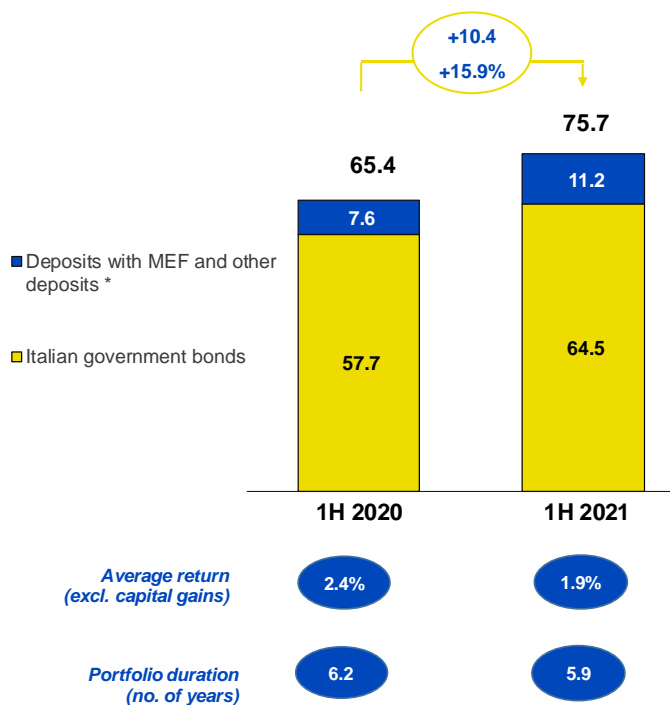
(€bn)



At 30 June 2021, the average current account deposit increased from €65.4 billion to €75.7 billion. This increase, equal to €10.4 billion, is mainly due to the positive contribution of Retail and Postepay customers (+€6.9 billion; +16.4%) and Corporate customers (+€3.3 billion, +39.8%) as well as the Public Administration of €0.1 billion.

## COMPOSITION OF INVESTMENT PORTFOLIO

(AVERAGE BALANCE in €bn)



\* Includes liquidity on the Buffer, deposits with other financial institutions, additional short-term loans (<12 months), the average deposit used for the purchase of tax credits and excludes the liquidity of Poste Italiane.

The average deposit of the investment portfolio consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (approximately €65 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (approximately €7.7 billion) represented by funding from postal current accounts belonging to public customers.

On 24 July 2021 Law no. 106/2021 was published in the Official Journal, introducing the possibility for BancoPosta RFC to invest, up to a percentage of 15%, the funds deriving from deposits from private customers also in tax credits that may be transferred pursuant to Law Decree no. 34 of 19 May 2020 (Relaunch Decree), or in other tax credits the transfer of which is provided for by law. In relation to the above, BancoPosta RFC will be able to expand investments, whilst maintaining the current operating model, which does not involve the assumption of credit risk. In fact, for the specific type of purchase of tax credits, the transferee is liable, primarily, only for any use of the tax credit in an irregular manner or to a greater extent than the tax credit received.

The financial market in the first quarter of 2021 was predominantly affected by the exacerbation of the second wave of the Covid-19 pandemic. In Italy, political tensions in January-February 2021 led to an increase in the BTP-Bund spread, which reached 125 bps; following the establishment of the current government, the spread subsequently settled at an average level of 100 bps.

In March and April 2021, the spread again experienced a period of tension, peaking at 123 bps due to the high volumes of issues on the primary market and then falling to around 100 bps as the pressure on the primary market eased.

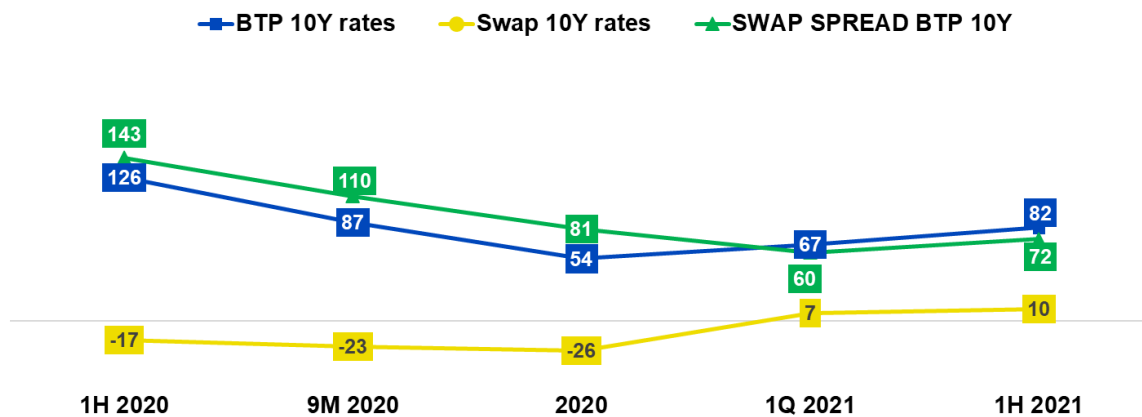
In this scenario, the management of the BancoPosta portfolio was characterised by the purchase and renewal of securities maturing in 2021 (during the period when the spread was widening) and the forward sale of securities with the realisation of part of the gains planned for 2022 (during the period when the spread was narrowing).

In May and June 2021, funding transactions were carried out for the early renewal of part of the RE.PO.<sup>46</sup> portfolio to finance structural leverage in view of favourable funding conditions.

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<sup>46</sup> RE.PO (Repurchase Agreement) consist of a spot sale of securities and a simultaneous forward repurchase commitment (for the counterparty, in a symmetrical commitment of spot purchase and forward sale).

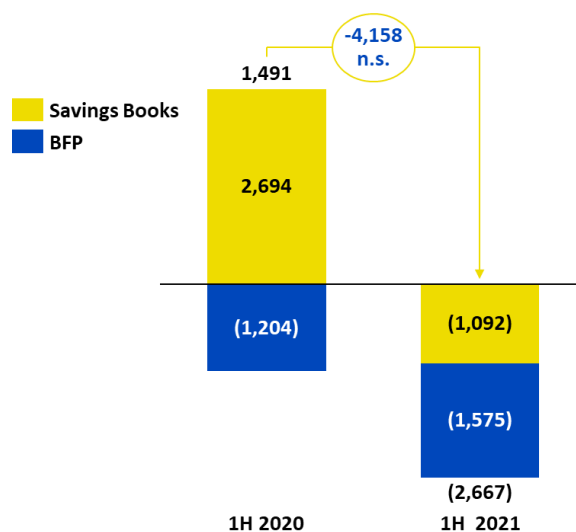




During the second quarter of 2021, although the market context continued to be characterised by low levels of interest rates, there was a slight increase in rates compared to previous quarters, which had the effect of increasing the average yield on securities in the portfolio.

#### POSTAL SAVINGS NET INFLOWS

(€m)

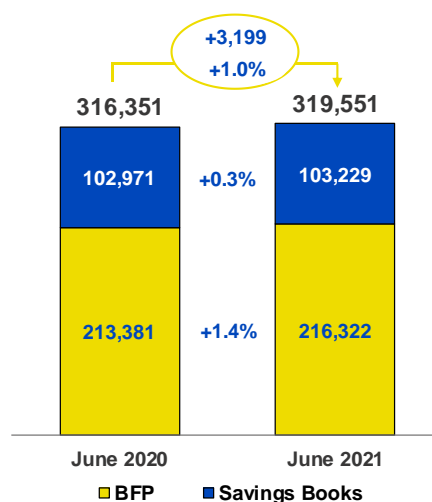


At 30 June 2021, postal savings net inflows amounted to -€2,667 million, about €4,158 million less compared to the same period of the previous year. This negative change affected both products in the segment. There was a decrease of approximately €3,786 million in savings books compared with the first half of 2020, due to a greater propensity to invest compared with the same period of the previous year, partly as a result of the improvement in the economic scenario; the comparison with the first half of 2020 is also not consistent since the 2021 figures do not include the accrual for pensions paid in January 2021, the crediting of which to passbook savings accounts took place at the end of December 2020 in the amount of €4,760 million.

The decrease of €372 million in Interest-bearing Postal Certificates reflects the large amount of maturing certificates repaid in the first half of 2021 that were not fully converted into new subscriptions, despite the fact that the latter, equal to €14,980 million, show an increase of 28% compared to the first half of 2020.

### POSTAL SAVINGS AVERAGE DEPOSIT\*

(€m)

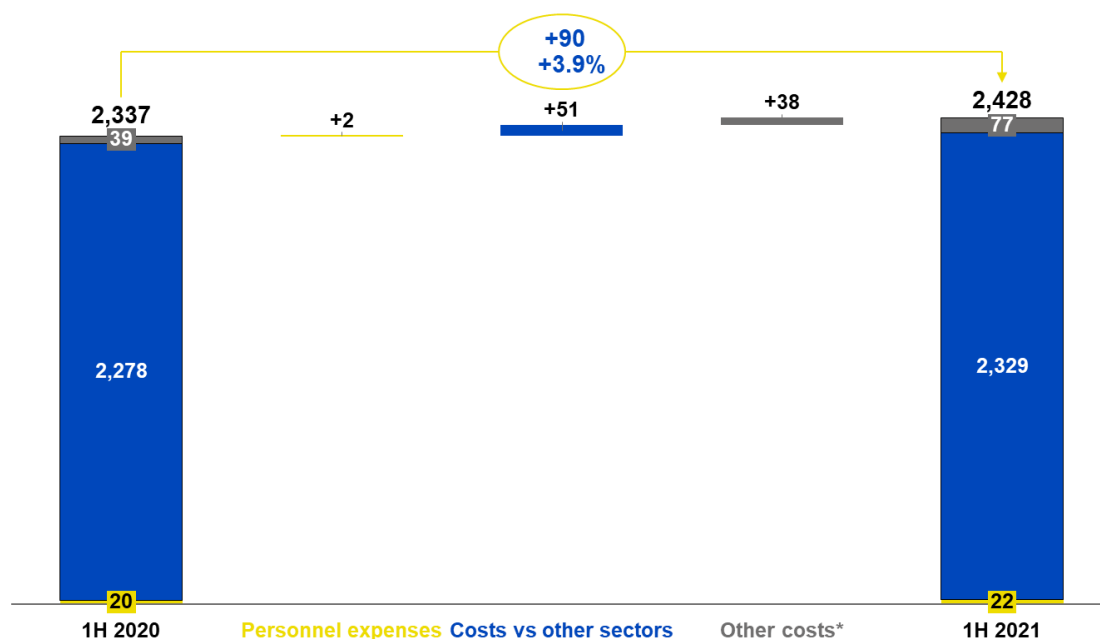


\* Average value excluding both the capitalisation of interest for the period and interest accrued, but not yet due, on Interest-bearing Postal Certificates that have not expired at the reporting date.

The postal savings average deposit rose by approximately €3.2 billion compared with 30 June 2020. The figure for books was positively impacted by liquidity acquired during the health emergency period, whilst the increase in the average deposit of Interest-bearing Postal Certificates (BFP) in the first half of 2021 is primarily attributable to the capitalisation of interest.

## TOTAL COSTS

(€m)



\* This item includes costs for goods and services, adjustments/reversals, depreciation/amortisation and other costs and expenses.

Total segment costs amount to €2,428 million, up €90 million (+3.9%) on the €2,337 million of the first half of 2020, primarily due to higher fees relating to the Operating Guidelines<sup>47</sup> in relation to the activities entrusted to Poste Italiane.

Other costs have increased with respect to the first half of 2020, primarily due to higher provisions for risks deriving from operational risks linked to BancoPosta's operations and the release of provisions for risks (primarily relating to property funds) registered in the same period of 2020.

The operating profit (EBIT) of the sector for the first half of 2021 amounted to €362 million, down 9.1% compared to the same period of the previous year (-€36 million).

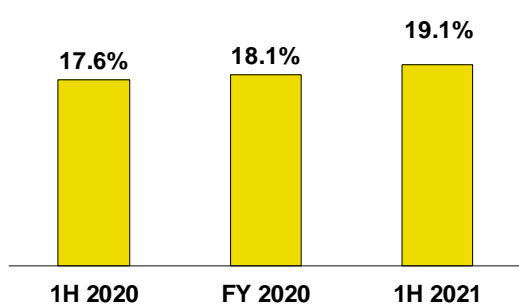
<sup>47</sup> The provision of services to BancoPosta RFC by Poste Italiane S.p.A. functions is governed by the specific Regulation governing BancoPosta RFC's contracting out and outsourcing process, approved by Poste Italiane S.p.A.'s Board of Directors.

This Regulation, in execution of the provisions set out in the BancoPosta RFC's Regulation (approved by the Extraordinary General Meeting of 14 April 2011 and most recently amended by the Extraordinary General Meeting of 29 May 2018), govern and formalise the process of outsourcing BancoPosta's Corporate Functions to Poste Italiane in accordance with the relevant regulations, identifying the operational phases, roles and responsibilities of the Bodies and Corporate Functions involved in various ways. The general policies and instructions contained in the Regulation in relation to transfer pricing are detailed in specific Operating Guidelines, jointly developed by BancoPosta and other Poste Italiane S.p.A.'s functions. The Operating Guidelines set out, inter alia, service levels and transfer prices.

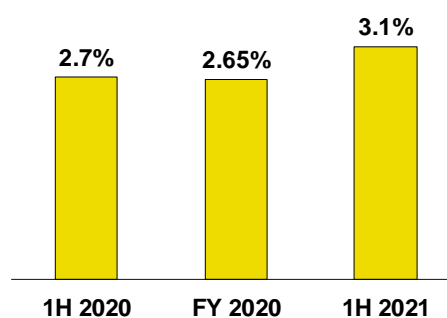
Taking into account financial management (positive for €7 million) and taxes for the period (€105 million), the sector closed the first half of 2021 with a net result of €264 million, down €9 million compared to €273 million in the first half of 2020 (-3.3%).

€m	1H 2020	FY 2020	1H 2021
CET1 CAPITAL	2,383	2,449	2,443
TOTAL ASSETS	95,362	103,981	100,632
RWA - Risk Weighted Assets	13,539	13,502	12,807

#### CET1 RATIO



#### LEVERAGE RATIO



With reference to the BancoPosta capital structure, it should be noted that, following the completion of the capital increase through Additional Tier 1 for €350 million, the Leverage Ratio increased, reaching 3.1% at 30 June 2021. The CET 1 Ratio at 30 June 2021 stood at 19.1%, confirming the financial solidity of BancoPosta and recording an increase, compared to the end of 2020, mainly related to an increase in interest rates, which resulted in a decrease in collateral paid to counterparties to hedging derivative transactions.

## 5.2.4 INSURANCE SERVICES STRATEGIC BUSINESS UNIT



Positive performance of the Strategic Business Unit. The increase in assets under management and higher profitability, thanks also to a more favourable product mix, drove revenue in the life segment. In the P&C segment, the growth in business is mitigated by the higher claims rate related to the Welfare business.

The Solvency ratio at 288% confirms the Group's capital strength.

INSURANCE SERVICES	1H 2021	1H 2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>1,049</b>	<b>739</b>	<b>+310</b>	<b>+42.0%</b>
Revenue from other sectors	1	0	+1	n/s
<b>Total revenue</b>	<b>1,050</b>	<b>739</b>	<b>+311</b>	<b>+42.2%</b>
Costs	74	70	+4	+6.3%
Costs vs other sectors	317	234	+84	+35.9%
<b>Total costs</b>	<b>392</b>	<b>304</b>	<b>+88</b>	<b>+29.0%</b>
<b>EBIT</b>	<b>658</b>	<b>435</b>	<b>+223</b>	<b>+51.3%</b>
<b>EBIT margin %</b>	<b>62.7%</b>	<b>58.9%</b>		
<b>NET PROFIT</b>	<b>480</b>	<b>317</b>	<b>+163</b>	<b>+51.4%</b>

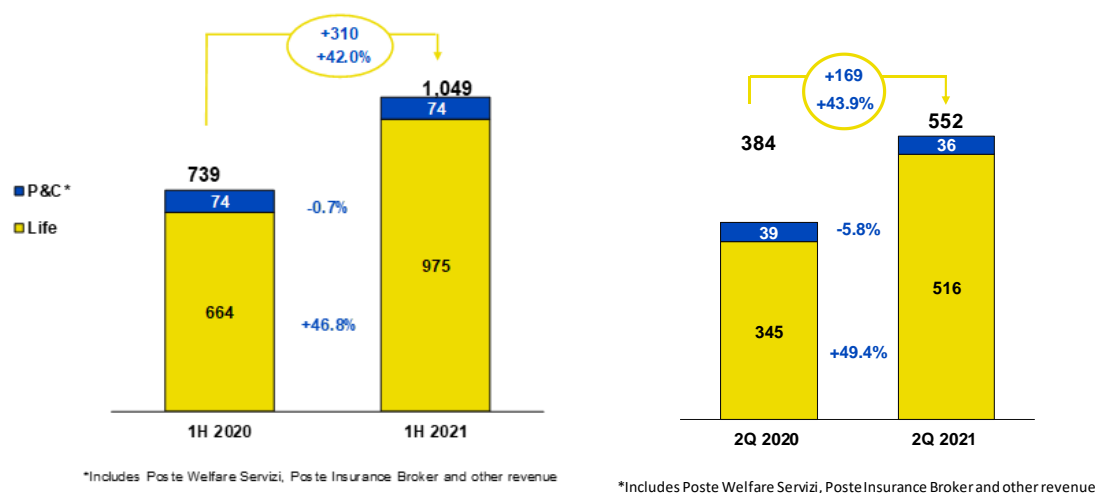
Main KPIs	30 June 2021	31 December 2020	CHANGES	
Net technical provisions Poste Vita Group (€bn)	156.4	153.7	+2.7	+1.8%
Solvency Ratio	288%	267%		
Life business	1H 2021	1H 2020	CHANGES	
Gross premium revenue - Life (€m) <sup>1</sup>	10,167	7,617	+2,550	+33.5%
of which: Classes I-IV-V	8,138	6,710	+1,428	+21.3%
of which: Class III	2,029	907	+1,122	+123.7%
Incidence of Multi-class premiums on total	53.8%	34.0%		
Unrealized capital gains (€bn)	15.2	10.6	+4.6	+43.0%
Lapse rate	3.0%	2.5%		
P&C business	1H 2021	1H 2020	CHANGES	
Gross premium revenue - P&C (€m) <sup>1</sup>	168	128	+40	+30.8%
Average daily premiums - Modular offer (€t)	207	89	+118	+132.3%
Intermediated premiums on motor (€t)	1,844.7	n.d.	n/s	n/s
Combined ratio (net reinsurance) <sup>2</sup>	86.4%	75.4%		

<sup>1</sup> Includes gross premium revenue before the premium reserve, outward reinsurance premiums and intra-group portions

<sup>2</sup> Corresponds to the ratio between the total amount of costs incurred (commissions for the year + charges relating to claims + balance of business ceded + operating costs + other technical expenses and income) and gross premiums earned

## EXTERNAL REVENUE

(€m)



**Life revenue:** placement commissions on the sale of Class I, III and V policies; management commissions on Class I and III policies; protection margins on the sale of protection products (Credit Protection Insurance policies (CPI), Temporanea Caso Morte (TMC) and Long Term Care (LTC) policies) and changes in other technical provisions on life policies.

**P&C revenue:** revenue from retail (Modular and Payments) and group (Welfare) protection policies, as well as revenue from services relating to the management of health funds, the sale of motor policies and other revenue.

External revenue went from €739 million in the first half of 2020 to €1,049 million in 2021 (+42%) and are essentially attributable to the Life business, which contributed €975 million, while the contribution from the P&C business amounted to €74 million, including the revenue of Poste Welfare Servizi (mainly for services relating to the management of health funds), Poste Insurance Broker (relating to the sale of motor policies) and other revenue.

Specifically, Life net revenue increased compared to the first half of 2020 by 46.8% (+€311 million), mainly due to the positive contribution of the financial margin (which rose from €506 million in the first half of 2020 to €801 million in 2021, up +€295 million); the latter benefited from both an increase in profitability and a volume effect related to the increase in average assets under management (higher total average reserves of €8.4 billion compared to the first half of 2020). Placement commissions also increased by €31 million due to higher gross inflows compared to the first half of last year (+€2.5 billion).

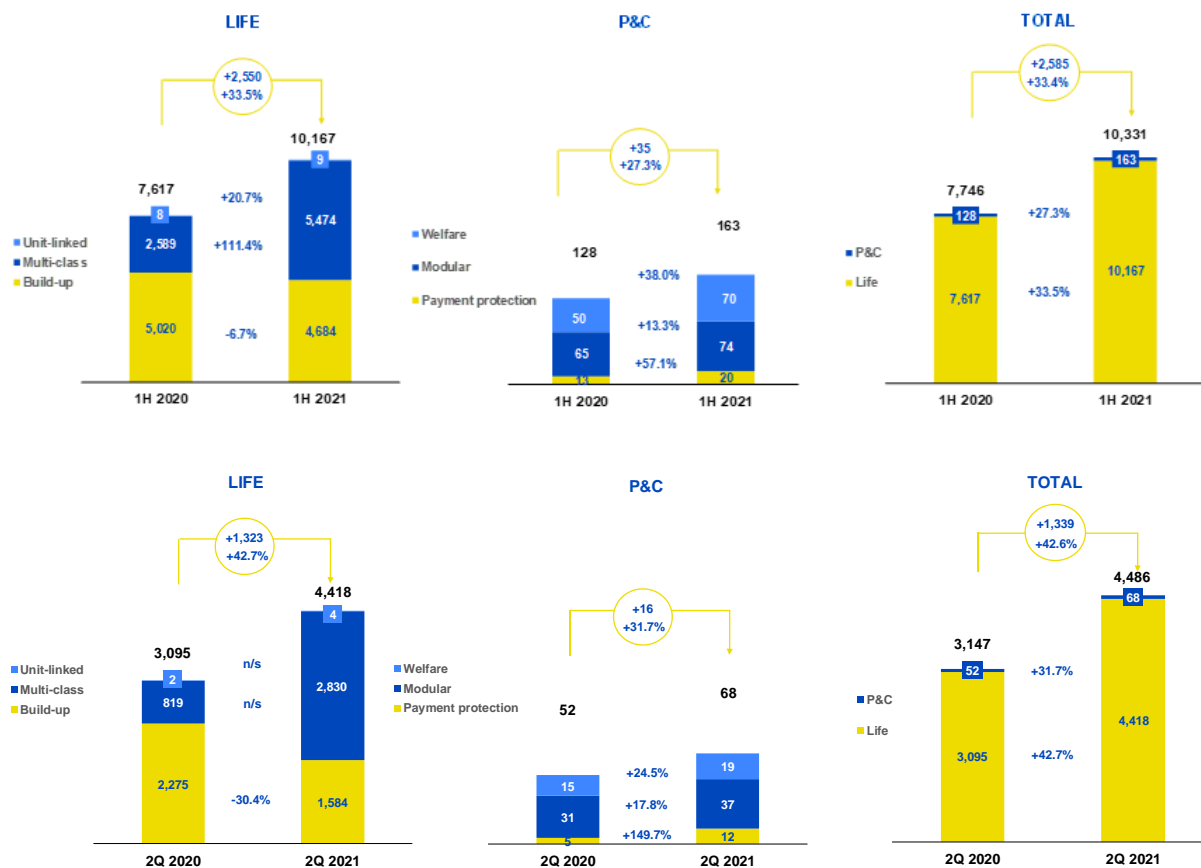
P&C net revenue amounted to €74 million, a slight decrease compared to the first half of 2020 (-0.7%). The growth in business compared with the first half of 2020 (gross premiums up €35 million, or +27.3%) is offset by a higher claims rate, reflecting the higher incidence of the Welfare business (the incidence of the related premiums is 42.6%, compared with 39.3% in the first half of 2020) and negative one-off components (guarantees for Covid-19 on health policies for Poste Italiane employees). The Combined Ratio, net of reinsurance, was 86%, up 11 p.p. compared to the corresponding figure for the first half of 2020.

The second quarter showed revenue growth of €169 million (+43.9%) compared to the same period last year. Positive performance of both Life gross inflows (+€1.3 billion), with a product mix that benefited from the growth of both Multi-class (64% of inflows compared to 26.4% in the second quarter of 2020) and P&C (+€16 million),

with the modular offer recording gross premiums of €37 million during the period (€31 million in the same quarter of 2020).

## GROSS PREMIUM REVENUE

(€m)



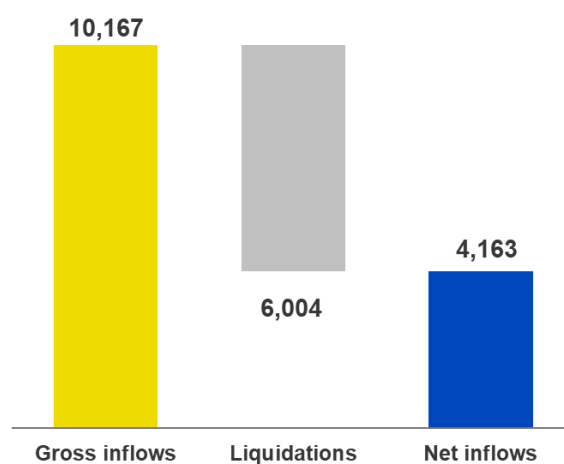
Gross revenue from the Life business amounted to €10.2 billion, up 33.5% compared to the first half of 2020 with a product mix supported by inflows from Multi-class products, which accounted for about 54% of total volumes (34% in the same period of the previous year).

Gross premium revenue of the P&C business amounted to €163 million, up by €35 million (+27.3%) compared with the first half of 2020 thanks to the contribution of the Welfare segment and the Modular offer (+€20 million, or +38%, and +€9 million, or +13.3%, respectively). During the period, the new integrated Life/ P&C offer was successfully launched, generating €4.4 million in revenue in line with expectations.



## LIFE NET INFLOWS 1H 2021

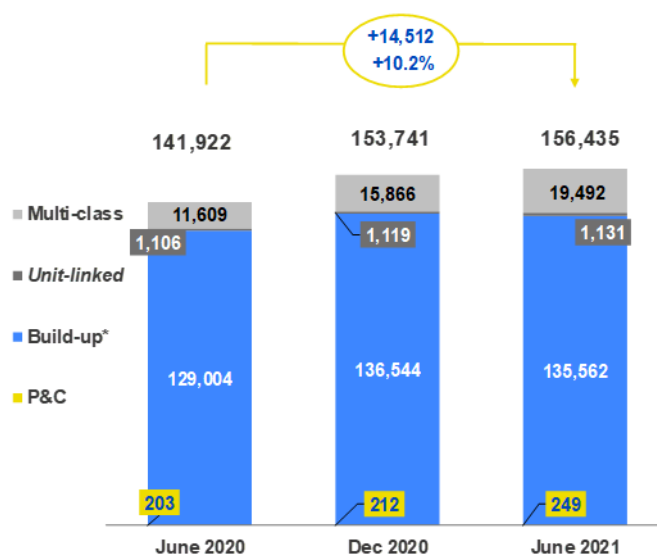
(€m)



Life net inflows amounted to €4.2 billion and remained positive on all the separately managed account and internal fund portfolios. The redemption rate was 3.0%, up on the same period last year (2.5%) but still well below the market average<sup>48</sup>.

## NET TECHNICAL PROVISIONS

(€m)



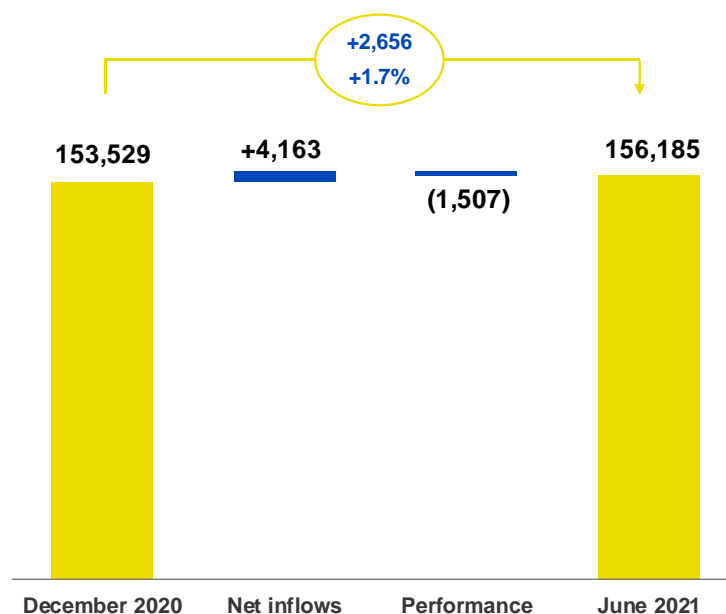
\*Includes Protection and Welfare

<sup>48</sup> Source: Ania

Life business technical provisions amounted to €156.2 billion and increased by €2.7 billion compared to 31 December 2020, mainly as a result of growth in mathematical provisions (+€5.4 billion), supported by positive net inflows, and the performance of Deferred Policyholder Liabilities (-€2.7 billion), which includes changes in the fair value of financial instruments used to hedge policies issued. Technical provisions for the P&C business, net of the portion ceded to reinsurers, amount to €249 million at the end of the period, up compared to 31 December 2020 (€212 million).

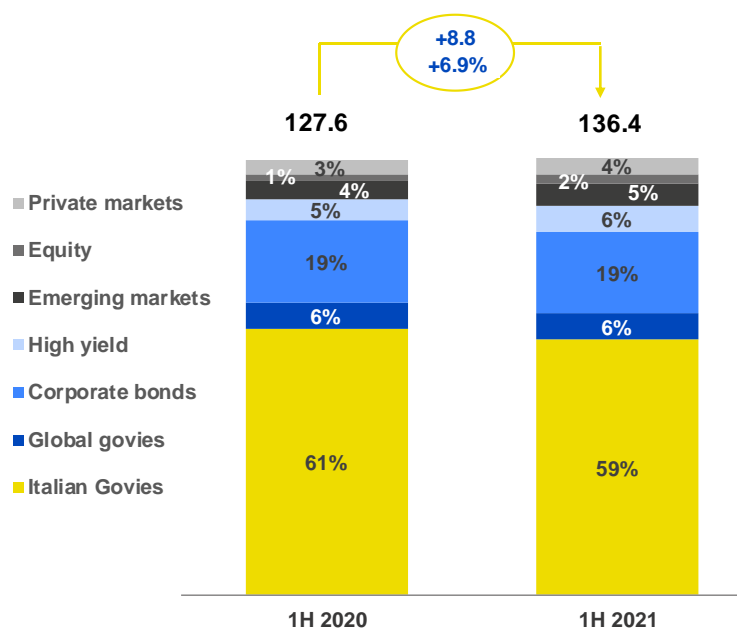
### CHANGES IN NET TECHNICAL PROVISIONS FOR LIFE BUSINESS

(€m)



### BREAKDOWN OF THE INVESTMENT PORTFOLIO

(€bn)

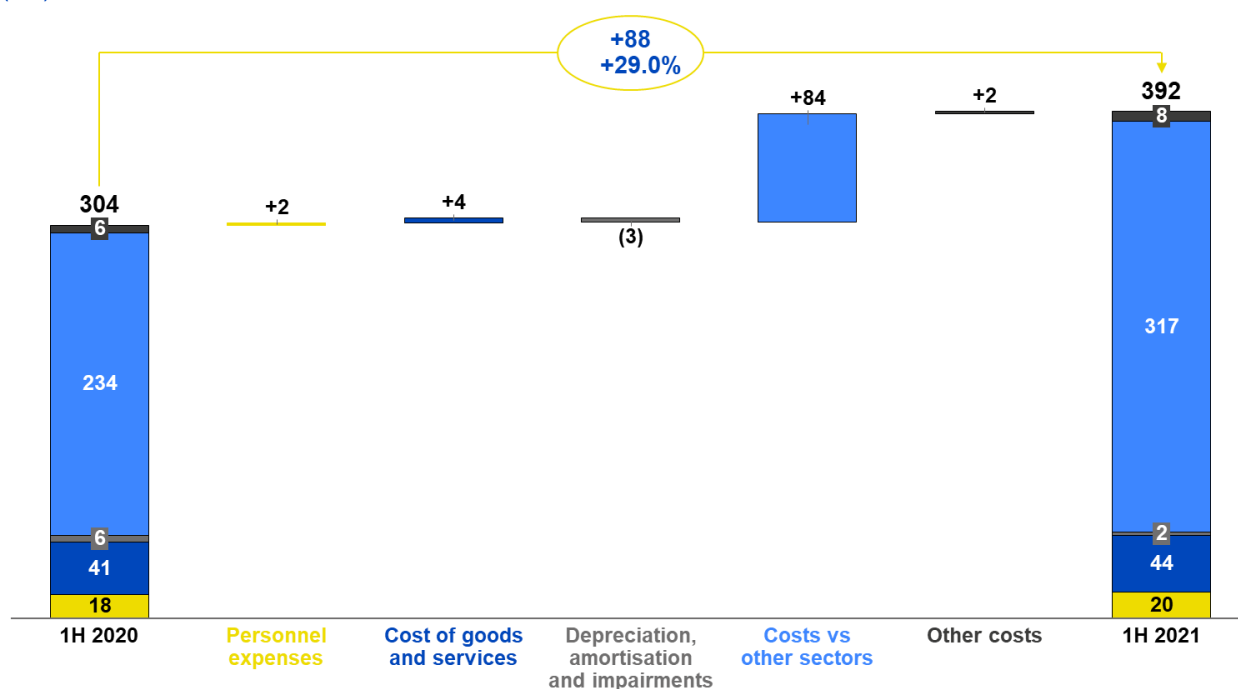


In the first half of 2021, in line with the latest asset allocation approved by the Company, the process of portfolio diversification continued, with the aim of reducing the concentration of Italy risk, in favour of asset classes with a lower correlation to the risk associated with Italian government securities (e.g. Investment Grade Corporate and High Yield securities).

Within investment funds, diversification has been evident with a reduction in the concentration of risk associated with government securities.

## TOTAL COSTS

(€m)

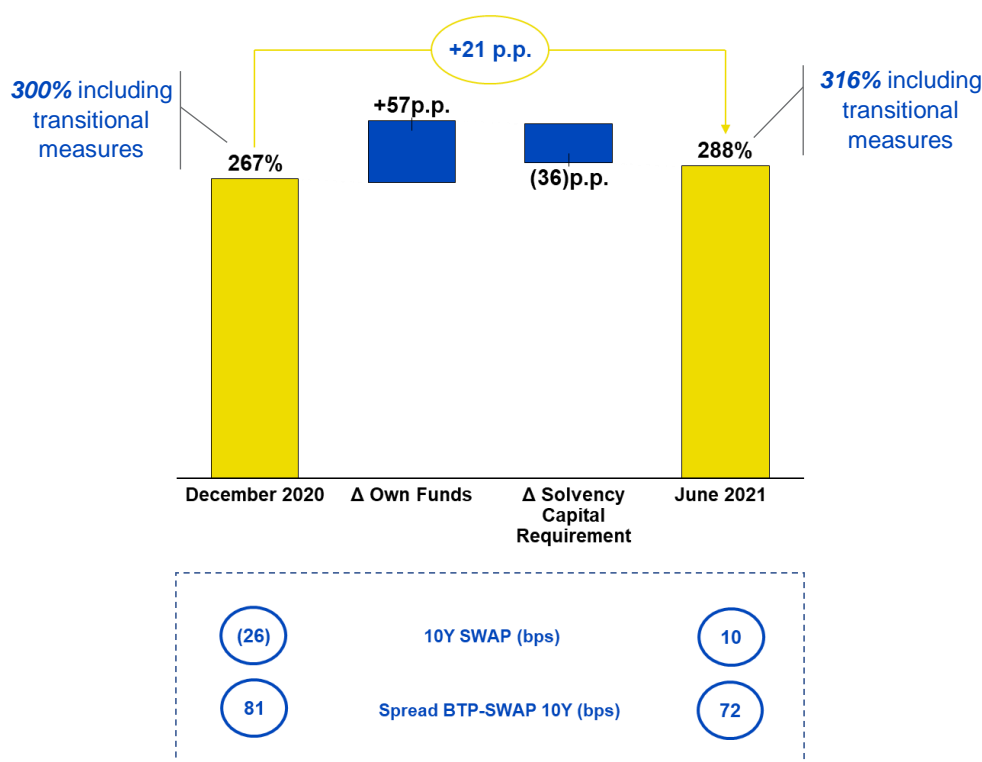


Total costs amount to €392 million, up €88 million on the first half of 2020, primarily due to the increase in inter-segment costs (up €84 million on 2020), primarily due to higher commissions paid to the Financial Services Strategic Business Unit (up €69 million) for distribution, collection and maintenance activities as a result of growth in gross inflows, as well as higher services provided by the Parent Company (up €12 million due to increased IT services deriving from the sale of the Poste Vita, Poste Assicura and Poste Welfare Servizi ICT management business units to Poste Italiane, which took effect on 1 March 2020).

In light of the results illustrated, the Insurance Services Strategic Business Unit generated EBIT of €658 million in the first six months of 2021, an increase of 51.3% (+€223 million) compared to the first half of 2020 (€435 million).

Taking into account financial management (positive for €27 million) and taxes for the period (€206 million), the Insurance Services Strategic Business Unit closed the half-year with a net result of €480 million, up 51.4% (+€163 million) compared to the same period of 2020.

## SOLVENCY RATIO



The Poste Vita Group's Solvency Ratio stood at 288% at 30 June 2021, up on the 267% reported at December 2020 (+21 p.p.), and remains well above the regulatory requirements and management's expectations (200%).

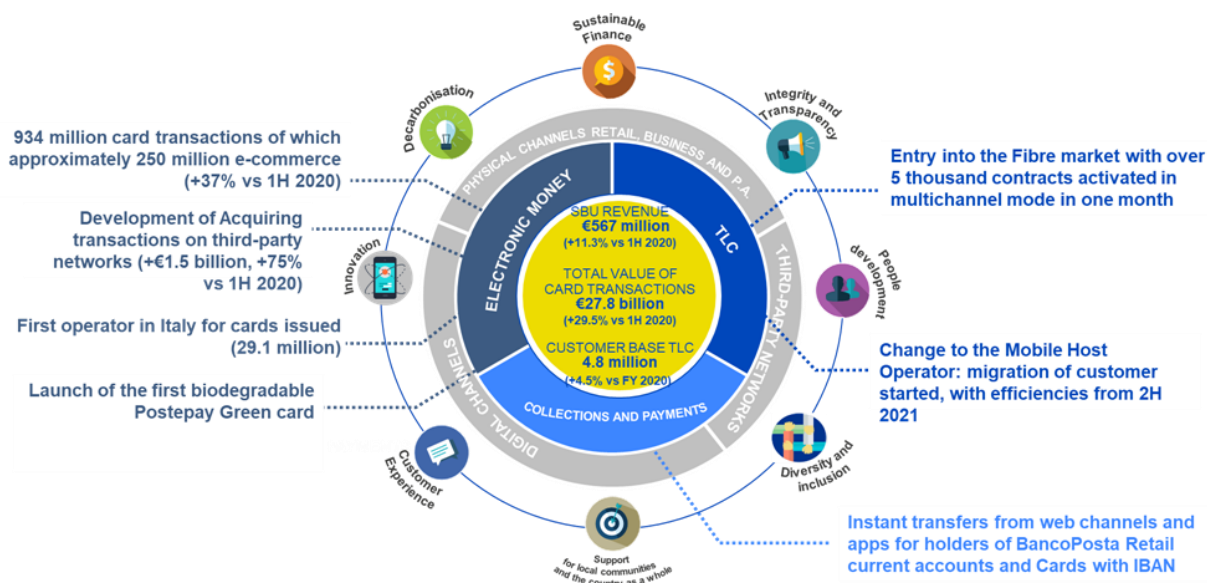
The change in the period is due to the increase in available capital (+57 p.p.) following the positive dynamics of the interest rate trend (+36 bps 10-year swap rate) and the BTP-Swap spread (-9 bps 10-year spread) partially offset by an increase in the capital requirement. The increase in the capital requirement (-36 p.p.) is due to higher underwriting, counterparty, market and operational risks, not offset by the increase in diversification between risks<sup>49</sup>.

The inclusion of the transitional measures on technical provisions approved in 2019 has resulted in an increase in eligible own funds bringing the Solvency Ratio to 316% at 30 June 2021 (300% at 31 December 2020).

On 26 July 2021, the Parent Company recapitalised Poste Vita by subscribing to a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to €300 million, on terms and conditions that enable it to be included in the core capital ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio. This strengthening of capital, in line with the "24SI" Plan, is designed to support the future development of the PosteVita Group's business by taking advantage of the current favourable market conditions.

<sup>49</sup> The standard formula provides for a diversification among the risks considered in the capital requirement (SCR) that allows for a reduction in the requirement.

## 5.2.5 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT



The performance of the Strategic Business Unit in the first half of 2021 shows external revenue growth in all segments with significant development in Postepay payment card transactions, growth in the customer base in fixed and mobile telephony and the recovery in volumes of F23/F24.

Margins in the half-year were temporarily penalised by the increase in costs in the Telco segment, pending the full implementation of agreements with the new provider of network access services and the related migration of the customer base, which will be completed during the second half.

PAYMENTS AND MOBILE	1H 2021	1H 2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>399</b>	<b>338</b>	<b>+62</b>	<b>+18.3%</b>
Revenue from other sectors	167	172	(4)	-2.4%
<b>Total revenue</b>	<b>567</b>	<b>509</b>	<b>+58</b>	<b>+11.3%</b>
Costs	228	206	+22	+10.7%
Costs vs other sectors	208	177	+30	+17.2%
<b>Total costs</b>	<b>435</b>	<b>383</b>	<b>+52</b>	<b>+13.7%</b>
<b>EBIT</b>	<b>131</b>	<b>126</b>	<b>+5</b>	<b>+4.1%</b>
<b>EBIT margin %</b>	<b>23.2%</b>	<b>24.8%</b>		
<b>NET PROFIT</b>	<b>99</b>	<b>90</b>	<b>+8</b>	<b>+8.9%</b>

Main KPIs	1H 2021	1H 2020	CHANGES	
<b>Electronic money</b>				
Total value of card transactions ("on us" and "off us") (€m) <sup>1</sup>	27,772	21,450	+6,322	+29.5%
Total value of card transactions ("off us") (€m) <sup>2</sup>	22,340	16,848	+5,492	+32.6%
Number of cards (m) <sup>3</sup>	29.1	28.9	+0.1	+0.4%
of which Postepay cards (m) <sup>*</sup>	21.7	21.7	(0.0)	-0.0%
of which Postepay Evolution cards (m) <sup>4</sup>	8.1	7.7	+0.4	+5.2%
Number of card transactions (m)	934	697	+236	+33.9%
of which number of e-commerce transactions (m) <sup>5</sup>	248	181	+67	+37.1%
Postepay green (stock in thousands)	11.1	n.a.	n/s	n/s
<b>TLC</b>				
SIM PosteMobile landlines and mobile telephones (stock in thousands) <sup>*</sup>	4,829	4,623	+206	+4.5%
of which mobile Sim (stock in thousands) <sup>*</sup>	4,549	4,380	+169	+3.9%
of which Casa Sim (stock in thousands) <sup>*</sup>	279	243	+36	+15.0%
MNP ( <i>Mobile Number Portability</i> ) - terminations (in thousands)	187	260	(73)	-28.1%
DATA usage (GB per active SIM per month)	7.6	4.9	+2.8	+56.6%
VOICE usage (min per active SIM per month)	459.3	457.3	+2.0	+0.4%
Fibre contracts (activations in thousands)	5.3	n.a.	n/s	n/s

n.a.: not applicable

n/s: not significant

1 Transaction relating to payments made with Postamat and Postepay on internal and external payment circuits ("on us" and "off us").

2 Transactions relating to payments made with Postamat and Postepay on external payment circuits ("off us").

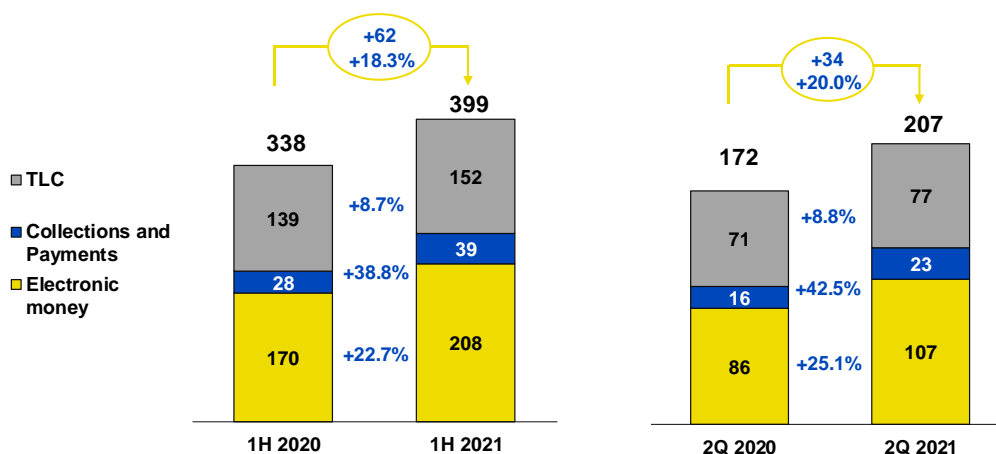
3 Includes Postepay cards and debit cards.

4 Including business customers.

5 Includes e-commerce transactions + web (on Poste Italiane's digital properties).

\* The figure indicated in column 1H 2020 refers to 31 December 2020.

## EXTERNAL REVENUE (€m)



**Collections and payments:** Tax payment service by acceptance of the F23 and F24 forms; transfer of funds to send money abroad through Moneygram and Western Union, postagiuro transfers and direct debit by Postepay Evolution, payments on the PagoPA system.

**Electronic money:** Prepaid cards (top-ups, payments, withdrawals, fees, issuance), debit cards (postamat interchange fees on card transactions); acquiring services (fees on transactions, fees and services) related to the provision of POS (mobile, physical, virtual) for the acceptance of card payments (debit, credit, prepaid).

**TLC:** Mobile phones (traffic revenue, and the sale of mobile phones and routers from PO corners) and fixed line (PosteMobile Casa and Poste Casa Ultraveloce ultra broadband offer).

External revenue in the first half of 2021 amounted to €399 million, an increase of €62 million compared to the same period of 2020 (+18.3%) thanks to the positive contribution of all segments.

In detail, revenue from the electronic money market show a growth of €39 million (+22.7%), going from €170 million in the first half of 2020 to €208 million in 2021 due to higher revenue generated by payment card operations as well as the sustained growth in revenue from Acquiring services due to the increase in transactions.

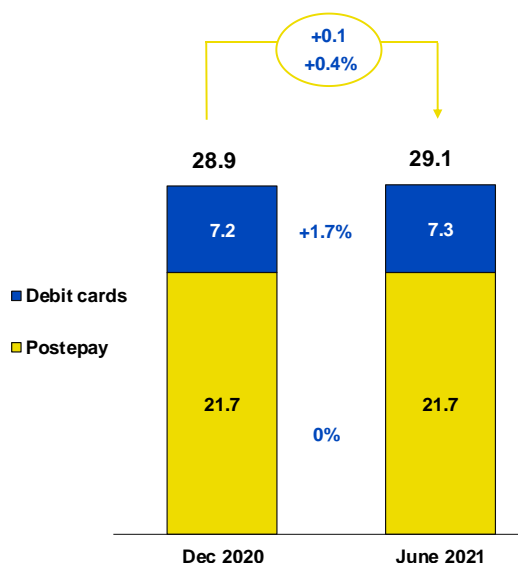
Revenue from the collection and payment services market equal to €39 million recorded a growth of 38.8% (+€11 million) compared to the first half of 2020, essentially attributable to the higher revenue from F23/F24, the positive contribution of the PagoPA payment service to the Public Administration (service launched in May 2020) and higher revenue from wire transfers.

The telecommunications sector recorded an increase in external revenue from €139 million in the first half of 2020 to €152 million (+8.7%) in 2021. The positive result was due to the increase in both Mobile and Fixed Telephony revenue, mainly due to a greater customer base active in both segments.

Second quarter performance with revenue of €207 million up €34 million compared to the same period in 2020 (+20%) shows the positive contribution of all segments: revenue from electronic money amounting to €107 million recorded a positive change of €22 million compared to the second quarter of 2020 mainly due to the higher revenue generated by payment card operations and the growth in revenue from acquiring services; revenue from collection and payment services in the second quarter of the year amounted to €23 million with an increase of €7 million compared to the same period of 2020 mainly attributable to higher revenue from F23/F24 and the positive contribution of the PagoPA payment service to Public Administration.

Revenue generated by the TLC business grew by €6 million in the second quarter of 2021 to €77 million with the positive contribution of both businesses: fixed lines (+€3 million) and mobile phones (+€3 million). In the second quarter of 2021, the Group launched a "fibre" offer on the market initially (end of March 2021) reserved for employees only and from May 2021 extended to all customers.

## CARDS STOCK (in millions)



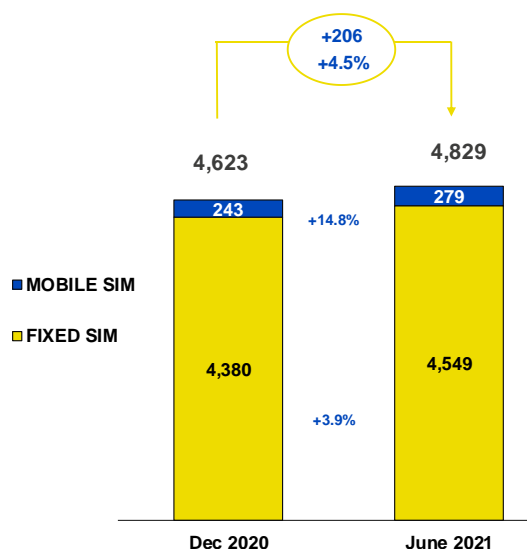
At 30 June 2021, the total stock of prepaid cards and debit cards amounted to 29.1 million (28.9 million at 31 December 2020), with payment transactions on off-us circuits in the first half of 2021 equal to €22.3 billion, up by approximately €5.5 billion (+32.6%) compared to the first half of 2020.

In detail, Postepay cards amounted to 21.7 million at 30 June 2021 (in line with the corresponding value of 31 December 2020) and of these 8.1 million are represented by Postepay Evolution cards, whose stock at the end of the first half of 2021 is up by 5.2% (+0.4 million) compared to 31 December 2020.

During the first half of 2021, there was an increase in payment card transactions of 33.9% (equal to +236 million transactions) compared to the same period of 2020, driven by the strong impulse of e-commerce and online transactions (+37.1%).

In the Acquiring area, against a number of POS installed at 30 June 2021 of approximately 221 thousand (+87 thousand compared to the same period in 2020), the transactions developed amounted to €11.1 billion (+€2.6 billion or +31.3% compared to the first half of 2020).

## SIM STOCK (in thousands)

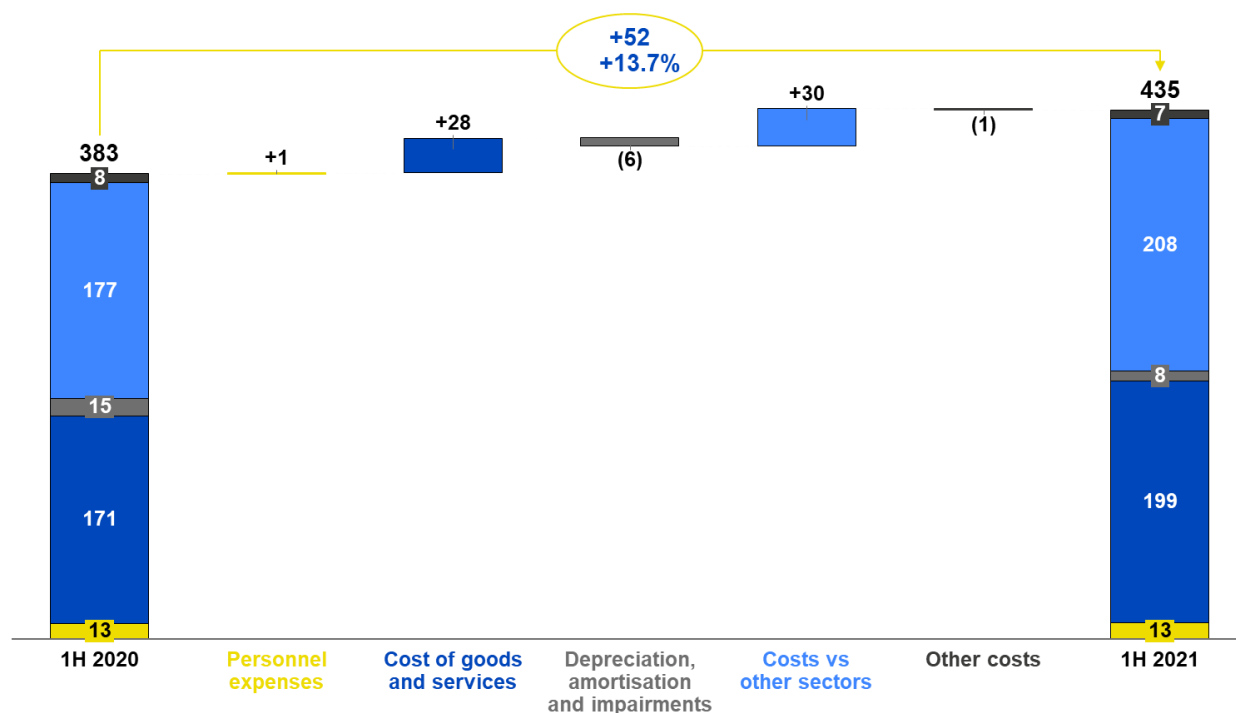




In Telecommunications, the customer base related to Mobile Telephony, at 30 June 2021, is represented by approximately 4.5 million lines, up 3.9% compared to the end of 2020. With reference to Fixed Telephony services, the "PosteMobile Casa" offer and the new offer for optical fibre "Poste Casa Ultraveloce" show an overall growth of 15% (279 thousand lines in June 2021 compared to 243 thousand lines at 31 December 2020). With reference to the Group's entry into the fibre optic market, at 30 June 2021, the related customer base amounts to approximately 5,200.

## TOTAL COSTS

(€m)



Total costs, including depreciation, amortisation and impairments, amounted to €435 million, an increase of €52 million (+13.7%), compared to the first half of 2020. In particular, costs for goods and services recorded an increase of €28 million compared to the same period of the previous year mainly due to the higher costs associated with card operations and the higher variable costs from traffic relating to fixed-mobile telecommunications services. With regard to the latter, migration to the new reference operator for network access is underway, with efficiencies expected from the second half of the year.

The cost of services provided by Poste Italiane's other functions has increased by €30 million compared with the same period of the previous year, essentially due to the higher cost of outsourcing telecommunications services as a result of the sale of ICT business unit to the Parent Company, which became effective on 1 October 2020, and higher distribution and back office services.

Depreciation, amortisation and impairments decreased by €6 million due to the aforementioned sale of the ICT business unit.

In light of the results described, the Payments and Mobile Strategic Business Unit in the first half of 2021 reported EBIT of €131 million, an increase of 4.1% (+€5 million) compared with the same period of the previous year.

Taking into account financial management (positive for €3 million) and income taxes for the period of €36 million, the net profit for the period amounted to €99 million, an increase of €8 million (+8.9%) compared with the same period in 2020.

### 5.3 DIGITAL PROPERTIES, THIRD-PARTY NETWORKS AND MAIN KPIs



The Group, in line with the new strategic lines of the "24SI" Business Plan, acts as a driver of innovation and digitalisation of the country, guaranteeing the accessibility and functionality of its offer to all citizens.

In this context, the Company aims to connect Italian SMEs, Public Administration and citizens also through the strengthening of partnerships in order to provide innovative digital services.

To support digitalisation, a technology engine based on hybrid cloud<sup>50</sup>, open API<sup>51</sup> and exponential technologies has been implemented and applied to all the Group's activities and infrastructures.

The Group's transformation towards an "ecosystemic" and multichannel platform model therefore continued during the first half of 2021, which, thanks to cutting-edge physical and digital channels and simplified processes for serving its customers, aims to guarantee an excellent customer experience "without differences" at all contact points.

#### THIRD-PARTY NETWORKS

The growth in the contribution made by physical networks other than post offices to the provision of the Group's services was confirmed in the first half of 2021. The third-party networks, with more than 37 thousand affiliated contact points throughout the territory, represent a valid alternative for customers, particularly in a context still characterised by the health emergency, in which reduced mobility leads to a preference for local services.

**Daily transactions on third-party networks equal to 363 thousand, +27% vs 1H 2020**

With reference to third-party networks, customers' preference for paying slips through this channel increased (year-on-year growth of 23% in volumes). Similarly, PostePay top-ups carried out at tobacconists and other authorised locations have grown by 26%. Finally, the number of parcels delivered on the alternative networks is also gradually increasing, although the volumes are still small.

#### DIGITAL PROPERTIES

The Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers full digital contact experiences. This programme was significantly accelerated in 2020, in view of the effects of the current health emergency, in order to make the Group's products available to customers in conditions of absolute safety.

**6.2 million daily visits on the Group's digital channels (+51% vs 1H 2020)**

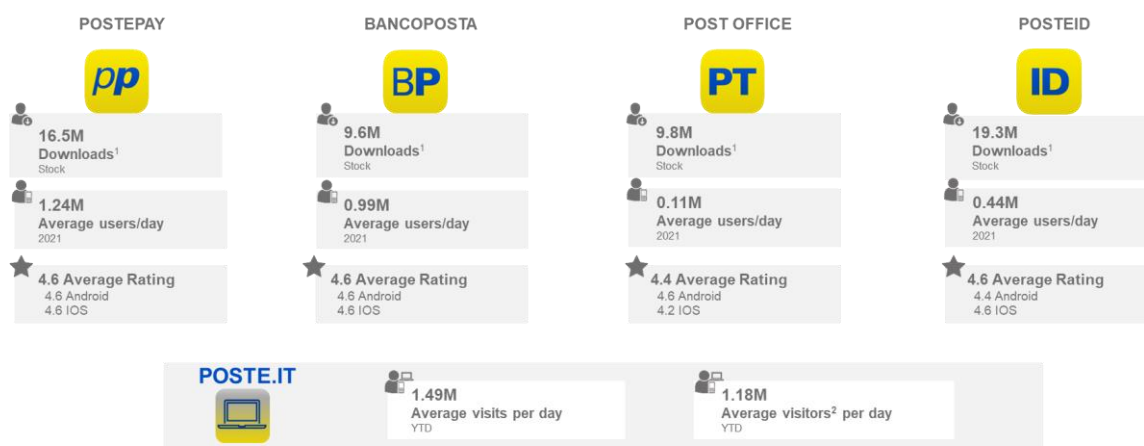
<sup>50</sup> Thanks to the hybrid model, it is possible to define which information and applications reside in the public cloud and which remain in the private cloud, with simplified and unified management between the two worlds that will allow taking full advantage of the two approaches. This model also ensures that applications can be moved from public to private clouds and vice versa at any time, based on an ethical and secure data management policy.

<sup>51</sup> Application Programming Interface indicates a set of standardised procedures that facilitate the interaction between applications, i.e. the automated exchange of data without human assistance.

**Digital Market** - In Italy, more than 50 million people are accessing online (over 1 million people connected to the internet for the first time during 2020, an increase of 2.2% compared to 2019) and 41 million are present and active on social channels (over 2 million new users, an increase of almost 6% compared to 2019). 97% of Italians use a smartphone and 74% a desktop or laptop computer, while almost doubling the penetration of smart home devices in Italians' homes (14% penetration in 2020 compared to 8% in 2019). As for e-commerce, 24% more money was spent in 2020 in Italy than in 2019 in the consumer goods world.

Source: <https://wearesocial.com/it/blog/2021/02/digital-2021---i-dati-italiani>

Below is the main information about the Poste Italiane Group's digital properties:



Source: Webtrends, Adobe Analytics, Store iOS, Android, Windows, internal elaboration (DTO)

Notes:

1) iOS and Android users who have downloaded the APP

2) The number of visitors represents the count of the individual cookies (browsers) that visited the site during the observation period. The same user who visits the site using different browsers and/or different devices (PC/mobile) is counted several times.

The Poste Italiane digital web and app channels provide access to online services for 31 million retail users (22.8 million at 30 June 2020) and operate as both direct sales and after-sales channels. The daily average of web and app users for the first half of 2021 was 4.0 million (2.6 million average daily users in the first half of 2020). Digital channel transactions also grew, and in the first half of 2021 amounted to 58.6 million for a transaction value of €15.0 billion (40.5 million transactions in the first half of 2020 for a transaction value of €9.5 billion).

## MAIN KPIs

In the first half of 2021, the increasingly significant impact of the new channels (digital channels and third-party networks) was confirmed in terms of Group customer interactions (52.8% occurred on the new channels) and in terms of total transactions (from 27% in 2020 to 32.0% in the first half of 2021).

Main KPIs Digital and Third-Party Networks (B2B2C)	1H 2021	1H 2020	CHANGES	
<b>KPIs Digital + B2B2C</b>				
Digital+contact center+B2B2C interactions/Total daily interactions*	52.8%	50.0%		
Digital transactions + B2B2C/Total transactions	32%	27%		
<b>KPIs Digital</b>				
Customers registered on Poste Italiane's digital channels (websites and apps) (m) *	31.0	27.1	3.9	14.4%
Daily users (website and apps) (m) <sup>1</sup>	4.0	2.6	1.3	50.9%
Number of digital - consumer transactions (m)	58.6	40.4	18.2	45.1%
App downloads (m) *	60.1	48.1	12.0	25.0%
Poste Italiane Digital e-Wallets (m) *	8.4	7.4	1.0	13.8%
Digital identities (m) *	17.5	12.2	5.3	43.6%
Private digital identities (m) *	9.3	6.6	2.7	41.5%
Digitally enabled customers (%) <sup>2</sup>	63.3%	n.a.	n/s	n/s
Customers who use Poste services digitally (%) <sup>3</sup>	17.0%	n.a.	n/s	n/s
<b>KPIs Third-Party Networks (B2B2C)</b>				
Payslip volumes (m)	36.2	29.4	6.8	23.3%
Postepay top-ups (m)	27.9	22.2	5.7	25.8%
Postemobile top-ups (m)	5.4	5.1	0.3	5.2%
Parcels delivered (m)	1.7	0.6	1.1	174.6%

n/s: not significant

n.a.: not available

\* The figure indicated in 1H 2020 refers to 31 December 2020.

<sup>1</sup> Average daily values during reference period.

<sup>2</sup> Customers who have access credentials to digital channels

<sup>3</sup> Customers who have made a payment on digital channels using Poste's payment instruments

Traffic growth in visits and visitors of digital channels continues in 2021, rising from 4.1 million average daily visits in the first half of 2020 to 6.2 million average daily visits in June 2021. In particular, web traffic went from an average of around 1.04 million visitors in the period March-December 2020 (post pandemic emergency) to 1.18 million visitors in these first 6 months of 2021; for the same period, apps also saw growth from 2.06 million to 2.78 million daily visitors. The average number of transactions carried out on digital channels was approximately 9.8 million monthly transactions (+45% compared to the first half of 2020) with transactions of approximately €2.49 billion monthly (+58% compared to the first half of 2020).

At 30 June 2021, more than 9.3 million Private Digital Identities (Poste Italiane accounts) are active. The Private Digital Identity is intended to provide functional and secure access to all digital properties (data, internet accounts and other rights in the digital world) of the Group. Poste Italiane retains a market share of over 80%, with a customer base of more than 17 million public Digital Identities and over 5.3 million new activations this year.

**Poste Italiane is confirmed as the first Digital Identity manager with over 17 million SPID issued**



### Strengthening of digital channels

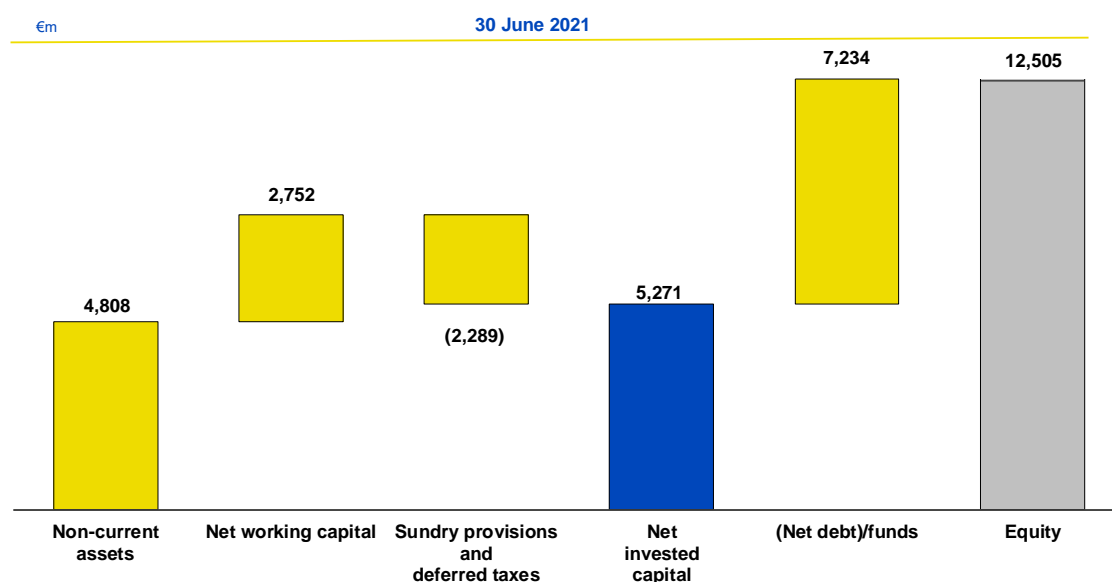
During the first half of 2021, important services were implemented that strengthen Poste Italiane's presence on digital channels:

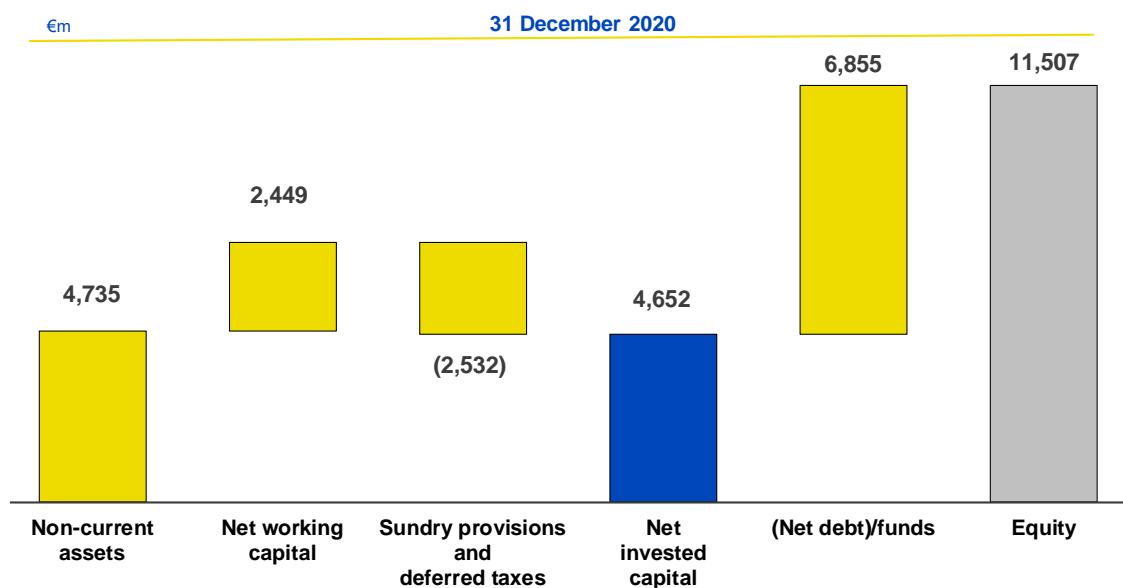
- The BancoPosta and PostePay apps, as well as the website in the reserved area, enable **users** to easily consult and manage their **utility bills** (Sepa Direct Debit or SDD mandates) active on their account or PostePay Evolution, and to activate **instant bank transfers**.
- In line with the opportunities offered by open banking under the PSD2 regulations, the **Account Information Service (AIS)** was set up, enabling account holders to connect their accounts with other financial institutions via the BancoPosta app to obtain an up-to-date picture of their liquidity in a simplified manner.
- From May 2021, the purchase and management service on digital channels of the **fibre offer** was enabled.
- As part of the proactive analysis of the Customer experience on digital touchpoints, improvement actions were carried out in order to eliminate identified friction points and anticipate customer reports on digital channels, which led to an increase in the average **app rating** value from 4.1 in December 2020 to 4.5 in June 2021.



## 5.4 GROUP FINANCIAL POSITION AND CASH FLOW

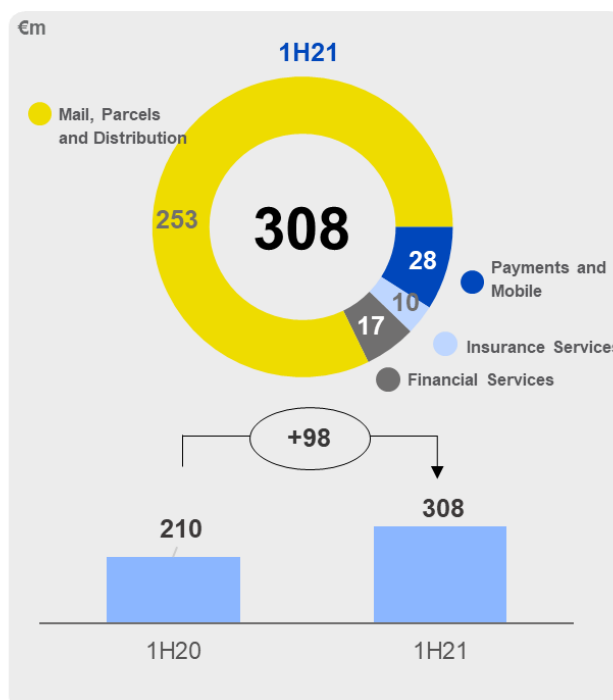
€m	30 June 2021	31 December 2020	CHANGES	
NON-CURRENT ASSETS	4,808	4,735	+73	+2%
NET WORKING CAPITAL	2,752	2,449	+303	+12%
GROSS INVESTED CAPITAL	7,560	7,184	+376	+5%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(2,289)	(2,532)	+243	+10%
NET INVESTED CAPITAL	5,271	4,652	+619	+13%
EQUITY	12,505	11,507	+998	+9%
NET DEBT/(FUNDS)	(7,234)	(6,855)	(379)	-6%
<i>Net debt/(funds) of the Mail, Parcels and Distribution SBU</i>	<i>1,202</i>	<i>1,839</i>	<i>(637)</i>	<i>-35%</i>





The Poste Italiane Group's **non-current assets** at 30 June 2021 amount to €4,808 million, an increase of €73 million compared with the end of 2020. In addition to an increase of €10 million resulting from the first-time consolidation of the Nexive Group and the provisional recognition of goodwill for the acquisitions of Nexive for €36 million and Sengi Express for €16 million, investments of €308 million and an increase of €129 million in rights of use for new contracts, renewals and contractual changes within the scope of IFRS 16 contributed to the formation of non-current assets. This change was partially offset by depreciation and amortisation of €398 million. This item also includes investments accounted for using the equity method totalling €622 million almost entirely related to the investments in Anima Holding S.p.A. and FSIA Investimenti S.r.l.

The Group's **investments** in the first half of 2021 amounts to €308 million, a 47% increase compared with the first half of 2020 (+€98 million). Investments classified as ESG, i.e. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent 70% of the total value. The main projects include energy efficiency measures for real estate, the introduction of three-wheeled vehicles for deliveries, improving the customer experience of products and services offered to customers from a multi-channel and digital perspective, and the adoption of management systems, equipment and infrastructure for health and safety.



In line with the investment programme for the period 2021-2024, designed to support the objectives of the new "24SI" Strategic Plan, around 82% of the Group's investments (€253 million) focused on the automation and modernisation of the [Mail, Parcels and Distribution Strategic Business Unit](#). In particular, the renewal of the new delivery fleet continued, with the introduction of more than 4,000 new vehicles by 2021, most of which are endothermic tricycles. As part of the green revolution, the first two "full green" distribution centres were inaugurated during the second quarter (Imperia and Viareggio), where the vehicles used by letter carriers to deliver mail and parcels are totally zero-emission (electric), thus confirming the company's focus on investments to protect the environment. Overall, at 30 June 2021, there are about 1,700 electric vehicles in the fleet, including tricycles and quadricycles, and zero-emission delivery lines have been implemented in 15 city centres.

On 1 July 2021, the new directive<sup>52</sup> became effective, which requires that all import consignments containing goods, regardless of their value, must undergo a customs declaration process, i.e. be subject to the payment of VAT. To this end, software developments and real estate interventions have been implemented in order to revise the processing of goods coming from abroad.

Activities continued related to the ordinary management of safety in the workplace and IT security through threat prevention activities and the combat against cyber attacks. During the first half of 2021, Poste Italiane's video surveillance service was further extended to sites not yet served and existing systems were upgraded by gradually replacing obsolete digital video recorders (DVRs) and intrusion detection units. In particular, more than 440 new cameras were installed, replacing more than 430, and 20 new Intrusion Control Panels were installed, replacing more than 400.

<sup>52</sup> Legislative Decree no. 83 of 25 May 2021 (Published in OJ no. 141 of 15.06.2021) transposes the provisions contained in Directives no. 2017/2455/EU and no. 2019/1995/EU in order to simplify the VAT obligations of businesses carrying out e-commerce transactions across borders.



Property investments concerned, among other things, also the redevelopment of post offices, the creation of new spaces for commercial specialists and mobile consultants. With regard to the containment of environmental impact, work continued on replacing lamps with LED technology (58,000 in the first half of 2021), automation and remote control of plant management (240 buildings involved in the first half of 2021) in order to reduce electricity consumption and CO2 emissions.

Technological Transformation and Engineering continued with the development of the Hybrid Cloud technology platform, designed to uniformly manage both Poste Italiane's proprietary resources and those activated by public providers, and to host applications re-engineered in a Native Cloud logic. The first half of 2021 saw a major shift in computing power from traditional infrastructure to the Hybrid Cloud environment.

In the [Financial Services Strategic Business Unit](#), total investments amounted to €17 million and regarded the development of the remote offering and the expansion of the range of postal savings, life assurance and funds. In the Postal Savings segment, further implementations have been developed in the new methods of collection on digital channels (website and app) by means of the sending of subscription suggestions by the advisor, with or without interaction with the customer, in the reserved area for customers of Interest-bearing Postal Certificates and the possibility of finalising these suggestions also via the app.

The "AIS" (Account Information System) function has been released in the BancoPosta App for BancoPosta account holders.

*For further information*



A new process was introduced for the Cessione del Quinto product for the management of customer requests for settlement at post offices, in order to promote and manage customer retention initiatives.

With regard to the [Insurance Services Strategic Business Unit](#), design activities continued in the second quarter of 2021 to support industrial development and the continuous functional/infrastructural improvement of the most important business support systems. Finally, work continued on upgrading systems to comply with regulatory requirements. Total investments in the half-year amounted to €10 million.

Investments in the [Payments and Mobile Strategic Business Unit](#) amounted to €28 million. In TLC, developments continued in support of the fixed and mobile network offer, with the goal of boosting market competitiveness. In the first six months of 2021, the technological infrastructure supporting the commercial launch of the PosteCasa Ultrafast (Fibre) offering was completed.

For further details on initiatives aimed at accelerating digitalisation processes, see the section on "Strengthening of digital channels".

*For further information*



**Net working capital** at 30 June 2021 amounted to €2,752 million and increased by €303 million compared to the end of 2020. The following mainly contributed to this change:

- Other receivables and assets with an increase of €47 million mainly due to an increase of €37 million in substitute tax receivables relating to the operations of the Insurance Services and Financial Services Strategic Business Units;
- Other liabilities decreased by €71 million, due mainly to a reduction of €96 million in amounts owed to employees and social security institutions (including incentives paid during the period, offset in part by an increase in other personnel-related items, including a one-off payment to employees to cover both

the 2020 and 2021 contractual vacancies, consistent with the provisions of the renewal of the National Collective Labour Agreement signed on 23 June 2021);

- an increase in Trade receivables of €258 million and a decrease in Trade payables of €77 million;
- Net current tax assets decreased by €147 million mainly due to the recognition of taxes for the period, partially offset by the payment of advances for the current year and the balance for the previous year.

The balance of **Sundry provisions and Other assets/liabilities** at 30 June 2021 amounted to €2,289 million and decreased by €243 million compared to 31 December 2020 mainly due to decreases in provisions for risks and charges and employee termination benefits of €77 million and €97 million, respectively, and lower net deferred tax assets of €69 million, largely attributable to sales during the period of financial instruments classified in the FVTOCI category, held mainly by the Financial Services Strategic Business Unit.

The balance of provisions for risks and charges also contributed to this item, which amounted to €1,319 million (€1,396 million at the end of December 2020) and includes Provisions for early retirement incentives of €448 million (€576 million at 31 December 2020). The balance also includes the provisions for operational risks relating primarily to liabilities arising from the Financial Services Strategic Business Unit's operations amounting to €159 million (€139 million at 31 December 2020) and the provisions for disputes with third parties amounting to €278 million (€267 million at 31 December 2020).

**Equity** amounted to €12,505 million at 30 June 2021, an increase of €998 million compared with 31 December 2020. The change in the period reflects primarily the profit for the period (€773 million) and the issuance of perpetual subordinated hybrid bond with an eight-year non-call period to institutional investors with a total nominal value of €800 million (€794 million net of transaction costs), the purpose of which is to strengthen the Group's equity structure.

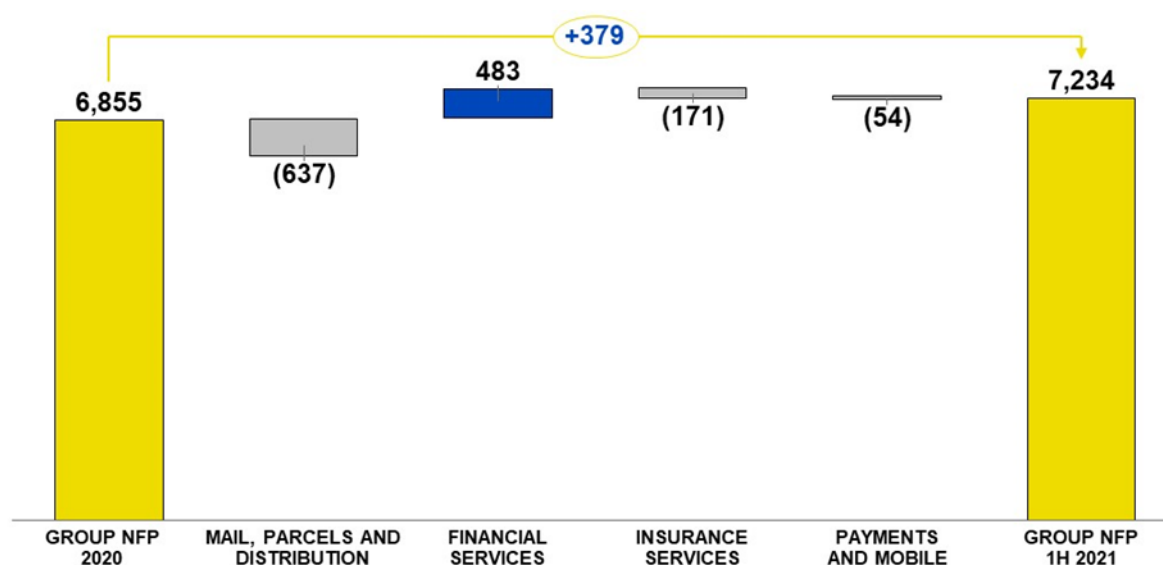
Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a €350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

In addition, on 26 July 2021, the Parent Company recapitalised Poste Vita by subscribing to a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to €300 million, on terms and conditions that enable it to be included in basic own funds ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

These positive effects are partially offset by a dividend distribution of €421 million and a decrease in the fair value reserve of €124 million.

## Group (Net Debt)/Funds

(€m)



**Total net debt/funds** at 30 June 2021 showed funds of €7,234 million, up €379 million from 31 December 2020 (€6,855 million). The following mainly contributed to this change:

- a positive operating result of €1,052 million (of which €773 million attributable to the profit for the period);
- the decrease in the fair value reserve (mainly as a result of sales during the period, net of positive fluctuations in value, of investments classified as FVTOCI, held mainly by the Financial Services Strategic Business Unit) of €263 million;
- the negative effect of the change in working capital and taxes amounting to approximately €308 million and investments of €308 million;
- the positive cash flow deriving from the effect of the issue of the perpetual hybrid bond loan for an amount, net of transaction costs, of €794 million. The change also includes the negative effects deriving from the distribution of dividends for €421 million, from the acquisitions of Nexive and Sengi for a total of €61 million (total investment of €47 million, in addition to the net financial position acquired of €14 million) and the increase in financial lease liabilities (mainly due to new stipulations, renewals and contractual changes) for €109 million falling under the application regime of IFRS 16.

With reference to the financial instruments held by the Financial Services Strategic Business Unit, the overall change in fair value during the year is negative by approximately €3.2 billion and is recognised in the statement of profit or loss for the same amount as it relates almost entirely to instruments covered by fair value hedges, the corresponding positive change in fair value of which offsets the negative effect recognised for these instruments.

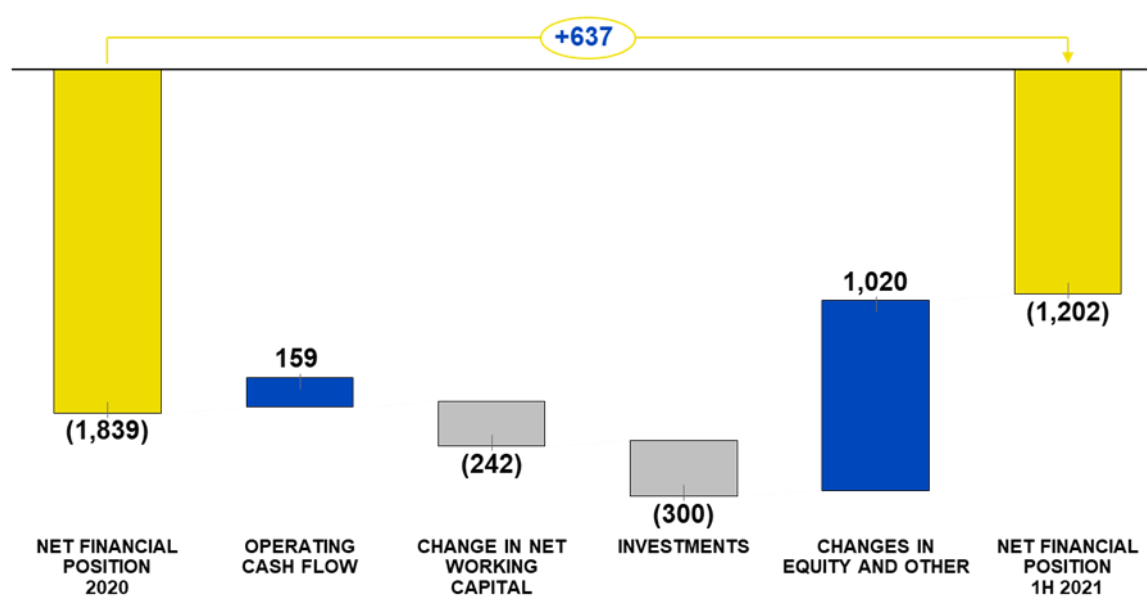
At 30 June 2021, the total balance of derivatives in fair value hedge was negative for €4.6 billion (€8.1 billion at 31 December 2020). In addition, as part of these hedging transactions, as a result of the positive change in

derivatives, the Parent Company decreased guarantee deposits in favour of counterparties by approximately €3.3 billion.

At 30 June 2021, the Financial Services Strategic Business Unit also included the following equity changes compared with 31 December 2020:

- an increase in postal current account deposits of €2.7 billion;
- a decrease in amounts due to financial institutions of €3.4 billion, largely attributable to the progressive improvement in the fair value of derivatives, which reduced the need for liquidity on the repurchase agreement market;
- a net increase of €0.2 billion in fixed income instruments measured at amortised cost (including the negative change of €1.7 billion in profit or loss relating to the portion hedged by fair value hedges);
- a net decrease in fixed income instruments classified as FVTOCI by €2.5 billion; the total fair value fluctuation of the period was negative for €1.5 billion.

### Analysis of the (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit (€m)



**Total (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit** at 30 June 2021 showed a debt of €1,202 million, an improvement of €637 million compared to 31 December 2020 (when there was a net debt of €1,839 million). Net of the financial lease liabilities provided for by IFRS 16 for €1,216 million, (net debt)/funds showed funds of €14 million (at 31 December 2020, it showed debt of €628 million).

The movement reflects:

- a positive operating income of €159 million, including depreciation and amortisation of €388 million, offset in part by a negative change of €118 million in the provisions for risks (due mainly to a reduction in the provisions for early retirement incentives) and a loss for the period of €69 million;

- a decrease in net working capital of €242 million, mainly due to a decrease in net trade payables and receivables of approximately €160 million and a decrease in payables to personnel and social security institutions of approximately €99 million (including incentives paid during the period, offset in part by an increase in other personnel-related items, including a one-off payment to employees to cover both the 2020 and 2021 contractual vacancies, consistent with the provisions of the renewal of the National Collective Labour Agreement signed on 23 June 2021);
- new investments for €300 million;
- other decreases in debt totalling €1,020 million, mainly attributable to the following items:
  - a positive cash flow of €444 million deriving from the combined effect of the issue of the perpetual hybrid bond, amounting to €794 million, net of transaction costs, partially offset by the subsequent injection of capital into BancoPosta RFC, via the granting of a perpetual subordinated loan of €350 million;
  - a positive cash flow from dividends of €742 million, which takes into account dividends paid to shareholders (€421 million);
  - an increase of €111 million in financial lease liabilities (in particular for new contracts, renewals and contractual changes) falling under the scope of IFRS 16;
  - the negative effect of the acquisitions of Nexive and Sengi for a total of €61 million (total investment of €47 million, in addition to the net financial position acquired of €14 million).

The **payables** shown in the (net debt)/funds of the Mail, Parcel and Distribution Strategic Business Unit primarily relates to:

- use of uncommitted credit line for short-term loans for a total of €475 million;
- an EIB loan of €173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- an EIB loan of €150 million, disbursed in May 2021 and maturing in May 2028;
- private placement of about €50 million maturing in October 2023;
- two senior unsecured bonds issued on 10 December 2020 with a total nominal value of €1 billion, the first of €500 million maturing in December 2024 and the second of €500 million maturing in December 2028.

It should also be noted that a medium-term bank loan of €250 million was repaid in January 2021.

## Analysis of the ESMA net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit

### Financial debt ESMA

€m	At 30 June 2021	At 31 December 2020	CHANGES	
A. Cash and cash equivalents	(2,103)	(2,254)	151	6.7%
B. Cash equivalents	-	-	-	n/s
C. Other current financial assets	(36)	(425)	389	91.5%
<b>D. Liquidity (A + B + C)</b>	<b>(2,139)</b>	<b>(2,679)</b>	<b>540</b>	<b>20.2%</b>
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	716	894	(178)	-19.9%
F. Current portion of the non-current financial payable	1	-	1	n/s
<b>G. Current financial debt (E + F)</b>	<b>717</b>	<b>894</b>	<b>(177)</b>	<b>-19.8%</b>
<b>H. Net current financial debt (G + D)</b>	<b>(1,422)</b>	<b>(1,785)</b>	<b>363</b>	<b>20.3%</b>
I. Non-current financial debt (excluding current portion and debt instruments)	1,774	1,873	(99)	-5.3%
J. Debt instruments	1,047	1,046	1	0.1%
K. Trade payables and other non-current payables	25	25	-	0.0%
<b>L. Non-current financial debt (I + J + K)</b>	<b>2,846</b>	<b>2,944</b>	<b>(98)</b>	<b>-3.3%</b>
<b>M. Total financial debt (H + L)</b>	<b>1,424</b>	<b>1,159</b>	<b>265</b>	<b>22.9%</b>

n/s: not significant

### ESMA financial debt reconciliation with Net debt/(funds) including intersegment transactions

€m	At 30 June 2021	At 31 December 2020	CHANGES	
<b>M. Total financial debt (H + L)</b>	<b>1,424</b>	<b>1,159</b>	<b>265</b>	<b>22.9%</b>
Non-current financial assets	(76)	(98)	22	22.4%
K. Trade payables and other non-current payables	(25)	(25)	-	0.0%
Tax credits Law no. 77/2020	(466)	(35)	(431)	n/s
<b>Net debt/(funds)</b>	<b>857</b>	<b>1,001</b>	<b>(144)</b>	<b>-14.4%</b>
Intersegment financial receivables and payables	345	838	(493)	-58.8%
<b>Net debt/(funds) including intersegment transactions</b>	<b>1,202</b>	<b>1,839</b>	<b>(637)</b>	<b>-34.6%</b>

In compliance with the requirements of ESMA Guidelines 32-382-1138, indirect debt or debt subject to conditions<sup>53</sup> of the Mail, Parcels and Distribution Sector at 30 June 2021 includes the current portion of the provisions for early retirement incentives and the provisions for staff expenses of €571 million, the financial quantification of which is still uncertain, liabilities to employees for termination benefits and incentive plans measured under IAS 19 totalling €1,073 million, short-term commitments to purchase property, plant and equipment and intangibles totalling €157 million and commitments under leases excluded from the scope of IFRS 16 amounting to €34 million.

**Existing cash and credit lines** are amply sufficient to cover expected financial requirements. More specifically, at 30 June 2021, the cash of the Mail, Parcels and Distribution Strategic Business Unit amounted to €2.1 billion (of which €2.0 billion relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €2.5 billion.

<sup>53</sup> Based on the definition provided in these Guidelines, indirect or conditional debt is defined as:

- material obligation that has not been directly recognised, but which the Sector may have to satisfy under certain circumstances;
- the maximum total amount due in respect of any obligation that has arisen in respect of the Sector, but for which the final amount has not yet been determined with certainty, irrespective of the likely actual amount due under that obligation.

The table below provides details of the credit lines at 30 June 2021 and 31 December 2020.

	(€m)	
Description	Balance at 30.06.2021	Balance at 31.12.2020
<b>Committed credit lines</b>	<b>1,750</b>	<b>1,750</b>
Short-term loans	1,750	1,750
<b>Uncommitted credit lines</b>	<b>2,135</b>	<b>1,893</b>
Short-term loans	1,215	1,017
Current account overdrafts	145	148
Unsecured loans (*)	775	728
<b>Total</b>	<b>3,885</b>	<b>3,643</b>
<b>Committed uses</b>	<b>-</b>	<b>-</b>
Short-term loans	-	-
<b>Uncommitted uses</b>	<b>882</b>	<b>633</b>
Short-term loans	475	250
Unsecured loans	407	383
<b>Total</b>	<b>882</b>	<b>633</b>

(\*) At 30 June 2021, the Parent Company had €636 million in unsecured loans (€620 million at 31 December 2020).



## 6. OUTLOOK

The first half of 2021 was characterised by a general economic scenario still strongly affected by the health emergency and, despite a gradual recovery in mobility and economic activities, by the continuation of the expansionary policies adopted by States to support the economy, although signs of an exit are emerging with uncertain timing.

According to the most recent scenarios<sup>54</sup>, Italy's economic recovery will consolidate over the next few months, although some factors of uncertainty remain regarding the extent and timing of this rebound. The main factor of uncertainty is represented by the evolution of the pandemic with the spread of any variants, which is accompanied by other variables: from possible delays in the vaccination campaign to those on the implementation of projects and reforms provided by the National Recovery Plan approved by the European Commission on 22 June 2021 and by the Economic and Financial Council of the European Union on 13 July 2021.

During the first half of the year, the Group continued its social commitment in support of public institutions, confirming that it is a key player in supporting economic recovery and taking a leading role in the vaccination campaign. It has made available its IT infrastructure and its logistics network for the booking and distribution of vaccines with around **15 million**<sup>55</sup> vaccines delivered throughout the country, as well as having implemented a company vaccination plan for its employees.

The positive economic and financial results for the first half of 2021 demonstrate the validity of the Group's strategic direction included in the "24SI" Plan presented to the financial community on 19 March 2021, its ability to adapt to change and intercept emerging customer needs by leveraging emerging business trends. The Group will continue to evolve its offerings for the entry into the energy market expected during 2022 and the development of the strategic segments of parcels, e-money, protection, motor and broadband. In addition, to support the economic recovery, the Group will continue to purchase tax credits related to the so-called Relaunch Law Decree.

The new 24SI Strategic Plan aims to confirm the company's role as a **strategic pillar for the country**, with renewed attention to the issues of sustainability of business strategies and omni-channel service models.

In order to maximise the value of **Italy's main omni-channel distribution network**, significant investments in technology and logistics are planned to accelerate the **Group's transformation process**, innovating the business model and expanding the range of products and services in terms of content, channels and delivery methods.

Poste Italiane aims to support the "restart of the country" also through its involvement in the National Recovery and Resilience Plan by facilitating the digital transition, also in relations with the Public Administration, and promoting the inclusion of small communities.

Digital transformation is accompanied by a commitment to **ecological transformation** for sustainable growth throughout the Plan period; the environmental strategy provides for important green initiatives and investments

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<sup>54</sup> GDP growth Italy 2021: European Commission +5%, Bank of Italy +5.1%, for the MEF it is possible to exceed 5% growth in 2021.

<sup>55</sup> Updated as of July 2021.



including, by way of example, the energy efficiency of buildings and the reduction of emissions from the company fleet. These actions will accompany the Group towards the carbon neutrality expected by the year 2030.

## 7. OTHER INFORMATION



[EVENTS AFTER 30 JUNE 2021](#)  
[SIGNIFICANT TRANSACTIONS](#)  
[INDUSTRIAL RELATIONS](#)  
[WELFARE - DIVERSITY AND INCLUSION](#)  
[CORPORATE UNIVERSITY](#)

### 7.1 EVENTS AFTER 30 JUNE 2021



Events after the end of the reporting period to which the Interim Report at 30 June 2021 refers are described in other sections of this document.

### 7.2 SIGNIFICANT TRANSACTIONS



Within the scope of the transactions with Monte dei Paschi di Siena Capital Services Banca per le Imprese S.p.A. authorised by the Board of Directors on 27 June 2019, having obtained the consent of the Related and Connected Parties Committee, nine Interest Rate Swaps for interest rate risk hedging purposes, eighteen trades in government securities and a repurchase transaction were carried out from 1 January to 30 June 2021.

### 7.3 INDUSTRIAL RELATIONS



#### Covid-19 Emergency

During the first half of the year, in consideration of the continuation of the Covid-19 emergency, the Company and the Trade Unions continued their discussions within the OPN Committee (National Joint Committee for Health and Safety in the Workplace) aimed at ensuring, through the adoption of preventive measures, the safety of people and the containment of the virus.

The Committee continues to pay the utmost attention to safety measures suitable to allow the carrying out of the work activity (e.g. provision of masks, gels, gloves, respect for interpersonal distance, position stalls, cleaning and sanitation) favouring the use of **smart working** (extended with "simplified" mode until 30 September). and monitoring the preventive screening activities carried out by the Company. In addition, as part of the measures to contain the risk of infection by Coronavirus, the Operational Instruction for the reconstruction of Covid-19 contacts was amended in light of new indications provided by the competent governmental and health authorities, for the part relating to the resistance of the virus on surfaces and the duration of the incubation period.

Still within the scope of the activity aimed at containing the circulation of the SARS-CoV-2 virus, the provisions of the "National protocol for the implementation of company plans aimed at the activation of extraordinary points of vaccination against SARS-CoV-2/ Covid-19 in the workplace" signed on 6 April 2021 between the Government, INAIL and social partners were examined in detail. In order to contribute to the rapid

**Company vaccination  
plan launched in some  
Regions**

implementation of the vaccination plan, Poste Italiane has declared its willingness to proceed with the company's vaccination plan and, in this sense, this willingness has been formalised to the Regions. The vaccination campaign for employees began first for colleagues resident in the Lazio region and then for those resident in the Lombardy, Piedmont, Veneto, Campania and Calabria regions at specific HUBs located in the regional capitals.

## National Collective Labour Agreement for non-executive staff of Poste Italiane

On 23 June 2021 the **National Collective Labour Agreement (CCNL)** for non-executive staff of Poste Italiane and the Group companies falling within its scope was signed.

The contract, with reference to both the regulatory and economic aspects, will be in force until 31 December 2023. Economic improvements totalling an average gross amount of €110 are envisaged, which will be recognised during the period of validity of the CCNL. In particular, an increase in the minimum pay scale of €90 gross on average is envisaged, to be paid in two instalments starting from July 2022 and July 2023. The value of the meal voucher will also be increased by a total of €20 per month, of which €10 per month from July 2022 and a further €10 per month from July 2023. With reference to 2020, with the July 2021 salary slip, a one-off payment will be made for back pay of an average gross amount of €900; in relation to the starting dates for the recognition of increases in the minimum pay scales as above, with the same starting date of July 2021, a further one-off payment of an average gross amount of €800 will be made as an advance on future economic improvements. The aforementioned amounts, referring to personnel classified in level C, will be subject to recalculation for the remaining employees, depending on the relative level.

**CCNL renewed:  
validity until  
2023**

In relation to the regulatory aspects of the Contract, some institutions were made more efficient by revising the related rules, and others were implemented in accordance with the legislative changes and contractual regulations that have occurred since the date of the previous renewal, including that relating to the demonetisation of holidays coinciding with Sunday, as per the agreement signed on 3 March 2021 (see below), which was made structural thanks to the inclusion of the related rules in the CCNL.

With reference to the corporate welfare system, the current Supplementary Health Care Plan has been confirmed, both in terms of the conditions of access and benefits, and with reference to the amounts of the basic and plus packages and those relating to extension to the family unit.

Lastly, with regard to the system of Industrial Relations, the contractual system was revised, paying particular attention to the changes brought about by the strong innovative thrust of digitalisation, while also taking into account the need to ensure optimal levels of customer service. In order to effectively govern these innovative processes and prevent conflicts, assuming consensus as a key element to accompany the process of corporate growth and development, the role of bargaining has been further enhanced, also by affecting the process of information and consultation. Particular attention has been paid to workers who work in agile mode, recognising to such personnel, similarly to what is already provided for remote workers, all the prerogatives provided for by the CCNL, as well as by the relevant agreements, also in consideration of the particular way in which the work is carried out.

## Post office network

On 14 January 2021, the Company and the Trade Unions signed minutes regarding certain Post office network matters. With regard to the structure of the post office network, which was modified in response to the current pandemic, it was agreed to continue with further actions to gradually restore it. In addition, in order to improve the quality of the service offered to customers in offices even during the health emergency, a number of initiatives aimed at managing waiting customers more effectively were illustrated (attention to the reception phase, assessment of the possibility of increasing the maximum capacity of people who can stay inside the Post Office at the same time).

## Active labour policies

On 24 March 2021, it was agreed with the Trade Unions to initiate an extraordinary manoeuvre, additional to that defined in the Understanding of 14 January 2021<sup>56</sup>, which aims to ensure the necessary support for the operation of the Post office network front end. The Agreement, without prejudice to the framework of Active Policies that will be defined by the Parties for the next three years, identifies the management levers, to be included in consideration of the territorial peculiarities, such as part-time recruitment from the external market, counters, conversions from part time to full time and recruitment of specialists from the external market. With regard to the hiring of specialists, it was also agreed to launch a selection phase to exploit any internal candidates belonging to the Post office network through a specific job posting.

## Business and Public Administration

On 15 April 2021, a Memorandum of Agreement was signed with the Trade Unions, which launches a process to optimise certain organisational and managerial aspects in the Business and Public Administration Market. The Agreement approved a change in the hourly work schedule for the POE (Small Business Operator) channel, which was changed from six to five days a week.

## Demonetisation of Holidays Coinciding with Sunday

On 3 March 2021, a Memorandum of Agreement was signed with the Trade Unions for Poste Italiane and for the Group companies that apply the same national collective labour agreement. These regard the demonetisation when a public holiday coincides with a Sunday. The understanding grants employees, for 2021, the right to choose to convert the payment previously due to them into one day of paid leave. This applies to the public holidays of 25 April, 15 August and 26 December, falling on a Sunday. Workers who opt for the use of "demonetised" holidays are entitled to additional hourly paid leave, which cannot be monetised, equal to 1 hour for each demonetised holiday. At territorial level, the signing of the Agreements for the demonetisation of the holiday of the Patron Saint coinciding with Sunday was delegated.

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<sup>56</sup> The agreement, with reference to active policy measures, aimed at speeding up the completion of residual actions referring to 2020.

## Bilateral Body for Professional Training and Retraining

In 2021, the activities of the Ente Bilaterale per la Formazione e Riqualificazione del Personale (Bilateral Body for Professional Training and Retraining) continued, which, through work carried out in synergy with the Corporate University, implemented important actions that accompanied employees during the difficult and delicate months of the pandemic outbreak, reaffirming the fundamental role that training has played and continues to play in managing the contingent emergency phase. Particular attention has been paid to online training, in view of the important role that said training method has taken on in the context of the emergency situation related to the spread of the Covid-19 virus, as well as the increased use of the same by the Company to comply with government indications and to ensure the necessary safety and health protection measures for employees. For the same reasons, the Body also examined the possibility of using agile work to facilitate training initiatives. The Trade Unions were then presented with the 2021 training plans for the various corporate functions and the online course catalogue for both Poste Italiane S.p.A. and Group companies.

## Mail, Communication and Logistics

As of February 2021, the Company and the Trade Unions began discussions on the overall reorganisation of the function. In particular, the parties acknowledged the need to redefine the services provided by letter carriers and to extend the Joint Delivery model to all large metropolitan areas, as well as to reorganise the organisation of internal processing activities by gradually centralising them. In addition, with the Minutes of 19 May 2021, an experimentation phase was started with the aim of improving the quality of work and optimising production flows within the sites, also ensuring greater employability of resources.

## National Voluntary Mobility

On 4 May 2021, the Company and the Trade Unions signed the Agreement on national voluntary mobility for the years 2021/2022. The agreement resumes the architecture already consolidated by previous agreements on the subject and undoubtedly represents an important element capable of accompanying and streamlining the management of personnel, which integrates with the other instruments of active employment policies that the Company puts in place to ensure optimal levels of supervision and quality of service.

## Integration of Nexive Group S.r.l.

In the minutes of the meeting of 7 April 2021, the Company and the Trade Unions discussed the acquisition of Nexive Group S.r.l., which, as described in greater detail in the Business Plan, will enable Poste Italiane to strengthen its strategic role in the postal market and safeguard the sustainability of the sector and employment levels.

Following completion of the procedures provided for by art. 47 of Law 428/1990, which were successfully defined in the minutes of 17 June 2021, the process of integrating the Nexive Group was launched. It provides, on the one hand, the confluence of some autonomous functions of Nexive Group S.r.l. within the Poste Group and, on the other hand, the **establishment of an Operating Company (OpCo)** focused on the management and coordination of the so-called "Third Network", to support the "last mile" phase of the delivery process for postal products and small parcels in favour of Poste Italiane. The Parties shall meet starting from September

to define the harmonisation rules that will regulate the remuneration and regulatory treatment of the personnel involved in the aforementioned corporate transactions, including the OpCo personnel. The harmonisation process must be completed by 30 November 2021.

## 7.4 WELFARE - DIVERSITY AND INCLUSION



The Company's commitment to safeguarding the well-being of people continues through initiatives aimed at strengthening the welfare system with interventions in favour of employees and their families in a logic of growing proximity and personalisation of caring.

As part of its initiatives to support the younger generations, Poste Italiane has launched a new edition of the "NextGeneration" project dedicated to the children of employees and young people from secondary schools, with the aim of bringing young people closer to the themes of innovation and the professions of the future. During the first half of the year, 6 webinars were held, in collaboration with the Veronesi Foundation, on topics related to healthy lifestyles, ethics and science and, at the same time, a series of video clips focusing on the world of ethics and bioethics was launched.

In order to strengthen the active parenting programmes, which currently have more than 700 members, a new communication plan was launched linked to the Maam project - now Lifeed - a path aimed at enhancing the generative skills gained during the parenting experience with new elements, such as the involvement of fathers and managers.

On the occasion of the European Diversity Month, promoted by the European Commission to raise awareness among organisations and businesses on the importance of diversity and inclusion in the workplace, Poste Italiane, already a signatory to the Charter for Equal Opportunities, has joined the initiative in order to pool the actions undertaken and the prospects for action to promote increasingly inclusive professional environments.

As part of the contractual welfare scheme and in line with the trade union agreement of 23 July 2020, the Poste Mondo Welfare programme was launched for the third consecutive year. This enables employees, on a voluntary basis, to convert all or part of their performance bonuses into welfare goods and services with specific social, educational, recreational and welfare purposes, gaining access to tax benefits in accordance with current legislation and a company bonus.

The launch of the initiative was preceded by a process of listening to colleagues to understand their individual and family needs with respect to the set of services to be made available.

## 7.5 CORPORATE UNIVERSITY



A total of approximately 3 million training hours were provided during the first half of 2021.

The commercial structures of the Post Office Network and the Business and Public Administration Market were involved in important training projects on the evolution of the service model in an omni-channel logic, the new criteria for segmenting Retail customers, as well as training on the new businesses of Third-Party Motor Liability and Fibre.

In the Postal and Logistics area, training initiatives aimed at disseminating the Lean methodology as a cultural model and approach to work continued, as did specific projects involving letter carriers and other professional figures.

Compulsory regulatory training also continues on cross-cutting issues for the entire workforce (Safety in the Workplace, Legislative Decree no. 231/01, Integrated Quality and Corruption Prevention System, etc.) as well as specific training for certain professional figures (e.g., ESMA/IVASS training) and the hours provided in this area amounted to about 60% of the total during the period.

**3 million training hours in the first half of 2021**

To complete the initiatives undertaken, the training offer available (Open Learning Area) was also expanded, on the various skills in a logic of self-training and self-development. In particular, the offer was enriched through the provision of a library of e-books, consisting of about 60 texts, accessible directly from the learning platform.

## 8. APPENDIX



### Reclassified consolidated statement of profit or loss

(€m)	1H 2021	1H 2020	CHANGES		2Q 2021	2Q 2020	CHANGES	
<b>Revenue</b>	<b>5,684</b>	<b>4,988</b>	<b>696</b>	<b>14.0%</b>	<b>2,751</b>	<b>2,317</b>	<b>434</b>	<b>18.7%</b>
<i>of which:</i>								
Mail, Parcels and Distribution Services	1,826	1,472	355	24.1%	909	701	209	29.8%
Financial Services	2,409	2,440	(30)	-1.2%	1,082	1,060	22	2.1%
<i>of which net capital gains</i>	224	234	(10)	-4.3%	3	0	3	n/s
Insurance Services	1,049	739	310	42.0%	552	384	169	43.9%
Payments and Mobile Services	399	338	62	18.3%	207	172	34	20.0%
<b>Costs</b>	<b>4,236</b>	<b>3,883</b>	<b>353</b>	<b>9.1%</b>	<b>2,122</b>	<b>1,856</b>	<b>267</b>	<b>14.4%</b>
<i>of which:</i>								
Total personnel expenses	2,693	2,633	60	2.3%	1,335	1,228	106	8.6%
<i>of which ordinary personnel expenses</i>	2,687	2,625	61	2.3%	1,328	1,223	105	8.6%
<i>of which early retirement incentives</i>	11	4	7	n/s	10	3	7	n/s
<i>of which disputes and other extraordinary items</i>	(5)	3	(8)	n/s	(3)	2	(6)	n/s
Other operating expenses	1,543	1,250	293	23.4%	788	627	160	25.6%
<b>EBITDA</b>	<b>1,448</b>	<b>1,105</b>	<b>343</b>	<b>31.1%</b>	<b>629</b>	<b>461</b>	<b>167</b>	<b>36.3%</b>
Depreciation, amortisation and impairments	398	339	59	17.5%	200	136	64	46.8%
<b>EBIT</b>	<b>1,049</b>	<b>766</b>	<b>284</b>	<b>37.1%</b>	<b>429</b>	<b>325</b>	<b>104</b>	<b>32.0%</b>
<b>EBIT Margin</b>	<b>18.5%</b>	<b>15.3%</b>			<b>15.6%</b>	<b>14.0%</b>		
Finance income/(costs)	39	8	31	n/s	19	1	18	n/s
<b>Gross profit</b>	<b>1,088</b>	<b>773</b>	<b>315</b>	<b>40.7%</b>	<b>448</b>	<b>326</b>	<b>122</b>	<b>37.3%</b>
Taxes	315	228	87	38.3%	122	87	35	40.0%
<b>Net profit</b>	<b>773</b>	<b>546</b>	<b>228</b>	<b>41.8%</b>	<b>326</b>	<b>239</b>	<b>87</b>	<b>36.4%</b>
<b>Net earnings per share (€)</b>	<b>0.59</b>	<b>0.42</b>	<b>0.18</b>	<b>41.8%</b>	<b>0.25</b>	<b>0.18</b>	<b>0.07</b>	<b>36.4%</b>

## Contribution of Strategic Business Units to the Consolidated Statement of Profit or Loss

1H 2021 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
<b>Total revenue</b>	<b>4,173</b>	<b>2,789</b>	<b>1,050</b>	<b>567</b>	<b>(2,896)</b>	<b>5,684</b>
Revenue from third parties	1,826	2,409	1,049	399	-	5,684
Intersegment revenue	2,346	380	1	167	(2,896)	-
<b>Total costs</b>	<b>4,274</b>	<b>2,427</b>	<b>392</b>	<b>435</b>	<b>(2,896)</b>	<b>4,634</b>
Total personnel expenses	2,637	22	20	13	-	2,693
<i>of which ordinary personnel expenses</i>	2,633	22	19	13	-	2,687
<i>of which early retirement incentives</i>	10	0	1	0	-	11
<i>of which disputes and other extraordinary items</i>	(5)	0	0	0	-	(5)
Other operating expenses	1,208	77	52	206	-	1,543
Depreciation, amortisation and impairments	388	0	2	8	-	398
Intersegment costs	41	2,329	317	208	(2,896)	0
<b>EBIT</b>	<b>(102)</b>	<b>362</b>	<b>658</b>	<b>131</b>	<b>-</b>	<b>1,049</b>
<b>EBIT MARGIN</b>	<b>-2.4%</b>	<b>13.0%</b>	<b>62.7%</b>	<b>23.2%</b>	<b>-</b>	<b>18.5%</b>
Finance income/(costs)	1	7	27	3	-	39
<b>Gross profit</b>	<b>(101)</b>	<b>369</b>	<b>685</b>	<b>135</b>	<b>-</b>	<b>1,088</b>
Taxes	(32)	105	206	36	-	315
<b>Net profit</b>	<b>(69)</b>	<b>264</b>	<b>480</b>	<b>99</b>	<b>-</b>	<b>773</b>

## Statements of Profit or Loss by Strategic Business Unit

### MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

(€m)	1H 2021	1H 2020	CHANGES		2Q 2021	2Q 2020	CHANGES	
<b>Revenue</b>	<b>4,173</b>	<b>3,728</b>	<b>444</b>	<b>11.9%</b>	<b>1,981</b>	<b>1,697</b>	<b>284</b>	<b>16.7%</b>
Mail	1,021	924	97	10.5%	512	407	105	25.7%
Parcels	704	473	231	48.8%	336	262	74	28.2%
Other revenue	101	75	26	35.1%	61	31	30	97.6%
Intersegment revenue	2,346	2,256	90	4.0%	1,072	997	75	7.5%
<b>Costs</b>	<b>3,886</b>	<b>3,603</b>	<b>283</b>	<b>7.9%</b>	<b>1,945</b>	<b>1,727</b>	<b>219</b>	<b>12.7%</b>
<i>of which:</i>								
Total personnel expenses	2,637	2,581	56	2.2%	1,305	1,206	99	8.2%
<i>of which ordinary personnel expenses</i>	2,633	2,576	57	2.2%	1,300	1,201	99	8.3%
<i>of which early retirement incentives</i>	10	3	7	n/s	8	3	6	n/s
<i>of which disputes and other extraordinary items</i>	(5)	3	(8)	n/s	(3)	2	(6)	n/s
Other operating expenses	1,208	987	221	22.3%	619	504	115	22.9%
Intersegment costs	41	34	7	19.7%	21	17	4	24.2%
<b>EBITDA</b>	<b>287</b>	<b>126</b>	<b>161</b>	<b>128.1%</b>	<b>36</b>	<b>(29)</b>	<b>65</b>	<b>n/s</b>
Depreciation, amortisation and impairments	388	319	69	21.7%	195	128	67	52.4%
<b>EBIT</b>	<b>(102)</b>	<b>(194)</b>	<b>92</b>	<b>47.4%</b>	<b>(159)</b>	<b>(157)</b>	<b>(2)</b>	<b>-1.2%</b>
<b>EBIT Margin</b>	<b>-2.4%</b>	<b>-5.2%</b>			<b>-8.0%</b>	<b>-9.3%</b>		
Finance income/(costs)	1	6	(6)	-87.0%	(4)	3	(7)	n/s
<b>Gross profit</b>	<b>(101)</b>	<b>(187)</b>	<b>86</b>	<b>46.0%</b>	<b>(163)</b>	<b>(154)</b>	<b>(9)</b>	<b>-6.0%</b>
Taxes	(32)	(53)	20	38.5%	(57)	(50)	(7)	-13.1%
<b>Net profit</b>	<b>(69)</b>	<b>(135)</b>	<b>66</b>	<b>49.0%</b>	<b>(106)</b>	<b>(104)</b>	<b>(3)</b>	<b>-2.6%</b>



## FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

(€m)	1H 2021	1H 2020	CHANGES		2Q 2021	2Q 2020	CHANGES	
<b>Revenue</b>	<b>2,789</b>	<b>2,735</b>	<b>54</b>	<b>2.0%</b>	<b>1,263</b>	<b>1,195</b>	<b>67</b>	<b>5.6%</b>
Net capital gains	224	234	(10)	-4.3%	3	0	3	n/s
Net interest income	720	777	(56)	-7.3%	358	389	(31)	-7.9%
Postal savings deposits	880	896	(16)	-1.8%	428	451	(23)	-5.1%
Collection and payment services	395	400	(6)	-1.4%	196	184	12	6.4%
Distribution of third-party products	133	85	48	56.8%	68	13	56	n/s
Asset management	57	48	10	20.8%	29	23	6	27.9%
Intersegment revenue	380	296	85	28.6%	181	136	45	33.3%
<b>Costs</b>	<b>2,427</b>	<b>2,337</b>	<b>90</b>	<b>3.9%</b>	<b>1,107</b>	<b>1,020</b>	<b>87</b>	<b>8.5%</b>
<i>of which:</i>								
Total personnel expenses	22	20	2	8.2%	11	10	2	19.9%
<i>of which ordinary personnel expenses</i>	22	20	2	9.9%	11	9	2	24.4%
<i>of which early retirement incentives</i>	0	1	(0)	-59.2%	0	1	(0)	-59.2%
Other operating expenses	77	39	38	96.5%	35	11	24	n/s
Intersegment costs	2,329	2,278	51	2.2%	1,060	1,000	61	6.1%
<b>EBITDA</b>	<b>362</b>	<b>398</b>	<b>(36)</b>	<b>-9.1%</b>	<b>156</b>	<b>176</b>	<b>(19)</b>	<b>-11.0%</b>
Depreciation, amortisation and impairments	0.2	0.2	0	1.0%	0.0	0.0	(0)	-10.5%
<b>EBIT</b>	<b>362</b>	<b>398</b>	<b>(36)</b>	<b>-9.1%</b>	<b>156</b>	<b>175</b>	<b>(19)</b>	<b>-11.0%</b>
<b>EBIT Margin</b>	<b>13.0%</b>	<b>14.6%</b>			<b>12.4%</b>	<b>14.7%</b>		
Finance income/(costs)	7	(14)	21	n/s	2	(12)	14	119.6%
<b>Gross profit</b>	<b>369</b>	<b>384</b>	<b>(15)</b>	<b>-4.0%</b>	<b>159</b>	<b>163</b>	<b>(5)</b>	<b>-3.0%</b>
Taxes	105	112	(6)	-5.6%	46	46	0	0.9%
<b>Net profit</b>	<b>264</b>	<b>273</b>	<b>(9)</b>	<b>-3.3%</b>	<b>112</b>	<b>117</b>	<b>(5)</b>	<b>-4.5%</b>

## INSURANCE SERVICES STRATEGIC BUSINESS UNIT

(€m)	1H 2021	1H 2020	CHANGES		2Q 2021	2Q 2020	CHANGES	
<b>Revenue</b>	<b>1,050</b>	<b>739</b>	<b>311</b>	<b>42.2%</b>	<b>553</b>	<b>384</b>	<b>169</b>	<b>44.0%</b>
Up Front - Life	166	135	31	23.0%	70	55	15	26.3%
Financial margin - Life	801	506	295	58.3%	443	273	170	62.3%
Protection margin - Life	7	15	(8)	-54.6%	1	10	(9)	-89.4%
Change to other technical provisions and other technical income/expenses	1	8	(7)	-82.6%	2	7	(6)	-75.2%
<b>Net revenue life</b>	<b>975</b>	<b>664</b>	<b>311</b>	<b>46.8%</b>	<b>516</b>	<b>345</b>	<b>171</b>	<b>49.4%</b>
Insurance premium revenue	142	118	25	20.8%	70	57	14	24.0%
Change in technical provisions and claim expenses	(71)	(46)	(25)	-54.3%	(36)	(20)	(16)	-79.1%
Reinsurance results	(3)	(2)	(1)	-36.2%	(2)	(1)	(1)	n/s
Net P&C income	0	1	(1)	-92.8%	1	1	0	43.0%
<b>Net P&amp;C revenue</b>	<b>68</b>	<b>70</b>	<b>(2)</b>	<b>-2.9%</b>	<b>33</b>	<b>37</b>	<b>(3)</b>	<b>-9.1%</b>
Other operating income	6	4	2	36.9%	3	2	1	58.0%
Intersegment revenue	1	0	1	n/s	0	0	0	n/s
<b>Costs</b>	<b>390</b>	<b>298</b>	<b>92</b>	<b>30.7%</b>	<b>182</b>	<b>135</b>	<b>47</b>	<b>34.8%</b>
<i>of which:</i>								
Total personnel expenses	20	18	2	10.8%	11	7	4	53.6%
<i>of which ordinary personnel expenses</i>	19	17	2	9.0%	10	7	3	36.6%
<i>of which early retirement incentives</i>	1	1	0	45.9%	1	0	1	-
<i>of which disputes and other extraordinary items</i>			0					
Other operating expenses	52	47	6	12.7%	25	21	4	18.0%
Intersegment costs	317	234	84	35.9%	146	107	39	36.9%
<i>of which commissions</i>	276	208	69	33.1%	125	91	34	37.8%
<b>EBITDA</b>	<b>660</b>	<b>440</b>	<b>220</b>	<b>49.9%</b>	<b>371</b>	<b>249</b>	<b>122</b>	<b>49.0%</b>
Depreciation, amortisation and impairments	2	6	(3)	-61.1%	1	1	(0)	-23.4%
<b>EBIT</b>	<b>658</b>	<b>435</b>	<b>223</b>	<b>51.3%</b>	<b>370</b>	<b>248</b>	<b>122</b>	<b>49.4%</b>
<b>EBIT Margin</b>	<b>62.7%</b>	<b>58.9%</b>			<b>66.9%</b>	<b>64.5%</b>		
Finance income/(costs)	27	15	12	82.5%	16	13	3	18.9%
<b>Gross profit</b>	<b>685</b>	<b>450</b>	<b>236</b>	<b>52.4%</b>	<b>386</b>	<b>261</b>	<b>125</b>	<b>47.8%</b>
Taxes	206	133	73	54.7%	116	75	41	54.8%
<b>Net profit</b>	<b>480</b>	<b>317</b>	<b>163</b>	<b>51.4%</b>	<b>270</b>	<b>186</b>	<b>84</b>	<b>45.0%</b>

## PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

(€m)	1H 2021	1H 2020	CHANGES		2Q 2021	2Q 2020	CHANGES	
<b>Revenue</b>	<b>567</b>	<b>509</b>	<b>58</b>	<b>11.3%</b>	<b>291</b>	<b>254</b>	<b>37</b>	<b>14.6%</b>
Electronic money	208	170	39	22.7%	107	86	22	25.1%
Other payments	39	28	11	38.8%	23	16	7	42.5%
TLC	152	139	12	8.7%	77	71	6	8.8%
Intersegment revenue	167	172	(4)	-2.4%	84	81	3	3.2%
<b>Costs</b>	<b>427</b>	<b>368</b>	<b>59</b>	<b>16.0%</b>	<b>225</b>	<b>188</b>	<b>37</b>	<b>19.9%</b>
<i>of which:</i>								
Total personnel expenses	13	13	0.5	4.0%	7	6	1	13.3%
<i>of which ordinary personnel expenses</i>	13	13	0.5	4.0%	7	6	1	13.3%
<i>of which early retirement incentives</i>	0	0	0.0	n/s	0	0	0	n/s
<i>of which disputes and other extraordinary items</i>			0					
Other operating expenses	206	178	28	15.7%	109	91	17	19.0%
Intersegment costs	208	177	30	17.2%	109	90	19	21.1%
<b>EBITDA</b>	<b>139</b>	<b>141</b>	<b>(1)</b>	<b>-0.9%</b>	<b>66</b>	<b>66</b>	<b>(0)</b>	<b>-0.3%</b>
Depreciation, amortisation and impairments	8	15	(6)	-44.3%	4	7	(3)	-43.6%
<b>EBIT</b>	<b>131</b>	<b>126</b>	<b>5</b>	<b>4.1%</b>	<b>62</b>	<b>59</b>	<b>3</b>	<b>4.8%</b>
<b>EBIT Margin</b>	<b>23.2%</b>	<b>24.8%</b>			<b>21.3%</b>	<b>23.2%</b>		
Finance income/(costs)	3	(0)	3	n/s	5	(3)	8	n/s
<b>Gross profit</b>	<b>135</b>	<b>126</b>	<b>9</b>	<b>6.8%</b>	<b>67</b>	<b>55</b>	<b>11</b>	<b>20.2%</b>
Taxes	36	36	0.5	1.4%	17	16	0	0.3%
<b>Net profit</b>	<b>99</b>	<b>90</b>	<b>8</b>	<b>8.9%</b>	<b>50</b>	<b>39</b>	<b>11</b>	<b>28.7%</b>

## FINANCIAL POSITION

### Net invested capital and related funding

	30 June 2021	31 December 2020	CHANGES	
Tangible fixed assets	2,207	2,165	42	+1.9%
Intangible fixed assets	790	755	35	+4.6%
Right-of-use assets	1,189	1,200	(11)	-0.9%
Investments	622	615	7	+1.1%
<b>Non-current assets</b>	<b>4,808</b>	<b>4,735</b>	<b>73</b>	<b>+1.5%</b>
Trade receivables, Other receivables and assets and Inventories	7,735	7,433	302	+4.1%
Trade payables and Other liabilities	(5,010)	(5,158)	148	+2.9%
Current tax assets/(liabilities)	27	174	(147)	-84.5%
<b>Net working capital</b>	<b>2,752</b>	<b>2,449</b>	<b>303</b>	<b>+12.4%</b>
<b>Gross invested capital</b>	<b>7,560</b>	<b>7,184</b>	<b>376</b>	<b>+5.2%</b>
Provisions for risks and charges	(1,319)	(1,396)	77	+5.5%
Employee termination benefits	(933)	(1,030)	97	+9.4%
Prepaid/deferred tax assets/(liabilities)	(37)	(106)	69	+65.1%
<b>Net invested capital</b>	<b>5,271</b>	<b>4,652</b>	<b>619</b>	<b>+13.3%</b>
<b>Equity</b>	<b>12,505</b>	<b>11,507</b>	<b>998</b>	<b>+8.7%</b>
<i>of which profit for the period</i>	773	1,207		
<i>of which fair value reserve</i>	2,170	2,294	(124)	-5.4%
Financial liabilities	95,200	98,230	(3,030)	-3.1%
Net technical provisions for insurance business	156,432	153,740	2,692	+1.8%
Financial assets	(244,828)	(247,883)	3,055	+1.2%
Tax credits Law no. 77/2020	(1,511)	(35)	(1,476)	n/s
Cash and deposits attributable to BancoPosta	(7,071)	(6,391)	(680)	-10.6%
Cash and cash equivalents	(5,456)	(4,516)	(940)	-20.8%
<b>Net debt/(funds)</b>	<b>(7,234)</b>	<b>(6,855)</b>	<b>(379)</b>	<b>-5.5%</b>

n/s: not significant



## ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by the International Financial Reporting Standards (IFRS), Poste Italiane has included a number of indicators in this Report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

**NET WORKING CAPITAL:** this indicator represents the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities.

This indicator is also shown separately for each Strategic Business Unit.

**NON-CURRENT ASSETS:** this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also shown separately for each Strategic Business Unit.

**NET INVESTED CAPITAL:** this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and employee termination benefits. This indicator is also shown separately for each Strategic Business Unit.

**CET1 CAPITAL:** this indicator includes initial capital and retained earnings (Tier 1 capital), applied on a transitional basis (EU Regulation 2017/2395).

**CET 1 RATIO:** this ratio measures the adequacy of Tier 1 capital with respect to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

**COMBINED RATIO (net reinsurance):** it is a profitability indicator and corresponds to the ratio between the total amount of costs incurred (commissions for the year + charges relating to claims + balance of business ceded + operating costs + other technical expenses and income) and gross premiums earned.

**UNIT DIVIDEND:** represents the amount of dividends paid by the company for each outstanding share. It is calculated as Dividends paid/Number of shares outstanding.

**EBIT (Earning before interest and taxes):** this is an indicator of operating profit before financial expenses and taxation.

**EBIT margin:** this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also shown separately for each Strategic Business Unit.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

**EXPENSE RATIO:** it is calculated as the ratio of total expenses (operating costs and fees and commissions) and gross premium revenue.

**LAPSE RATE:** it is an indirect measure of the degree of customer loyalty. It is based on surrenders during the period as a percentage of mathematical provisions at the beginning of the period. It is calculated as Surrenders / Mathematical Provisions (on a linear basis over 12 months).

**LEVERAGE RATIO:** this is the ratio of CET1 Capital to total assets, the latter after adjustments for derivative financial instruments and off-balance sheet exposures.

**LOSS RATIO:** it is a measure of the technical performance of an insurance company providing Non-life cover and is calculated as the ratio of total losses incurred (including settlement expenses) and gross earned premiums.

**GROUP NET DEBT/(FUNDS):** the sum of financial assets, tax credits under Law no. 77/2020, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

**NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT:** this is the financial debt calculated according to the scheme recommended by ESMA European Securities and Markets Authority (ESMA32-382-1138 of 4 March 2021) net of trade payables and other non-current payables with a significant implicit or explicit financing component and including the following items: non-current financial assets, tax credits under Law no. 77/2020, current hedging derivatives assets, inter-segment financial receivables and payables.

**NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT AS PER IFRS 16:** it is calculated as the net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit, excluding financial lease liabilities (IFRS 16).

**AVERAGE PORTFOLIO YIELD EXCLUDING GAINS (%):** it is the average portfolio yield calculated as the ratio of interest income to average current account balances (excluding gains).

**RWA (Risk Weighted Assets):** this indicator measures the risk exposure of assets in accordance with Basel III regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risks.

**TOTAL ASSETS:** total assets in the Statement of Financial Position of BancoPosta Ring-Fenced Capital - RFC.

**TSR (Total Shareholder Return):** it measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

**EARNINGS PER SHARE:** it is the portion of a listed company's net income granted to each of its outstanding common shares. It is calculated as the ratio of the Group's net profit to the number of outstanding shares.

## KEY PERFORMANCE INDICATORS FOR PRINCIPAL POSTE ITALIANE GROUP COMPANIES

The figures shown in the tables below reflect the financial and operational indicators of the principal Group companies, prepared in accordance with International Financial Reporting Standards (IFRS) and approved by the boards of directors of the respective companies.

Poste Italiane S.p.A. (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	5,102,040	4,428,097	673,943	15.2
Operating profit	781,558	319,459	462,099	n/s
Net result	742,296	274,944	467,352	n/s
Investments	281,793	190,416	91,377	48.0
Equity (*)	8,172,040	7,239,105	932,935	12.9
Permanent workforce - average	110,893	116,234	(5,341)	(4.6)
Flexible workforce - average	7,032	5,615	1,417	25.2

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

n/s: not significant

Postel S.p.A. (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	91,671	86,348	5,323	6.2
Operating profit	2,693	(2,932)	5,625	n/s
Net result	1,654	(2,073)	3,727	n/s
Investments	1,287	1,034	253	24.5
Equity (*)	85,444	85,507	(63)	(0.1)
Permanent workforce - average	960	975	(15)	(1.5)
Flexible workforce - average	41	60	(19)	(31.7)

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

n/s: not significant

SDA Express Courier S.p.A. (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	562,759	408,361	154,398	37.8
Operating profit	70,259	28,168	42,091	n/s
Net result	49,843	17,630	32,213	n/s
Investments	16,218	5,446	10,772	n/s
Equity (*)	73,705	59,488	14,217	23.9
Permanent workforce - average	1,058	1,026	32	3.1
Flexible workforce - average	79	39	40	n/s

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

n/s: not significant

Europa Gestioni Immobiliari S.p.A. (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	15,992	40,712	(24,720)	(60.7)
Operating profit	3,479	1,510	1,969	n/s
Net result	1,900	601	1,299	n/s
Investments	231	72	159	n/s
Equity (*)	240,572	238,669	1,903	0.8
Permanent workforce - average	28	30	(2)	(6.7)
Flexible workforce - average	-	-	-	-

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

n/s: not significant

Poste Air CarGo Srl (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	35,444	28,776	6,668	23.2
Operating profit	2,859	1,737	1,122	64.6
Net result	1,906	829	1,077	n/s
Investments	-	78	(78)	(100.0)
Equity (*)	4,930	3,023	1,907	63.1
Permanent workforce - average	98	90	8	8.9
Flexible workforce - average	5	4	1	25.0

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

n/s: not significant

BancoPosta Fondi SpA SGR (€k)	1H 2021	1H 2020	Changes	
			Values	%
Fee and commission income	68,644	56,886	11,758	20.7
Net fee and commission income	28,670	24,322	4,348	17.9
Net result	11,938	9,074	2,864	31.6
Financial assets (liquidity + securities) (*)	81,530	71,125	10,405	14.6
Equity (*)	43,142	51,785	(8,643)	(16.7)
Permanent workforce - average	67	58	9	15.2
Flexible workforce - average	-	-	-	-

At 30 June 2021, the company declared dividends totalling €20 million.

(\*) The value indicated in column 1H 2020 refers to 31 December 2020.

Poste Vita SpA (*) (€k)	1H 2021	1H 2020	Changes	
			Values	%
Insurance premium revenue (**)	10,167,145	7,617,266	2,549,879	33.5
Net result	459,249	292,858	166,391	56.8
Financial assets	157,371,082	155,528,546	1,842,536	1.2
Technical provisions for insurance business (***)	156,215,193	153,557,571	2,657,622	1.7
Equity (***)	5,104,400	5,083,885	20,515	0.4
Permanent workforce - average	344	363	(19)	(5.2)
Flexible workforce - average	1	3	(2)	(66.7)

(\*) The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the Interim Report prepared in accordance with the Italian Civil Code and under Italian GAAP.

(\*\*) Insurance premium revenue is reported gross of outward reinsurance premiums.

(\*\*\*) The value indicated in column 1H 2020 refers to 31 December 2020.

At 30 June 2021, the company declared dividends totalling €429 million.

Poste Assicura SpA (*) (€k)	1H 2021	1H 2020	Changes	
			Values	%
Insurance premium revenue (**)	145,475	117,984	(27,491)	23.3
Net result	16,744	22,450	(5,706)	(25.4)
Financial assets (***)	473,324	424,018	49,306	11.6
Technical provisions for insurance business (***)	268,619	236,014	32,605	13.8
Equity (***)	253,460	237,467	15,993	6.7
Permanent workforce - average	70	66	4	6.1
Flexible workforce - average	-	-	-	-

(\*) The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the Interim Report prepared in accordance with the Italian Civil Code and under Italian GAAP.

(\*\*) Insurance premium revenue is reported gross of outward reinsurance premiums.

(\*\*\*) The value indicated in column 1H 2020 refers to 31 December 2020.

PostePay SpA (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	566,947	508,946	58,001	11.4
Operating profit	131,075	125,444	5,631	4.5
Net result	94,817	89,633	5,184	5.8
Investments	9,157	12,428	(3,271)	(26.3)
Equity (*)	449,486	436,915	12,571	2.9
Permanent workforce - average	285	320	(35)	(10.9)
Flexible workforce - average	-	1	(1)	(100.0)

(\*) The value indicated in column 1H 2020 refers to 31 December 2020

At 30 June 2021, the company declared dividends totalling €126 million.

sennder Italia Srl (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	98,385	22,070	76,315	n/s
Operating profit	764	(311)	1,075	n/s
Net result	529	(236)	765	n/s
Investments	369	170	199	n/s
Equity (*)	5,784	5,266	518	9.8
Permanent workforce - average	61	19	42	n/s
Flexible workforce - average	21	18	3	16.7

(\*) The value indicated in column 1H 2020 refers to 31 December 2020

n/s: not significant

MLK Deliveries SpA (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	14,184	2,731	11,453	n/s
Operating profit	(1,331)	10	(1,341)	n/s
Net result	(1,044)	10	(1,054)	n/s
Investments	890	143	747	n/s
Equity (*)	11,839	12,564	(725)	(5.8)
Permanent workforce - average	34	8	26	n/s
Flexible workforce - average	1	-	1	-

(\*) The value indicated in column 1H 2020 refers to 31 December 2020

n/s: not significant

Nexive Group (€k)	1H 2021	1H 2020	Changes	
			Values	%
Revenue from sales and services	86,865	-	-	-
Operating profit	(5,931)	-	-	-
Net result	(5,084)	-	-	-
Investments	334	-	-	-
Equity	(9,711)	-	-	-
Permanent workforce - average	1,135	-	-	-
Flexible workforce - average	29	-	-	-



# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2021

**Posteitaliane**

## 1. INTRODUCTION

**Poste Italiane SpA** (the "Parent Company") is the company formed following conversion of the former Public Administration entity, "Poste Italiane", under Resolution 244 of 18 December 1997. Its registered office is at Viale Europa 190, Rome (Italy).

Poste Italiane's shares have been listed on the Mercato Telematico Azionario (Electronic Stock Exchange - MTA) since 27 October 2015. At 30 June 2021, the Company is 35% owned by CDP and 29.3% owned by the MEF, with the remaining shares held by institutional and retail investors. At 30 June 2021, the Parent Company holds 5,232,921 of its treasury shares (equal to 0.4006% of the share capital). Poste Italiane SpA continues to be under the control of the MEF.

These condensed consolidated financial statements refer to the six months ended 30 June 2021 and have been prepared in euros, the currency of the economy in which the Group operates. They consist of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the condensed statement of cash flows and the notes. Amounts in the financial statements and the notes are shown in millions of euros, unless otherwise stated.

The Group's activities are not significantly subject to seasonality and/or cyclicity.

The Condensed Consolidated Half-Year Financial Statements are accompanied by the attestation of the Chief Executive Officer and the Manager responsible for financial reporting pursuant to article 154-bis of Legislative Decree no. 58/1998 and is subject to a limited audit by the independent auditors Deloitte & Touche SpA.

## 2. BASIS OF PRESENTATION, METHODOLOGIES AND ACCOUNTING STANDARDS APPLIED

### 2.1 COMPLIANCE WITH IAS/IFRS

These condensed consolidated half-year financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union with EU Regulations and in force at 30 June 2021, for which no exceptions have been made.

### 2.2 BASIS OF PRESENTATION

The consolidated half-year financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting and article 154-ter (paragraph 3) of the Consolidated Law on Finance, and with the provisions of articles 2 and 3 of Legislative Decree 38/2005, on a going concern basis for the Parent Company Poste Italiane SpA, and its subsidiaries and consolidated companies.

In application of the option granted by the aforementioned accounting standard, they provide less information than the annual financial statements, as they are intended to provide an update on the latest complete set of annual financial statements focusing on new activities, events and circumstances - to the extent considered relevant - as well as certain minimum additional information; accordingly, they do not duplicate information previously reported in the consolidated financial statements of the Poste Italiane Group at and for the year ended 31 December 2020.

The accounting standards and the recognition, measurement and classification criteria adopted are consistent with those used to prepare the Consolidated Financial Statements at 31 December 2020.

For comparative purposes, the corresponding value for the previous year or period is shown for each item in the consolidated financial statements. In this respect, it should be noted that in order to allow a uniform comparison with the figures for the first half of 2020, following the reclassification of the item "Expenses from financial activities" within the item "Financial revenue" and the opening in the statement of financial position of a line dedicated to Tax credits under Law No. 77/2020, some detailed figures and notes have been reclassified. For further information, please refer to the 2020 Annual Report.

In accordance with CONSOB Resolution 15519 of 27 July 2006, the statement of financial position, the statement of profit or loss and the condensed statement of cash flows show amounts deriving from related party transactions. The statement of profit or loss also shows, where applicable and of significant amount, income and expenses deriving from non-recurring transactions, or transactions that occur infrequently in the normal course of business. Detailed information about non-recurring events and transactions, including their impact on the financial position, results of operations and cash flows of the company and/or the group, is provided in the section "*Material non-recurring events and/or transactions*".

It should also be noted that from the half year under review, the statement relating to the ESMA financial indebtedness (previously "ESMA net financial position") of the Mail, Parcels and Distribution Operating Segment, set out in "*Note 11 - Additional information*", has been amended and adequate disclosure has been provided on indirect or conditional indebtedness, in order to comply with the requirements of ESMA Guidelines 32-382-1138 and Consob Attention Notice no. 5/21 of 29 April 2021.

With regard to the interpretation and application of newly published, or revised, international accounting standards, and to certain aspects of taxation<sup>57</sup>, where the related interpretations are based on examples of best practice or case-law that cannot yet be regarded as exhaustive, the financial statements have been prepared on the basis of the relevant best practices. Any future changes or updated interpretations will be reflected in subsequent reporting periods, in accordance with the specific procedures provided for by the related standards.

## 2.3 BASIS OF CONSOLIDATION

The criteria and basis of consolidation adopted in these interim financial statements are consistent with those adopted in preparing the consolidated financial statements for the year ended 31 December 2020.

The financial statements consolidated on a line-by-line basis have been specifically prepared at 30 June 2021, after appropriate adjustment, where necessary, to align accounting policies with those of the Parent Company.

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<sup>57</sup> The tax authorities have issued regular official interpretations only in respect of certain of the tax-related effects of the measures contained in Legislative Decree 38 of 28 February 2005, Law 244 of 24 December 2007 (the 2008 Budget Law) and the Ministerial Decree of 1 April 2009, implementing the 2008 Budget Law, which introduced numerous changes to IRES and IRAP. The MEF Decree issued on 8 June 2011 contains instructions regarding the coordinated application of EU-endorsed international accounting standards coming into effect between 1 January 2009 and 31 December 2010, in addition to regulations governing determination of the tax bases for IRES and IRAP. In addition, the new standards are subject to the rules contained in the endorsement tax decrees issued by the Ministry of the Economy and Finance, in application of the provisions of Law no. 10 of 26 February 2011 (Decreto Milleproroghe).

During the half year, the Parent Company concluded the following business combinations by virtue of which it acquired control of the entities.

#### Nexive Group Srl

On 16 November 2020, Poste Italiane SpA signed a preliminary agreement ("Agreement") with the Dutch company PostNL European Mail Holdings B.V. ("PostNL") and the German company Mutares Holding - 32 GmbH ("Mutares Holding"), for the purchase by Poste Italiane of the entire share capital of Nexive Group Srl ("Nexive").

On 29 January 2021, the transaction was completed and Poste Italiane acquired the entire share capital of Nexive from PostNL and Mutares at a price of €34.4 million, based on an enterprise value of €50 million and net debt of €15.6 million. Following the price adjustment provided for in the contractual agreements, the final consideration amounted to €30.7 million.

Below is the carrying amount of the assets acquired and liabilities assumed at the date of acquisition:

	(€k)
	Carrying amount
<b><u>Net assets acquired</u></b>	
Intangible assets	-
Property, plant and equipment	274
Right-of-use asset	10,023
Trade and other receivables and other assets	95,889
Cash and cash equivalents	5,905
Employee termination benefits	(6,937)
Trade and other payables	(89,995)
Financial liabilities	(20,052)
<b>Total net assets acquired</b>	<b>(4,893)</b>
Equity attributable to non-controlling interests	6
<b>Portion of net assets acquired by the Group</b>	<b>(4,899)</b>
<b>Goodwill to be allocated</b>	<b>35,599</b>
<b>Total consideration</b>	<b>30,700</b>

Below are the economic values of the acquired company included in the consolidated statement of profit or loss from the date of acquisition:

	(€k)
	From the date of acquisition to 30 June 2021
Revenue	86,865
Operating profit	(5,931)
Profit/(loss) for the period	(5,084)

#### Sengi Express Limited

On 19 January 2021, Poste Italiane SpA and Cloud Seven Holding Limited signed a binding framework agreement for strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provided for the acquisition by Poste Italiane of 40% of the share capital (51% of voting rights) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market. The closing of the transaction was completed on 1 March 2021.

Below is the carrying amount of the assets acquired and liabilities assumed at the date of acquisition:

	Carrying amount	
	HKD/000	EUR/000
<i>Net assets acquired</i>		
Intangible assets	-	-
Property, plant and equipment	-	-
Trade and other receivables and other assets	5,000	535
Cash and cash equivalents	-	-
Employee termination benefits	-	-
Trade and other payables	-	-
<b>Total net assets acquired</b>	<b>5,000</b>	<b>535</b>
Equity attributable to non-controlling interests	3,000	321
<b>Portion of net assets acquired by the Group</b>	<b>2,000</b>	<b>214</b>
<i>Goodwill to be allocated</i>		<b>15,786</b>
<b>Total consideration</b>		<b>16,000</b>

Below are the economic values of the acquired company included in the consolidated statement of profit or loss from the date of acquisition:

	(€k)
	From the date of acquisition to 30 June 2021
Revenue	33,528
Operating profit	1,478
<b>Profit/(loss) for the period</b>	<b>1,204</b>

For the two corporate transactions described above, Poste Italiane has made use of the option provided for in paragraphs 45 et seq. of IFRS 3 to complete the valuation of the business combinations within twelve months of the acquisition date.

At the date of preparation of this interim report, the provisional difference between the consideration paid to the seller and the net value at the acquisition date of the identifiable assets acquired and liabilities assumed, measured in accordance with IFRS 3 in proportion to the recognised amounts of the identifiable net assets acquired, is equal respectively to:

- Nexive Group Srl: €35.6 million and

- Sengi Express Limited: €15.8 million.

This difference at 30 June 2021 is recognised under Intangible assets pending completion of the process of valuation of the individual components of the acquired assets.

The following table shows the number of subsidiaries by method of consolidation and measurement:

Subsidiaries and joint ventures	30/06/2021	31/12/2020
Consolidated on a line-by-line basis	23	16
Accounted for using the equity method	4	4
<b>Total companies</b>	<b>27</b>	<b>20</b>

In addition to the transactions described above, which led to the entry into the scope of consolidation of the subsidiaries of the Sengi Group and the Nexive Group, on 30 April 2021, PSIA Srl was established to which, upon completion of the demerger of FSIA Investimenti Srl, assets representing 30% of the latter will be assigned. For further details on this transaction, please refer to Note 3 - *Material events during the period*.

A list and key information of companies consolidated on a line-by-line basis and using the equity method is provided in Note 11 - *Additional information - Scope of consolidation and key information on investments*.

### Conversion of the financial statements into foreign currencies

For the purposes of preparing the Consolidated Financial Statements, the statement of financial position and statement of profit or loss of all consolidated companies are expressed in euro, which is the functional currency used by the Parent Company.

The financial statements of companies that operate in a functional currency other than the euro are translated into the presentation currency using the closing rate at the reporting date for assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period (if this reasonably approximates the exchange rate at the date of the respective transactions) for revenue and costs. All the resulting exchange rate differences are recognised in other comprehensive income and shown separately in a specific equity reserve; this reserve is reversed proportionally to the statement of profit or loss at the time of the (total or partial) disposal of the relevant investment.

The exchange rates used to convert the financial statements of consolidated companies in foreign currencies are those published by the Bank of Italy and the European Central Bank and presented in the table below:

Foreign exchange risk	2021		2020	
	Exact change on 30 June	Average exchange rate 1H	Exact change on 31 December	Average exchange rate 1H
Hong Kong Dollar	9.2293	9.3306(*)	n.a.	n.a.
Chinese Yuan Renminbi	7.6742	7.7740(*)	n.a.	n.a.
US dollar	1.1884	1.2053	1.2271	1.1020

(\*) The exchange rate shown relates to Sengi Express Limited and Sengi Express Guangzhou Limited and is calculated based on the period between 30 June 2021 and the date of acquisition of the companies (1 March 2021).

## 2.4 USE OF ESTIMATES

The preparation of financial information requires the use of estimates and assumptions that can have a significant effect on the final values indicated in the financial statements and in the disclosure provided. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of operating events. 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. Due to their nature, the estimates and assumptions used may vary over time and, therefore, it cannot be excluded that in subsequent periods, the values recorded in the Financial Statements may also vary significantly as a result of changes in the subjective valuations used.

In preparing these Interim Financial Statements, more extensive use was made of estimation methods than in annual reporting, in order to also take into account the effects of the health emergency linked to the spread of the Coronavirus pandemic.

Accounting treatments that require greater subjectivity in the preparation of estimates are described below.

### Revenue and receivables due from the State

Revenue from activities carried out in favour of or on behalf of the State and Public Administration entities is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the instructions contained in legislation regarding the public finance. The legal framework of reference is still subject to change and, as has at times been the case, circumstances were such that estimates made in relations to previous financial statements, with effects on the statement of profit or loss, had to be changed. The complex process associated with the determination of receivables, which has not been completed yet, may result in changes in the results for the accounting periods after the period ended 30 June 2021 to reflect variations in estimates, due to future regulatory enactments or following the finalisation of expired agreements to be renewed.

At 30 June 2021, Poste Italiane Group's amounts outstanding due from central and local authorities amounted to €724 million (€629 million at 31 December 2020), gross of provisions for doubtful debts.

The table below summarises amounts due from Public Administration entities.

	(€m)	
<b>Receivables</b>	<b>30/06/2021</b>	<b>31/12/2020</b>
Universal Service expense	53	31
Remuneration of current account deposits	29	30
Delegated services	16	5
Electoral subsidies	1	1
Other	3	2
<b>Trade receivables due from the MEF</b>	<b>102</b>	<b>69</b>
<b>Shareholder transactions:</b>		
Amount due following cancellation of Decision EC 16/07/2008	39	39
<b>Total amounts due from the MEF</b>	<b>141</b>	<b>108</b>
Amounts due from Ministries and Public Administration entities: Chair of the Cabinet Office for publisher tariff subsidies	91	67
Amounts due from Ministries and Public Administration entities: Ministry for Econ. Dev.	82	82
Other trade receivables due from Public Administration entities	353	315
<b>Trade receivables due from Public Administration entities</b>	<b>526</b>	<b>464</b>
<b>Other receivables and assets:</b>		
Sundry receivables due from Public Administration entities	1	1
Amounts receivable for IRES refund	55	55
Amounts receivable for IRAP refund	1	1
<b>Current tax assets and related interest</b>	<b>56</b>	<b>56</b>
<b>Total amounts due from MEF and the Public Administration</b>	<b>724</b>	<b>629</b>

At 30 June 2021, provisions for doubtful debts reflect receivables for which no provision had been made in the state budget and uncertainty regarding past due amounts due from Public Administration entities.

For further details, see notes A8 - *Trade receivables* and A9 - *Other receivables and assets*.

### Revenue from contracts with customers

The main factors in the recognition of revenue from contracts with customers include elements of variable consideration, particularly penalties (other than those related to compensation for damages). Elements of variable consideration are identified at the inception of the contract and estimated as of every close of the accounts for the entire contract term, to take into account new circumstances and changes in the circumstances already considered for the previous estimations. Elements of variable consideration include refund liabilities.

### Provisions for risks and charges

The Group makes provisions for probable liabilities deriving from disputes with staff, suppliers, and third parties and, in general, for liabilities deriving from present obligations. These provisions cover the liabilities that could result from legal action of varying nature, the impact on profit or loss of seizures incurred and not yet definitively assigned, and amounts expected to be refundable to customers where the final amount payable has yet to be determined.

Determination of the provisions for risks and charges involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.



### Impairment and stage allocation for financial instruments

For the purposes of calculating impairment and determining the stage allocation, the main factors estimated by the Poste Italiane Group are as follows, relating to the internal model developed for Sovereign, Banking and Corporate:

- estimate of ratings by counterparty;
- estimate of the Probability of Default "PD" for counterparties.

With regard to trade receivables, on the other hand, the Poste Italiane Group does not apply stage allocation in accordance with the Simplified Approach. Impairment, for these items in the financial statements, is based on:

- analytical impairment: when a defined credit threshold is exceeded, the individual credit position is analytically monitored on the basis of internal or external evidence; or
- forfeit impairment: elaboration of a provision matrix for historical losses.

For further details, see Note 5 - Risk management.

### Impairment tests of goodwill, cash generating units and equity investments

Goodwill and other non-current assets with indefinite useful life are tested for impairment in accordance with IAS 36 - *Impairment of Assets*. Impairment testing involves the use of estimates based on factors that may change over time, potentially resulting in effects that may also be significantly different from the valuation of items subject to testing in previous years.

The current environment - which has resulted in highly volatile markets and great uncertainty with regard to economic projections, further aggravated by the still ongoing pandemic, and the decline of the postal market in which the Group operates, make it complex to produce reliable economic/financial forecasts.

The impairment tests at 30 June 2021 were performed on the basis of the business plans of the CGUs (cash generating units) concerned or the latest available projections (except as specified below). Where required, the Discounted Cash Flow (DCF) method was applied to the resulting amounts. For the determination of value in use, NOPLAT (Net Operating Profit Less Adjusted Taxes) was capitalised using an appropriate growth rate and discounted using the related WACC (Weighted Average Cost of Capital), determined in accordance with the Operating Segment of reference and considering best market practices.

The impairment tests performed at 30 June 2021 refer to:

#### Mail, Parcels and Distribution CGU

In view of the continuing negative economic results, the decline in the postal market and the current macroeconomic scenario still characterised by the health emergency caused by COVID-19, the Mail, Parcels and Distribution CGU was subjected to an impairment test in order to determine a value in use comparable with the overall carrying amount of net invested capital.

The methodological approach used to carry out the impairment test on the Mail, Parcels and Distribution CGU, in continuity with that used in 2020, was performed at consolidated level, including the companies in the same operating segment.

In order to estimate the value in use of the CGU, within which goodwill of €56.3 million has been allocated, including an amount of €51.4 million in provisional goodwill to be allocated to the Nexive and Sengi Group companies, as described in greater detail in note "A3 - Intangible assets", reference was made to the economic forecasts in the "24SI" strategic plan approved by Poste Italiane SpA's Board of Directors on 18 March 2021. In determining the terminal value, calculated on the basis of the last year of explicit forecasts, income was normalised. Reference was also made to the transfer prices that BancoPosta RFC is expected to pay for the services provided by Poste Italiane's distribution network. A long-term growth rate of 1.228% and a WACC of 4.08% were used. The analysis made it possible to conclude positively on the appropriateness of the figures of the financial statements, as well as the related sensitivity analyses on the significant variables that have largely confirmed the book values.

#### Investment in Anima Holding SpA

With reference to the impairment test of the investment in Anima Holding SpA, the value in use was determined taking into account available 2021-2023 forecasts, a long-term growth rate of 1.041% (0.92% at 31 December 2020) and the most updated cost of equity (ke) of 6.03% (compared to 6.51% used at 31 December 2020). The analysis made it possible to conclude positively on the appropriateness of the figures of the financial statements, as well as the related sensitivity analyses on the significant variables that have largely confirmed the book values.

#### Property, plant and equipment and intangible assets

The cost of these assets is depreciated or amortised on a straight-line basis over the estimated useful life of the asset. The useful life is determined at the time of acquisition and is based on historical experience of similar investments, market conditions and expectations regarding future events that may have an impact, such as technological developments. The actual useful life may, therefore, differ from the estimated useful life.

The useful life of the Group's main asset classes is detailed below:

Property, plant and equipment	Years
Properties used in operations	40-59
Structural improvements to own properties	18-31
Plant	8-23
Light constructions	10
Equipment	3-10
Furniture and fittings	3-8
Electrical and electronic office equipment	3-10
Motor vehicles, automobiles, motorcycles	4-10
Leasehold improvements	estimated lease term*
Other assets	3-5

(\*) or the useful life of the improvement if shorter than the estimated lease term

Investment property	Years
Property	39-42
Structural improvements to own properties	17-18

With regard to intangible assets, amortisation begins when the asset is available for use and extends systematically on a straight-line basis over its estimated useful life (normally 3 years, except for certain applications for which the useful life can be estimated up to a maximum of 5 years).

### Technical provisions for insurance business

The measurement of technical provisions for the insurance business is based on the calculations performed by actuaries employed by Poste Vita SpA, based on a series of material assumptions, including technical, actuarial, demographic and financial assumptions, as well as on projections of future cash flows from the insurance contracts entered into by Poste Vita and Poste Assicura and effective at the end of the period. In order to verify the adequacy of the technical provisions, the Liability Adequacy Test (LAT) is performed periodically to measure the ability of future cash flows from insurance contracts to cover liabilities to the policyholder<sup>58</sup>. The LAT is conducted on the basis of the present value of future cash flows, obtained by projecting expected cash flows from the existing portfolio to the end of the reporting period, based on appropriate assumptions regarding the cause of termination (death, surrender, redemption, reduction) and the performance of claims expenses. If necessary, technical provisions are topped up and the related cost charged to profit or loss.

### Share-based payments

As described in more detail in Note 11 - Additional information - Share-based payment arrangements, an internal pricing tool was used to assess the Share-based payment arrangements in place within the Poste Italiane Group at the close of these interim financial statements, which adopts simulation models consistent with the requirements of the relevant accounting standards and takes account of the specific characteristics of the Plans. The plan terms and conditions link the award of the related options to the occurrence of certain events, such as the achievement of performance targets and performance hurdles and, in certain areas of operation, compliance with certain capital adequacy and liquidity requirements. For these reasons, measurement of the liability, equity reserve and the corresponding economic effects involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.

<sup>58</sup> For example, with reference to the Life business, the approach adopted for the quantification of technical items useful for the implementation of the LAT consists in the development, for each product line, of a calculation model that replicates the (probable) economic commitments of the Group insurance company over the entire projection horizon coinciding with the residual duration of the contracts. The projections of future cash flows take into account the general and special policy conditions, with particular reference to the time structure of premiums, insured benefits, payments per claim, maturities or redemptions, as well as revaluation clauses and any other contractual options present. Future assumptions express reliable estimates of the probability of exit for the various causes, impacting future cash flows of investment returns, policyholder participation rates, and levels of acquisition and operating expenses.

## Determination of the lease liability

To determine the financial lease liability, the Group has opted to use an incremental borrowing rate or (IBR) in line with a hypothetical loan obtained in the current economic environment, and applied to groups of contracts with similar remaining terms and to similar companies. In particular, each IBR takes account of the risk-free rate identified on the basis of factors such as the economic environment, currency, contract term and credit spread reflecting the companies' organisation and financial structure. The IBR associated with the commencement of each contract will be reviewed whenever there is a lease modification, meaning substantial and significant changes to the contract conditions over the life of the agreement (e.g. the lease term or the amount of future lease payments).

With regard instead to determination of the lease term at the commencement date or of the remaining term at a later date (in the event of substantial and significant changes to contract conditions) and, in particular, for property leases, the Group uses a valuation approach based primarily on the expected duration of the obligation as per the agreement between the parties and/or in the legal framework of reference (Law 392 of 27 July 1978), and it expects an extension of the lease due to an interpretation/forecast of events, circumstances and future intentions, including of a strategic nature, of both the lessor and the lessee. This has resulted in a set of rules for determining the lease term, to be applied to leased properties classified previously in three distinct clusters: properties where the lease is subject to legal restrictions and high commercial-value properties; properties for civilian use, such as the company accommodation for Group employees and executives; and other properties used in operations. The lease term for all of the other agreements was set as equal to the duration of the obligation agreed upon between the parties, in keeping with future intent in wanting and being able to complete the term and past experience.

## Options on minority interests<sup>59</sup>

As part of the transaction that led to the holding of 70% of the share capital of MLK Deliveries SpA, purchase and sale options are envisaged that will allow Poste Italiane to purchase a further 30% of the company, the exercise price of which is determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA. In the 2020 consolidated financial statements, a financial liability has been recognised (in addition to the portion of equity attributable to non-controlling interests), to take account of the possible exercise of options, as matching entry to Group's equity, the value of which depends on estimates made internally and which could change even significantly in the current and future

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<sup>59</sup> An option contract that allows an entity to purchase the interests of minority shareholders of a subsidiary in exchange for cash or other financial assets gives rise to a financial liability in the consolidated financial statements for the present value of the amount payable. Any change in the financial liability from the date of recognition is accounted for with a different balancing entry depending on whether it refers to:

- minority shareholders directly interested in the performance of the subsidiary's business with regard to the transfer of risks and benefits on the shares subject to the option. One of the indicators of this interest is the fair value measurement of the option exercise price. In addition to the presence of this indicator, the Group makes a case-by-case assessment of the facts and circumstances that characterise existing transactions. In this case, the discounted value of the option is initially deducted from the Group's equity reserves. Any subsequent changes in the valuation of the exercise price of the option are reflected in the statement of profit or loss.
- minority shareholders not directly interested in the performance of the business (e.g. exercise price of the predetermined option). The exercise price of the option, duly discounted, is deducted from the corresponding amount of Capital and Reserves pertaining to non-controlling interests. Any subsequent changes in the valuation of the option exercise price follow the same logic, with no impact on the statement of profit or loss.

years. Subsequent changes in the value of the financial liability are reflected in the Group's statement of profit or loss.

## 2.5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS AND THOSE SOON TO BE EFFECTIVE

### Accounting standards and interpretations applicable from 1 January 2021

- Amendments to **IFRS 4 - Insurance Contracts** by which the temporary exemption to the application of IFRS 9 by insurance companies and financial conglomerates principally engaged in insurance business is extended until 1 January 2023. 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 12 October 2020, an amendment to **IFRS 16 - Leases - Covid-19-Related Rent Concessions** was published in the Official Journal of the European Union. The document provides lessees with the right to account for the reductions in fees related to Covid-19 without having to evaluate, through contract analysis, whether the definition of lease modification of IFRS 16 is respected. Therefore, lessees that apply this option may account for the effects of the reductions in the lease fees directly in the statement of profit or loss on the effective date of the reduction. The application of this amendment, which was introduced with effect from 1 June 2020 for years beginning on or after 1 January 2020, has not been reflected in this Half-Year Report nor are significant effects expected from its future application.

### Accounting standards and interpretations soon to be effective

The following are applicable from 1 January 2022:

- Amendments to the following accounting standards:
  - **IAS 16 - Property, Plant and Equipment**, in order not to allow the amount received from the sale of goods produced in the test phase of the activity to be deducted from the cost of tangible assets.

These sales revenue and the related costs will therefore be recognised in the statement of profit or loss.

- **IAS 37 - Provisions, Contingent Liabilities and Contingent Assets**, with the aim of clarifying that in the estimate of the possible onerousness of a contract, all costs directly attributable to the contract itself must be considered; the evaluation must therefore not be limited to incremental costs only.
- **IFRS 3 - Business Combinations** to update the reference in the standard to the Conceptual Framework in the revised version, without this leading to changes in 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.**

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 IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021;
- IFRS 17 - Insurance Contracts.

The potential impact on the Poste Italiane Group's financial reporting of the accounting standards, amendments and interpretations due to come into effect is currently being assessed. With specific reference to IFRS 17, last year, Poste Vita launched a project aimed at determining the impact of future application of the new standard.

### 3. MATERIAL EVENTS DURING THE PERIOD

#### 3.1 PRINCIPAL CORPORATE ACTIONS

- *sennder Italia Srl*

Following the achievement by sennder Italia of all the financial and operating KPIs established in the agreements between Poste Italiane and sennder GmbH, following approval of the financial statements for the year ended 31 December 2020 by the General Meeting, in April 2021, a capital increase was carried out at

nominal value reserved for sennder GmbH, which increased the interest held in sennder Italia by 5% (from the current 25% to 30%). Following this increase, Poste Italiane's direct stake in sennder Italia went from 75% to 70%.

- sennder GmbH

In January 2021, Poste Italiane took part in a new capital increase promoted by sennder GmbH, investing €7.5 million and increasing its holding in the German company to 2.0% (1.8% on a fully diluted basis). In addition, sennder GmbH, consistent with previously signed agreements, in May 2021 carried out the follow up of the capital increase described above reaching a total valuation in excess of €1 billion. As a result of the new capital increase, Poste Italiane's interest in the company has risen to 1.9% (1.7% on a fully diluted basis).

- Acquisition and corporate restructuring of the Nexive Group

On 16 November 2020, Poste Italiane SpA signed a preliminary agreement ("Agreement") with the Dutch company PostNL European Mail Holdings B.V. ("PostNL") and the German company Mutares Holding - 32 GmbH ("Mutares Holding"), for the purchase by Poste Italiane of the entire share capital of Nexive Group Srl ("Nexive").

On 29 January 2021, the transaction was completed and Poste Italiane acquired the entire share capital of Nexive from PostNL and Mutares at a price of €34.4 million, based on an enterprise value of €50 million and net debt of €15.6 million. Following the price adjustment provided for in the contractual agreements, the final consideration amounted to €30.7 million.

The transaction was carried out pursuant to article 75 of Law Decree no. 104 of 14 August 2020 (converted into Law no. 126 of 13 October 2020), which provides that certain concentration transactions shall be considered authorised upon indication to the Antitrust Authority (AGCM) of suitable measures to prevent the risk of imposition of prices or other contractual conditions that could be costly for the user as a result of the transaction. The acquisition was authorised by the AGCM, which prescribed a number of behavioural measures for Poste Italiane. The company sent its first half-year report following the closing in January 2021 on compliance with the prescribed measures. A second half-year report and subsequent annual reports are due.

Subsequently, on 11 May 2021, Poste Italiane SpA's Board of Directors approved the plans for the merger and demerger relating to the reorganisation, within the Poste Italiane Group, of the following companies (hereinafter referred to collectively as the "Nexive Group"):

- Nexive Group Srl ("Nexive Group"), whose capital is wholly and directly held by Poste Italiane itself;
- Nexive Servizi Srl ("Nexive Servizi"), whose capital is wholly owned by Nexive Group;
- Nexive Network Srl ("Nexive Network"), whose capital is wholly owned by Nexive Group;
- Nexive Scarl ("Nexive Scarl"), whose capital is 75% owned by Nexive Network.

In particular, the above-mentioned corporate reorganisation is divided into the following phases:

- the merger by incorporation of Nexive Group and Nexive Servizi into Poste Italiane;
- the partial demerger of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel SpA, a company also wholly and directly controlled by Poste Italiane, as regards the printing business.

The plans for the merger and demerger were also approved on 11 May 2021 by the Boards of Directors of Nexive Group, Nexive Servizi, Nexive Network and Postel, to the extent of their respective responsibilities.

The transaction will take effect on 1 October 2021.

- *BNL Finance ("Financit")*

On 23 December 2020, Poste Italiane SpA and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans secured by the assignment of one-fifth of salary or pensions ("CQ Credits"). The framework agreement calls for Poste Italiane to acquire a 40% equity investment in BNL Finance, a BNL Gruppo BNP Paribas company that is a leader in the CQ Credits market.

The closing of the transaction was completed on 1 July 2021 following the authorisations received from the Supervisory Authorities and the completion of the demerger by BNL Finance in favour of its parent, BNL S.p.A., of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.

Also with effect from 1 July 2021, BNL Finance S.p.A. changed its name to Financit S.p.A..

Financit, as the product manufacturer, distributes its CQ Credits through the post office network on the basis of a ten-year commercial agreement with Poste Italiane - BancoPosta RFC, in continuity with the existing commercial agreement before transaction closing.

- *Sengi Express Limited*

On 19 January 2021, Poste Italiane SpA and Cloud Seven Holding Limited signed a binding framework agreement for strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provided for the acquisition by Poste Italiane of 51% of the voting capital (40% of the total capital) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market. The closing of the transaction was completed on 1 March 2021.

- *Nexi SpA and SIA SpA*

On 10 February 2021, Nexi S.p.A., SIA S.p.A. and their respective principal shareholders signed binding agreements relating to the potential merger by incorporation of SIA into Nexi. The signing of the binding agreements follows the signing of a memorandum of understanding announced on 5 October 2020.

In addition, on 15 November 2020, Nexi announced that it had entered into a binding agreement with Nets to merge the two groups. Upon completion of the two transactions, the new group formed by the combination of Nexi and Nets will be one of Europe's leading companies.

At 30 June 2021, Poste Italiane holds an indirect interest of 17.22% in SIA through its 30% interest in FSIA, the latter valued at equity in the Group's consolidated financial statements and recognised at approximately €405 million.

In accordance with the agreements between the parties, on 9 June 2021, a resolution was passed regarding the demerger of FSIA, which will be carried out via the transfer of assets representing 30% of FSIA, including a 17.2% interest in SIA and the shareholders' loan of € 20.7 million granted by Poste to FSIA, in favour of PSIA S.r.l., a newly established company wholly owned by Poste Italiane S.p.A.. At the end of the demerger, therefore, FSI will remain the sole shareholder of FSIA, and Poste Italiane S.p.A. will be the sole shareholder of PSIA S.r.l., which will also have as its sole asset the 17.2% interest in the share capital of SIA prior to the Nexi-SIA Merger.



Lastly, on completion of the demerger of FSIA and the above-mentioned mergers, Poste Italiane S.p.A. will hold a direct interest of 3.6% in the new group Nexi-SIA-Nets (5.2% in the case of completion of the merger of SIA into Nexi alone).

- *Eurizon Capital Real Asset SGR ("ECRA")*

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements to acquire 40% of the share capital of Eurizon Capital Real Asset SGR S.p.A. ("ECRA"), a company specialising in investments in support of the real economy controlled by Eurizon, which currently has assets under management of approximately €3.4 billion. Poste Vita will also entrust ECRA with a mandate worth €2.5 billion, thus gaining access to a global platform that will enable it to develop an integrated management model over the entire life cycle of the investment. The transaction is expected to close by the end of the year, once the regulatory authorities have given their approval. It should be noted that upon completion of the transaction ECRA will continue to be controlled and consolidated by Eurizon.

The following corporate actions also took place in the first half of 2021.

- On 27 January 2021, Poste Italiane's Board of Directors approved an amendment to BancoPosta RFC resulting in the removal of the restriction on the assets, properties and legal relationships that make up the Debit Business, submitted for final approval by Poste Italiane's Extraordinary General Meeting, after obtaining all the authorisations required by current legislation and regulations; on 4 February 2021, PostePay's Extraordinary General Meeting approved, among other things, a divisible capital increase to be subscribed and paid up by 30 September 2021 via the contribution in kind of the Debit Business by Poste Italiane.
- With a notarial deed dated 30 March 2021, Poste Italiane S.p.A., sold 100% of its interest in Indabox S.r.l. to MLK Deliveries S.p.A., a company 70% owned by Poste Italiane S.p.A. and 30% owned by Milkman Tech S.p.A.. The transaction took effect on 1 April 2021.
- On 21 June 2021, Uptime S.p.A.'s General Meeting resolved to approve the Final Liquidation Financial Statements and the related Final Allocation Plan. On 25 June 2021, a request for cancellation of the company was filed with the Rome Companies Register.
- On 23 June 2021, PostePay S.p.A.'s Board of Directors approved the signing of binding agreements for the sale of the interest held by PostePay S.p.A. in Tink AB, a fintech operator specialising in open banking technology solutions, for a consideration of approximately €77 million, as part of the announced sale of 100% of Tink AB to Visa Open Connect Limited, a Visa Group company. The transaction was agreed on the basis of an enterprise value valuation of Tink AB of €1.8 billion. PostePay S.p.A.'s total investment in Tink amounted to €22.1 million, representing a 4.7% interest in the company on a fully diluted basis.  
The Poste Italiane Group will continue to collaborate with Tink through the existing partnership focused on expanding the Group's digital service offering.  
The closing of the transaction is subject to the approval of the supervisory and antitrust authorities.
- On 1 July, formalised with effect from the same date were the deeds of sale of the MLK business unit, known as "Business Parcel B2C" and the ICT unit of Postel in favour of Poste Italiane.

### 3.2 OTHER MATERIAL EVENTS

The following material events also occurred in 1H 2021:

- Hybrid Bond issue

Poste Italiane S.p.A., with a settlement date of 24 June 2021, placed its first perpetual subordinated hybrid bond issue with an 8-year non-call period for institutional investors, with a total nominal value of €800 million, with the aim of strengthening the Group's capital structure, and, in particular, BancoPosta's Leverage Ratio (Basel III) and Tier 1 ratio, as well as Poste Vita's Solvency II ratio, thus helping to support the Group's long-term growth in accordance with the strategic guidelines of the "24 SI" Business Plan.

The main features of the issue are:

- The bonds have no fixed maturity and must be redeemed only in the event of the dissolution or liquidation of the Company, as specified in the relevant terms and conditions, subject to the right of early redemption (call) in the cases provided for. Specifically, the call is scheduled to occur at any time from the First Call Date of 24 March 2029 through 24 June 2029 and on each interest payment date thereafter.
- The fixed annual coupon is 2.625% until the first Reset Date set for 24 June 2029. From that date, the annual interest is determined on the basis of the 5-year Euro Mid Swap rate, plus an initial spread of 267.7 basis points, increased by a further 25 basis points from 24 June 2034 and by a further 75 basis points from 24 June 2049. Interest is payable at the option of the issuer and on a cumulative basis, commencing 24 June 2022. The issue price was set at 100%.

The perpetual subordinated hybrid bond is classified as an equity instrument, in view of the fact that the issuing company has the unconditional right to defer repayment of the principal and payment of the coupons until the date of its liquidation. Therefore, the amount received from the subscribers of these instruments, net of the related issue costs, is recognised as an increase in Group shareholders' equity; conversely, repayments of principal and payments of coupons due (at the time the related contractual obligation arises) are recognised as a decrease in Group shareholders' equity.

Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a €350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

In addition, on 26 July 2021, the Parent Company recapitalised Poste Vita by subscribing to a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to €300 million, on terms and conditions that enable it to be included in basic own funds ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

## 4. POSTE ITALIANE GROUP - FINANCIAL STATEMENTS AT 30 JUNE 2021

**Posteitaliane**

## 4.1 CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)					
ASSETS	Notes	30 June 2021	<i>of which related parties</i>	31 December 2020	<i>of which related parties</i>
<b>Non-current assets</b>					
Property, plant and equipment	[A1]	2,175	-	2,134	-
Investment property	[A2]	32	-	31	-
Intangible assets	[A3]	790	-	755	-
Right-of-use assets	[A4]	1,189	-	1,200	-
Investments accounted for using the equity method	[A5]	622	622	615	615
Financial assets	[A6]	215,953	3,799	217,877	3,879
Trade receivables	[A8]	2	-	2	-
Deferred tax assets	[C12]	1,103	-	1,123	-
Other receivables and assets	[A9]	3,705	2	3,839	2
Tax credits Law no. 77/2020	[A10]	1,273	-	29	-
Technical provisions attributable to reinsurers		52	-	54	-
<b>Total</b>		<b>226,896</b>		<b>227,659</b>	
<b>Current assets</b>					
Inventories	[A7]	162	-	165	-
Trade receivables	[A8]	2,631	609	2,373	582
Current tax assets	[C12]	344	-	187	-
Other receivables and assets	[A9]	1,235	5	1,054	3
Tax credits Law no. 77/2020	[A10]	238	-	6	-
Financial assets	[A6]	28,875	7,851	30,006	7,617
Cash and deposits attributable to BancoPosta	[A11]	7,071	-	6,391	-
Cash and cash equivalents	[A12]	5,456	1,991	4,516	1,992
<b>Total</b>		<b>46,012</b>		<b>44,698</b>	
<b>TOTAL ASSETS</b>		<b>272,908</b>		<b>272,357</b>	
<b>LIABILITIES AND EQUITY</b>					
LIABILITIES AND EQUITY	Notes	30 June 2021	<i>of which related parties</i>	31 December 2020	<i>of which related parties</i>
<b>Equity</b>					
Share capital	[B2]	1,306	-	1,306	-
Reserves	[B4]	4,527	-	3,909	-
Treasury shares		(40)	-	(40)	-
Retained earnings		6,706	-	6,327	-
<b>Total equity attributable to owners of the Parent</b>		<b>12,499</b>		<b>11,502</b>	
Equity attributable to non-controlling interests		6	-	5	-
<b>Total</b>		<b>12,505</b>		<b>11,507</b>	
<b>Non-current liabilities</b>					
Technical provisions for insurance business	[B5]	156,484	-	153,794	-
Provisions for risks and charges	[B6]	530	60	625	59
Employee termination benefits	[B7]	933	-	1,030	-
Financial liabilities	[B8]	14,020	157	18,366	241
Deferred tax liabilities	[C12]	1,140	-	1,229	-
Other liabilities	[B10]	1,503	-	1,576	-
<b>Total</b>		<b>174,610</b>		<b>176,620</b>	
<b>Current liabilities</b>					
Provisions for risks and charges	[B6]	789	12	771	13
Trade payables	[B9]	1,760	35	1,837	56
Current tax liabilities	[C12]	317	-	13	-
Other liabilities	[B10]	1,747	58	1,745	74
Financial liabilities	[B8]	81,180	3,706	79,864	4,373
<b>Total</b>		<b>85,793</b>		<b>84,230</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>272,908</b>		<b>272,357</b>	

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

			(€m)		
	Notes	1H 2021	of which related parties	1H 2020	of which related parties
Revenue from Mail, Parcels and other	[C1]	1,826	198	1,472	200
Net revenue from Financial Services	[C2]	2,409	956	2,440	987
Revenue from Financial Services		2,469	959	2,535	989
Expenses from financial activities		(60)	(4)	(95)	(2)
Revenue from Insurance Services after movements in technical provisions and other claims expenses	[C3]	1,050	8	739	8
Insurance premium revenue		10,291	-	7,720	-
Income from insurance activities		2,211	8	1,559	8
Change in technical provisions for insurance business and other claims		(11,240)	-	(7,687)	-
Expenses from insurance activities		(212)	-	(853)	-
Revenue from Payments and Mobile	[C4]	399	19	337	14
<b>Net operating revenue</b>		<b>5,684</b>		<b>4,988</b>	
Cost of goods and services	[C5]	1,423	52	1,149	89
Personnel expenses	[C6]	2,693	38	2,632	40
Amortisation and impairments	[C7]	398	-	339	-
Capitalised costs and expenses	[C8]	(17)	-	(18)	-
Other operating costs	[C9]	118	3	64	1
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	20	(1)	56	2
<b>Operating profit/(loss)</b>		<b>1,049</b>		<b>766</b>	
Finance costs	[C11]	39	1	35	2
Finance income	[C11]	62	-	53	-
Impairment losses/(reversals of impairment losses) on financial assets		(1)	-	1	-
Profit/(Loss) on investments accounted for using the equity method	[A5]	15	-	(10)	-
<b>Profit/(Loss) before tax</b>		<b>1,088</b>		<b>773</b>	
Income tax expense	[C12]	315	-	227	-
<b>PROFIT FOR THE PERIOD</b>		<b>773</b>		<b>546</b>	
of which attributable to owners of the Parent		772		546	
of which attributable to non-controlling interests		1		-	
<b>Earnings per share</b>	[B1]	<b>0.594</b>		<b>0.419</b>	
<b>Diluted earnings per share</b>		<b>0.594</b>		<b>0.419</b>	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

	1H 2021	FY 2020	1H 2020
<b>Profit/(Loss) for the period</b>	<b>773</b>	<b>1,206</b>	<b>546</b>
<b>Items to be reclassified in the Statement of profit (loss) for the period</b>			
FVOCI debt instruments and receivables			
Increase/(decrease) in fair value during the period	36	2,016	(1,176)
Transfers to profit or loss from realisation	(268)	(263)	(231)
Increase/(Decrease) for expected losses	(4)	7	7
Cash flow hedges			
Increase/(decrease) in fair value during the period	(81)	(28)	105
Transfers to profit or loss	3	5	(4)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit/(loss) for the period	89	(495)	372
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
<b>Items not to be reclassified in the Statement of profit/(loss) for the period</b>			
FVOCI equity instruments			
Increase/(decrease) in fair value during the period	47	17	1
Transfers to equity	-	-	-
Actuarial gains /(losses) on employee termination benefits	38	(5)	-
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit/(loss) for the period	(12)	1	-
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
<b>Total other comprehensive income</b>	<b>(152)</b>	<b>1,255</b>	<b>(926)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>621</b>	<b>2,461</b>	<b>(380)</b>
of which attributable to owners of the Parent	620	2,462	(380)
of which attributable to non-controlling interests	1	(1)	1

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity											Total equity		
	Share capital	Treasury shares	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Retained earnings		Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests
<b>Balance at 1 January 2020</b>	1,306	(40)	299	1,210	-	1,018	115	-	2	2	5,786	9,698	-	9,698
Total other comprehensive income for the period	-	-	-	-	-	(908)	72	-	-	-	546	(380)	-	(380)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(402)	(402)	-	(402)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	(49)	(49)	-	(49)
Incentive plans	-	-	-	-	-	-	-	-	-	1	-	1	-	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	6	6
<b>Balance at 30 June 2020</b>	1,306	(40)	299	1,210	-	20	187	-	2	3	5,881	8,868	6	8,874
Total other comprehensive income for the period	-	-	-	-	-	2,274	(89)	-	-	-	657	2,842	(1)	2,841
Interim dividend	-	-	-	-	-	-	-	-	-	-	(211)	(211)	-	(211)
Incentive plans	-	-	-	-	-	-	-	-	-	3	-	3	-	3
<b>Balance at 31 December 2020</b>	1,306	(40)	299	1,210	-	2,294	98	-	2	6	6,327	11,502	5	11,507
Total other comprehensive income for the period	-	-	-	-	-	(124)	(56)	-	-	-	800	620	1	621
Dividends paid	-	-	-	-	-	-	-	-	-	-	(421)	(421)	-	(421)
Incentive plans	-	-	-	-	-	-	-	-	-	4	-	4	-	4
Equity instruments - perpetual hybrid bonds	-	-	-	-	794	-	-	-	-	-	-	794	-	794
<b>Balance at 30 June 2021</b>	1,306	(40)	299	1,210	794	2,170	42	-	2	10	6,706	12,499	6	12,505

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(€m)	
	1H 2021	1H 2020
<b>Unrestricted net cash and cash equivalents at the beginning of the period</b>	<b>2,811</b>	<b>1,265</b>
Restricted net cash and cash equivalents at the beginning of the period	1,705	884
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,516</b>	<b>2,149</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,516</b>	<b>2,149</b>
Result for the period	773	546
Depreciation, amortisation and impairments	398	339
Losses and impairment losses/(reversals of impairment losses) on receivables	28	42
(Gains)/Losses on disposals	-	(1)
(Increase)/Decrease in Inventories	4	(34)
(Increase)/Decrease Receivables and Other assets	(357)	(242)
Increase/(Decrease) Payables and Other liabilities	95	(1,248)
Change in tax credits Law no. 77/2020	(497)	-
Change in provisions for risks and charges	(85)	61
Change in employee termination benefits and Provision for retirement benefits	(65)	(63)
Difference in accrued financial expenses and income (cash adjustment)	16	25
Other changes	2	98
<b>Net cash flow from/(for) non-financial operating activities</b> [a]	<b>312</b>	<b>(477)</b>
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	(423)	8,392
Net cash generated by/(used for) financial assets and tax credits Law no. 77/2020 attributable to financial activities, payments, cards and acquiring and insurance	(2,001)	(6,686)
(Income)/Expense and other non-cash components	(2,570)	(1,326)
<b>Increase/(Decrease) in net technical provisions for insurance business</b>	<b>5,582</b>	<b>2,095</b>
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	588	2,475
<b>Net cash flow from/(for) operating activities</b> [c]=[a+b]	<b>900</b>	<b>1,998</b>
<b>- of which related party transactions</b>	<b>(961)</b>	<b>(1,222)</b>
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(308)	(209)
Investments	-	(2)
Other financial assets	(4)	(35)
Investments in consolidated companies net of cash acquired	(40)	-
<i>Disposals:</i>		
Property, plant and equipment, inv. property, intangible assets and assets held for sale	3	2
Investments	-	-
Other financial assets	410	7
<b>Net cash flow from/(for) investing activities</b> [d]	<b>61</b>	<b>(237)</b>
<b>- of which related party transactions</b>	<b>(2)</b>	<b>(18)</b>
Proceeds from/(Repayments of) borrowings	(394)	1,828
(Purchase)/Sale of treasury shares	-	-
Dividends paid	(421)	(402)
Equity instruments - perpetual hybrid bonds	794	-
Other transactions with minority shareholders	-	1
<b>Net cash flow from/(for) financing activities and shareholder transactions</b> [e]	<b>(21)</b>	<b>1,427</b>
<b>- of which related party transactions</b>	<b>(270)</b>	<b>(260)</b>
<b>Net increase/(decrease) in cash</b> [f]=[c+d+e]	<b>940</b>	<b>3,188</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,456</b>	<b>5,337</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,456</b>	<b>5,337</b>
Restricted cash and cash equivalents at the end of the period	(2,861)	(2,702)
<b>Unrestricted net cash and cash equivalents at the end of the period</b>	<b>2,595</b>	<b>2,635</b>



## 4.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### A1 - PROPERTY, PLANT AND EQUIPMENT (€2,175 million)

tab. A1 - Movements in property, plant and equipment

(€m)

	Land	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	76	3,160	2,354	340	616	1,987	103	8,636
Accumulated depreciation	-	(2,052)	(1,892)	(303)	(384)	(1,813)	-	(6,444)
Impairment losses	-	(36)	(9)	(1)	(8)	(4)	-	(58)
<b>Balance at 1 January 2021</b>	<b>76</b>	<b>1,072</b>	<b>453</b>	<b>36</b>	<b>224</b>	<b>170</b>	<b>103</b>	<b>2,134</b>
<b>Period changes</b>								
Additions	-	11	36	5	16	36	42	146
Reclassifications	-	5	26	1	8	4	(46)	(2)
Disposals	-	-	-	-	(1)	-	(1)	(2)
Depreciation	-	(14)	(26)	(7)	(21)	(41)	-	(109)
(Impairment losses)/Reversal of impairment losses	-	7	-	-	2	(1)	-	8
<b>Total changes</b>	<b>-</b>	<b>9</b>	<b>36</b>	<b>(1)</b>	<b>4</b>	<b>(2)</b>	<b>(5)</b>	<b>41</b>
Cost	76	3,173	2,428	343	642	2,002	98	8,762
Accumulated depreciation	-	(2,063)	(1,928)	(307)	(407)	(1,830)	-	(6,535)
Impairment losses	-	(29)	(11)	(1)	(7)	(4)	-	(52)
<b>Balance at 30 June 2021</b>	<b>76</b>	<b>1,081</b>	<b>489</b>	<b>35</b>	<b>228</b>	<b>168</b>	<b>98</b>	<b>2,175</b>

At 30 June 2021, property, plant and equipment includes assets belonging to the Parent Company located on land held under concession or sub-concession, which are to be handed over free of charge at the end of the concession term. These assets have a total carrying amount of €44 million.

Investments of €146 million in the first half of 2021 consists largely of:

- €11 million mainly relating to extraordinary maintenance of post offices around the country, staff premises and mail sorting offices;
- €36 million for plants, including €23 million incurred by the Parent Company for the construction of plants connected to buildings and €13 million incurred by the subsidiary SDA Express Courier S.p.A. with reference to the new automated sorting plant at the Landriano Hub and for investments related to the expansion of the network;
- €16 million invested in the upgrade of plant and the structure of properties held under lease;
- €36 million relating to Other assets, of which €30 million incurred by the Parent Company and primarily regarding the renewal of the Parent Company's own mail and distribution fleet (€24 million) and the purchase of hardware to renew technological equipment at post offices and head offices and consolidate storage systems (€4 million);
- Investments in progress amounted to €42 million, of which €37 million incurred by the Parent Company and €33 million relating to extraordinary maintenance work and infrastructure improvements to the commercial and production network.

Reclassifications from tangible assets under construction, totalling €46 million, relate primarily to the acquisition cost of assets that became available and ready for use during the period. They mainly refer to the Parent Company for the completion of extraordinary renovations of owned properties and improvements on leased

properties (€18 million) and to the subsidiary SDA Express Courier S.p.A. for the commissioning of the new automated sorting plant at the Landriano Hub, which entered the production process in June 2021 (€16 million).

## A2 - INVESTMENT PROPERTY (€32 million)

Investment property relates to service accommodation owned by Poste Italiane SpA in accordance with Law 560 of 24 December 1993 and residential accommodation previously used by post office directors.

tab. A2 - Movements in investment property (€m)

	1H 2021
Cost	86
Accumulated depreciation	(55)
Impairment losses	-
<b>Period opening balance</b>	<b>31</b>
<b>Period changes</b>	
Additions	-
Reclassifications	2
Disposals	(1)
Depreciation	-
(Impairment losses)/Reversal of impairment losses	-
<b>Total changes</b>	<b>1</b>
Cost	90
Accumulated depreciation	(58)
Impairment losses	-
<b>Period closing balance</b>	<b>32</b>
Fair value at the end of the period	74

The fair value of investment property at 30 June 2021 includes €62 million representing the sale price applicable to the Parent Company's former service accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company<sup>60</sup>.

Most of the properties included in this category are subject to lease agreements classifiable as operating leases, given that the Group retains substantially all of the risks and rewards of ownership of the properties. Under the relevant agreements, tenants usually have the right to break off the lease with six-month notice. Given the resulting lack of certainty, the expected revenue flows from these leases are not referred to in these notes.

<sup>60</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for level 3.

## A3 - INTANGIBLE ASSETS (€790 million)

tab. A3 - Movements in intangible assets

(€m)

	Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Other	Total
Cost	3,790	161	125	109	4,185
Accumulated amortisation and impairments	(3,225)	-	(102)	(103)	(3,430)
<b>Balance at 1 January 2021</b>	<b>565</b>	<b>161</b>	<b>23</b>	<b>6</b>	<b>755</b>
<b>Period changes</b>					
Additions	57	105	52	-	214
Reclassifications	95	(97)	-	2	-
Transfers and disposals	-	-	-	-	-
Amortisation and impairments	(177)	-	-	(2)	(179)
<b>Total changes</b>	<b>(25)</b>	<b>8</b>	<b>52</b>	<b>-</b>	<b>35</b>
Cost	3,964	169	177	85	4,395
Accumulated amortisation and impairments	(3,424)	-	(102)	(79)	(3,605)
<b>Balance at 30 June 2021</b>	<b>540</b>	<b>169</b>	<b>75</b>	<b>6</b>	<b>790</b>

Investments in the first half of 2021 amounted to €214 million, including about €16 million in software and the related expenses developed within the Group, primarily relating to personnel expenses (€14 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Group, are not capitalised.

The increase in the item Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights totalling €57 million relates primarily to the entry into service of new software programmes and the acquisition of software licences.

Purchases of intangible assets under construction refer mainly to activities for the development of software for infrastructure platforms and for BancoPosta services.

The balance of intangible assets under construction includes activities of the Parent Company mainly regarding the development for software relating to the infrastructure platform (€81 million), for BancoPosta services (€44 million), for use in providing support to the sales network (€24 million), for the postal products platform (€14 million) and for the engineering of reporting processes for other Business functions and personnel (€6 million).

During the period, the Group effected reclassifications from intangible assets under construction to industrial patents and intellectual property rights amounting to €95 million, reflecting the completion and commissioning of software and the upgrade of existing software.

The breakdown of the item Goodwill is as follows:

tab. A3.1 - Goodwill

(€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
<b>Mail, Parcels and Distribution SBU</b>	<b>57</b>	<b>5</b>
MLK Deliveries SpA	5	5
Nexive Group Srl	36	-
Sengi Express Limited	16	-
sennder Italia Srl	-	-
<b>Insurance Services SBU</b>	<b>18</b>	<b>18</b>
Poste Welfare Servizi Srl	18	18
<b>Total</b>	<b>75</b>	<b>23</b>

In the first half of 2021, the Parent Company acquired the companies Nexive Group and Sengi Express Limited and the provisional difference between the consideration paid to the seller and the net value at the acquisition date of the identifiable assets acquired and liabilities assumed, valued in accordance with IFRS 3, is recorded as goodwill of €36 million and €16 million, respectively, pending completion of the valuation process of the individual components of acquired assets.

For details of the transactions, refer to paragraph 2.3 - *Basis of consolidation*.

With reference to the impairment test on goodwill and cash generating units, please refer to paragraph 2.4 - *Use of estimates*.

#### A4 - RIGHT-OF-USE ASSETS (€1,189 million)

tab. A4 - Movements in right-of-use assets

(€m)

	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,399	173	22	60	1,654
Accumulated depreciation, amortisation and impairments	(290)	(127)	(11)	(26)	(454)
<b>Balance at 1 January 2021</b>	<b>1,109</b>	<b>46</b>	<b>11</b>	<b>34</b>	<b>1,200</b>
<b>Period changes</b>					
New contract acquisitions	41	29	7	-	77
Adjustments	17	46	(1)	(10)	52
Contract terminations	(16)	(16)	-	-	(32)
Change in scope of consolidation	8	-	-	2	10
Depreciation, amortisation and impairments	(76)	(32)	(3)	(7)	(118)
<b>Total changes</b>	<b>(26)</b>	<b>27</b>	<b>3</b>	<b>(15)</b>	<b>(11)</b>
Cost	1,448	136	26	52	1,662
Accumulated depreciation, amortisation and impairments	(365)	(63)	(12)	(33)	(473)
<b>Balance at 30 June 2021</b>	<b>1,083</b>	<b>73</b>	<b>14</b>	<b>19</b>	<b>1,189</b>

Acquisitions during the period, totalling €77 million, relate to the Parent Company for €29 million and relate to new contracts and the renewal of existing contracts at the beginning of the year for real estate (€18 million) and the hire of company vehicles (€11 million) and to the subsidiary SDA Express Courier for €17 million, mainly for new contracts and the renewal of existing contracts for real estate related to the expansion of the company's reception capacity. The item "Adjustments" refers to contractual changes during the period in question, e.g. for changes in duration due to extension, revision of economic conditions, etc.

## A5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (€622 million)

tab. A5 - Investments (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Investments in associates	620	613
Investments in subsidiaries	2	2
<b>Total</b>	<b>622</b>	<b>615</b>

table 5.1 - Movements in investments

Investments	Balance at 01/01/2021	Increases / (Decreases)	Impairment losses		Balance at 30/06/2021
			accounted for using the equity method	dividend adjustments	
<b>in associates</b>					
Anima Holding SpA	210	-	12	(8)	214
Conio Inc	-	-	-	-	-
ItaliaCamp Srl	-	-	-	-	-
Fsia Investimenti Srl	402	-	3	-	405
<b>Total associates</b>	<b>613</b>	<b>-</b>	<b>15</b>	<b>(8)</b>	<b>620</b>
<b>in subsidiaries</b>					
Address Software Srl	-	-	-	-	-
Kipoint SpA	2	-	-	-	2
Indabox Srl	-	-	-	-	-
<b>Total subsidiaries</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total</b>	<b>615</b>	<b>-</b>	<b>15</b>	<b>(8)</b>	<b>622</b>

The item **Investments in associates** (valued using the equity method) mainly refers to the companies Anima Holding and FSIA Investimenti Srl.

The changes in the first half of the year in the associate Anima Holding are due to a net positive adjustment to the carrying amount of about €4 million, of which:

- an increase of €12 million for the share of the economic results achieved by the investee company between 30 September 2020 and 31 March 2021, the date of the last financial statements available;
- a decrease of €8 million due to dividends received from the result for 2020.

The changes in the half-year of the associate FSIA Investimenti are mainly due to the share of the results of the investee company, after amortisation of the intangible assets identified at the time of the purchase price allocation.

A list of subsidiaries, joint ventures and associates accounted for using the equity method is provided in *Additional information - Scope of companies and key information on investments* (note 11).

## A6 - FINANCIAL ASSETS (€244,828 million)

tab. A6 - Financial assets

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Financial assets at amortised cost	33,132	14,687	47,819	33,465	17,212	50,677
Financial assets at FVTOCI	139,635	13,825	153,460	144,256	12,455	156,711
Financial assets at FVTPL	42,294	359	42,653	40,081	335	40,416
Financial derivatives	892	4	896	75	4	79
<b>Total</b>	<b>215,953</b>	<b>28,875</b>	<b>244,828</b>	<b>217,877</b>	<b>30,006</b>	<b>247,883</b>

Financial assets by type of activity (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
<b>FINANCIAL SERVICES</b>	<b>64,986</b>	<b>21,783</b>	<b>86,769</b>	<b>68,436</b>	<b>22,976</b>	<b>91,412</b>
Financial assets at amortised cost	31,391	14,303	45,694	31,596	16,994	48,590
Financial assets at FVTOCI	32,666	7,477	40,143	36,693	5,978	42,671
Financial assets at FVTPL	39	-	39	72	-	72
Financial derivatives	890	3	893	75	4	79
<b>INSURANCE SERVICES</b>	<b>150,810</b>	<b>6,890</b>	<b>157,700</b>	<b>149,308</b>	<b>6,472</b>	<b>155,780</b>
Financial assets at amortised cost	177	183	1,900	1,811	68	1,879
Financial assets at FVTOCI	106,838	6,348	113,186	107,488	6,069	113,557
Financial assets at FVTPL	42,255	359	42,614	40,009	335	40,344
Financial derivatives	-	-	-	-	-	-
<b>POSTAL AND BUSINESS SERVICES</b>	<b>76</b>	<b>36</b>	<b>112</b>	<b>97</b>	<b>425</b>	<b>522</b>
Financial assets at amortised cost	24	35	59	58	17	75
Financial assets at FVTOCI	50	-	50	39	408	447
Financial assets at FVTPL	-	-	-	-	-	-
Financial derivatives	2	1	3	-	-	-
<b>PAYMENT SERVICES AND CARD PAYMENTS</b>	<b>81</b>	<b>166</b>	<b>247</b>	<b>36</b>	<b>133</b>	<b>169</b>
Financial assets at amortised cost	-	166	166	-	133	133
Financial assets at FVTOCI	81	-	81	36	-	36
<b>Total</b>	<b>215,953</b>	<b>28,875</b>	<b>244,828</b>	<b>217,877</b>	<b>30,006</b>	<b>247,883</b>

Financial assets break down as follows by type of activity:

- Financial Services, relate primarily to the financial assets of BancoPosta RFC<sup>61</sup> and the company, BancoPosta Fondi SpA SGR;
- Insurance Services, includes the financial assets of Poste Vita SpA and its subsidiary, Poste Assicura SpA;
- Postal and business services, representing all the other financial assets held by the Parent Company (different from those held by BancoPosta) and the other financial assets held by companies that provide postal and business services;
- Payment Services and Card Payments, representing the financial assets held by the ring-fenced EMI.

<sup>61</sup> The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by the Law no. 296 of 27 December 2006, and subsequent amendments provided by the 2015 Stability Law, no. 190 of 23 December 2014). With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so-called "Relaunch Decree") or other transferable tax credits pursuant to current legislation.

## FINANCIAL SERVICES

### Financial assets at amortised cost

tab. A6.1 - Movements in financial assets at amortised cost

	Loans and receivables	Fixed income instruments	Total
<b>Balance at 1 January 2021</b>	<b>15,336</b>	<b>33,255</b>	<b>48,591</b>
Purchases		3,051	3,051
Changes in amortised cost	-	(54)	(54)
Transfers to equity reserves	-	-	-
Changes in fair value through profit or loss	-	(1,667)	(1,667)
Changes in cash flow hedges transactions (*)	-	-	-
Changes in impairment	1	3	4
Net changes	(3,465)		(3,465)
Effects of sales on profit or loss	-	(28)	(28)
Accruals	-	240	240
Sales, redemptions and settlement of accruals		(1,340)	(1,340)
Other changes	362	-	362
<b>Balance at 30 June 2021</b>	<b>12,234</b>	<b>33,460</b>	<b>45,694</b>

(\*) The item, "Changes in cash flow hedges transactions", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of purchase and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

### Loans and receivables

tab. A6.1.1 - Loans and receivables at amortised cost

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Loans	-	-	-	-	1	1
Receivables	-	12,234	12,234	-	15,335	15,335
Deposits with the MEF	-	7,659	7,659	-	7,336	7,336
Receivables	-	7,662	7,662	-	7,340	7,340
Provisions for doubtful amounts deposited with MEF	-	(3)	(3)	-	(4)	(4)
Other financial receivables	-	4,575	4,575	-	7,999	7,999
<b>Total</b>	<b>-</b>	<b>12,234</b>	<b>12,234</b>	<b>-</b>	<b>15,336</b>	<b>15,336</b>

The item **Receivables** includes:

- **Deposits with the MEF**, including public customers' current account deposits, which earn a floating rate of return, calculated on a basket of government bonds<sup>62</sup>. The deposit has been adjusted to reflect a provision for doubtful amounts of approximately €3 million, to reflect the risk of counterparty default.
- **Other financial receivables** include:
  - guarantee deposits of €4,039 million, of which €3,956 million for amounts paid to counterparties with whom interest rate swap transactions are in place (collateral provided by specific Credit Support Annexes). The decrease in deposits recognised as part of hedging transactions entered into by the Parent Company is mainly related to the corresponding positive change in the fair value of these derivatives;
  - €65 million for sums paid as collateral under the central counterparty clearing system. (Default Fund)<sup>63</sup>;

<sup>62</sup> The floating rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.

<sup>63</sup> A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.

- €18 million for amounts paid to counterparties in repurchase agreements on fixed income instruments (collateral provided by specific Global Master Repurchase Agreements).

### Fixed income instruments

These are euro area fixed income instruments held by BancoPosta RFC, consisting of government securities issued by the Italian government and securities guaranteed by the Italian government with a nominal value of €28,087 million. Their carrying amount of €33,460 million reflects the amortised cost of unhedged fixed income instruments, totalling €11,456 million, the amortised cost of fair-value hedged fixed income instruments, totalling €19,569 million, increased by €2,435 million to take into account the effects of the hedge (€1,667 million related to the first half of 2021). Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 30 June 2021 amount to approximately €12 million (€15 million at 31 December 2020).

At 30 June 2021, the fair value<sup>64</sup> of these securities was €34,939 million (including €240 million in accrued income).

This category of financials asset includes fixed rate instruments, nominal €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 30 June 2021, their carrying amount totals €3,235 million).

### Financial assets at fair value through other comprehensive income

tab. A6.2 - Movements in financial assets at FVTOCI (€m)

	Fixed income instruments
<b>Balance at 1 January 2021</b>	<b>42,671</b>
Purchases	6,920
Transfers to equity reserves	(248)
Changes in amortised cost	(41)
Fair value gains and losses through equity	48
Changes in fair value through profit or loss	(1,539)
Changes in cash flow hedges transactions (*)	(42)
Effects of sales on profit or loss	252
Accruals	281
Sales, redemptions and settlement of accruals	(8,159)
<b>Balance at 30 June 2021</b>	<b>40,143</b>

(\*) The item, "Changes in cash flow hedges transactions", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of purchase and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

### Fixed income instruments

These are Eurozone fixed income instruments held primarily by BancoPosta RFC, consisting of government securities issued by the Italian government with a nominal value of €32,666 million.

Total fair value losses for the period amount to €1,491 million, recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges (positive amount of €48 million) and

<sup>64</sup> In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €31,449 million of the total amount qualifies for inclusion in level 1 and €3,490 million for inclusion in level 2.



recognised through profit or loss in relation to the hedged portion (negative amount of €1,539 million). Accumulated impairments at 30 June 2021 amount to €14 million (€18 million at 31 December 2020).

## Financial assets at fair value through profit or loss

tab. A6.3 - Movements in financial assets at FVTPL (€m)

Equity instruments	
<b>Balance at 1 January 2021</b>	<b>72</b>
Purchases	-
Fair value gains and losses through profit or loss	6
Net changes	-
Accruals	-
Effects of sales on profit or loss	2
Sales, redemptions and settlement of accruals	(41)
<b>Balance at 30 June 2021</b>	<b>39</b>

### Equity instruments

This item refers to the fair value of 32,059 Visa Incorporated preference shares (Series C Convertible Participating Preferred Stock) received for the sale of the Visa Europe Ltd. share to Visa Incorporated in 2016. These shares are convertible at the rate of 6,834<sup>65</sup> ordinary shares for each C share, minus a suitable illiquidity discount<sup>66</sup>.

Fair value gains in the period under review, amounting to a positive €6 million, have been recognised in profit or loss in "Revenue from financial activities".

In the first half of 2021, the Parent Company entered into a forward sale agreement for 198,000 Visa Incorporated ordinary shares at a price of US\$210.24 per share and at an exchange rate of 1.2044. The total consideration is €35 million and the settlement date is 1 March 2023. The ordinary shares involved in the forward sale amount to approximately 28,973 Visa Incorporated (series C) preference shares held in portfolio at the applicable conversion rate at 30 June 2021. The fair value of the forward sale has decreased by €4 million in the reporting period, reflecting movements in both the price of the shares in US dollars and the euro/dollar exchange rate. This reduction has been recognised in profit or loss in "Expenses from financial activities".

In addition, on 1 March 2021, the forward sale of 400,000 Visa Incorporated ordinary shares outstanding at 31 December 2020 was settled without exchange of the underlying, the economic effect of which, in the amount of approximately €1 million, was recognised in "Expenses from financial activities".

Finally, during the first half of 2021, we entered into a forward sale, settled on 3 June 2021, of 2,199 preference shares of Visa Incorporated Series A Preferred Stock<sup>67</sup> (corresponding to 220,000 ordinary shares), with exchange of the underlying. This transaction generated a net positive effect of about €1 million.

<sup>65</sup> Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

<sup>66</sup> These shares can be converted into several tranches starting from the fourth year after closing and up to the twelfth year.

<sup>67</sup> On 21 June 2020 (the fourth year after closing), the process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stock commenced, partially concluded on 24 September 2020 with the grant of 2,199 preference shares of Visa Incorporated Series A Preferred Stock.

## Financial derivatives

tab. A6.4 - Movements in financial derivatives

(€m)

	Cash flow hedges				Fair value hedges		FVTPL		Total	
	Forward sales		Interest rate swaps		Interest rate swaps		Forward sales		nominal	fair value
	nominal	fair value	nominal	fair value	nominal	fair value	nominal	fair value		
Balance at 1 January 2021	2,068	(54)	1,720	-	31,034	(8,111)	-	(20)	34,822	(8,185)
Increases/(decreases) *	135	15	200	(96)	8,346	3,191	-	(6)	8,681	3,104
Gains/(Losses) through profit or loss **	-	-	-	-	-	4	-	-	-	4
Transactions settled ***	(1,293)	42	-	(17)	(1,251)	357	-	22	(2,544)	404
<b>Balance at 30 June 2021</b>	<b>910</b>	<b>3</b>	<b>1,920</b>	<b>(113)</b>	<b>38,129</b>	<b>(4,559)</b>	<b>-</b>	<b>(4)</b>	<b>40,959</b>	<b>(4,673)</b>
Of which:										
Derivative assets	475	4	175	35	10,168	854	-	-	10,818	893
Derivative liabilities	435	(1)	1,745	(148)	27,961	(5,413)	-	(4)	30,141	(5,566)

\* Increases/(decreases) refer to the nominal value of new transactions and changes in the fair value of the overall portfolio during the period.

\*\* Gains/(losses) through profit or loss refer to any ineffective components of hedges, recognised in other income and other expenses from financial activities.

\*\*\* Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

Cash flow hedges in the form of interest rate swaps relate exclusively to FVTOCI securities, while forward sales relate to FVTOCI securities with a nominal value of €860 million and securities at amortised cost with a nominal value of €50 million.

In the period, cash flow interest rate hedges recorded a total fair value loss of €81 million on the effective portion, reflected in the cash flow hedge reserve.

Fair value hedges in interest rate swaps are used to hedge:

- securities classified at amortised cost with a nominal value of €17,280 million and securities classified at FVTOCI with a nominal value of €17,893 million; overall, they underwent a net effective positive fair value change of €3,193 million during the half-year, taking into account the net negative fair value change of €3,206 million in hedged securities (Table A6.1 and A6.2) net of €13 million for differentials paid;
- repurchase agreements classified at amortised cost with a nominal value of €2,956 million; the fair value at 30 June 2021 was negative by €2 million.

In the period under review, the Parent Company carried out the following transactions:

- forward sales with a nominal value of €135 million and the settlement of those outstanding at 1 January 2021, totalling €1,292 million;
- interest rate swaps designated as cash flow hedges with a nominal value of €200 million;
- fair value hedge interest rate swaps with a nominal value of €8,346 million, including €2,056 million in hedges for repurchase agreement transactions, stipulated in the first half of 2021;
- settlement of fair value hedge interest rate swaps on securities sold, whose fair value changes were hedged, for a notional value of €1,251 million;
- forward sales of 418,000 Visa Incorporated ordinary shares, 220,000 of which were settled on 3 June 2021;
- adjustment of forward sales of 400,000 Visa Incorporated ordinary shares outstanding as of 1 January 2021 (commented on in the preceding paragraph).

## INSURANCE SERVICES

### Financial assets at amortised cost

tab. A6.5 - Movements in financial assets at amortised cost

(€m)

	Loans and receivables	Fixed income instruments	Total
<b>Balance at 1 January 2021</b>	<b>21</b>	<b>1,858</b>	<b>1,879</b>
Purchases		39	39
Changes in amortised cost	-	3	3
Changes in fair value through profit or loss	-	-	-
Changes in cash flow hedges transactions	-	-	-
Changes in impairment	-	-	-
Net changes	-		-
Effects of sales on profit or loss	-	-	-
Accruals	-	18	18
Sales, redemptions and settlement of accruals		(39)	(39)
<b>Balance at 30 June 2021</b>	<b>21</b>	<b>1,879</b>	<b>1,900</b>

### Receivables

Financial receivables of €21 million regard receivables for management commissions of Poste Vita internal funds and receivables for portions of funds sold but not yet collected.

### Fixed income instruments

Fixed income instruments exclusively regard the free capital of Poste Vita SpA and Poste Assicura SpA. At 30 June 2021, the fair value<sup>68</sup> of these instruments is €2,149 million. These instruments are adjusted to take into account the related impairments, with accumulated impairments at 30 June 2021 amounting to approximately €0.7 million (€1 million at 31 December 2020).

### Financial assets at fair value through other comprehensive income

tab. A6.6 - Movements in financial assets at FVTOCI

(€m)

	Fixed income instruments	Other investments	Total
<b>Balance at 1 January 2021</b>	<b>113,017</b>	<b>540</b>	<b>113,557</b>
Purchases	7,678	-	7,678
Transfers to equity reserves	(111)	-	(111)
Changes in amortised cost	236	-	236
Fair value gains and losses through equity	(2,787)	(8)	(2,795)
Changes in fair value through profit or loss	1	-	1
Changes in cash flow hedges transactions	-	-	-
Effects of sales on profit or loss	94	-	94
Accruals	721	-	721
Sales, redemptions and settlement of accruals	(6,195)	-	(6,195)
<b>Balance at 30 June 2021</b>	<b>112,654</b>	<b>532</b>	<b>113,186</b>

These financial instruments have recorded net fair value losses of €2,795 million. This includes €2,783 million deriving primarily from net losses from valuation of securities held by Poste Vita SpA and transferred to policyholders, with a contra-entry made in technical provisions in accordance with the shadow accounting method, and a portion of €12 million reflected in a matching negative change in the related equity reserve.

<sup>68</sup> In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €1,835 million of the total amount qualifies for inclusion in level 1 and €314 million for inclusion in level 2.

## Fixed income instruments

At 30 June 2021, fixed income instruments relate primarily to investments held by Poste Vita SpA, totalling €112,366 million (a nominal value of €99,003 million) and issued by European governments and leading European companies. These instruments are mainly intended to cover separately managed accounts, where gains and losses are transferred in full to policyholders and recognised in technical provisions using the shadow accounting method. These fixed income instruments comprise bonds issued by CDP SpA, with a fair value of €532 million. Accumulated impairments at 30 June 2021 amount to approximately €55 million, almost entirely transferred to policyholders using the shadow accounting method.

## Other investments

At 30 June 2021, Other investments consist of a Cassa Depositi e Prestiti private placement of a Constant Maturity Swap, classified at FVTOCI. Fair value losses registered during the period, totalling €8 million, have been transferred to policyholders using the shadow accounting method.

## Financial assets at fair value through profit or loss

tab. A6.7 - Movements in financial assets at FVTPL

	Receivables	Fixed income instruments	Units of mutual investment funds	Equity instruments	Other investments	Total
Balance at 1 January 2021	15	1,992	38,115	200	22	40,344
Purchases		633	2,471	33	-	3,137
Fair value gains and losses through profit or loss	-	8	393	25	1	427
Net changes	20					20
Effects of sales on profit or loss	-	(1)	21	-	-	20
Accruals	-	25	-	-	-	25
Sales, redemptions and settlement of accruals		(226)	(1,078)	(55)	-	(1,359)
Balance at 30 June 2021	35	2,431	39,922	203	23	42,614

## Receivables

This item refers to contributions by way of subscription and capital calls on mutual funds of which the corresponding units have not yet been issued.

## Fixed income instruments

At 30 June 2021, fixed income instruments, amounting to €2,431 million, consisted of €2,415 million in corporate instruments issued by primary issuers and €16 million in stripped Zero Coupon BTPs. Corporate financial instruments are used to hedge products connected to separately managed accounts for €2,037 million, €293 million to cover Class III policies and the remaining €85 million refer to the Company's free capital.

## Units of mutual investment funds

At 30 June 2021, units of mutual investment funds amounting to €39,922 million are used to cover Class I products (€34,395 million) and Class III products (€5,521 million); the remaining relates to investment of the company's free capital (€6 million); in this regard, refer also to as indicated in Note 11 - *Additional information - Unconsolidated structured entities*. Net investment in the funds during the period amounts to €1,393 million and the fair value has increased by approximately €393 million, almost entirely transferred to policyholders using the shadow accounting method.

At 30 June 2021, the investments which primarily regard equity funds total €36,245 million, units in mutual real estate funds total €2,070 million, and mutual funds that primarily invest in bonds total €1,607 million.

## Equity instruments

Equity instruments amount to €203 million, and cover the contractual obligations arising on Class I products linked to separately managed accounts and Class III policies. The change over the period mainly reflects the

combined effect of net divestments of approximately €22 million and the fair value gains of approximately €25 million.

### Other investments

Other investments of €23 million relate to a Constant Maturity Swap placed by Cassa Depositi e Prestiti (a nominal value of €22 million) and covering products linked to separately managed accounts.

### Financial derivatives

At 30 June 2021, Poste Vita has outstanding forward sales of fair value hedges on BTP with a notional value of €700 million, the value of which at 30 June 2021 is a negative €0.8 million, transferred to policyholders using the shadow accounting method, as this relates to financial instruments included in separately managed accounts.

## POSTAL AND BUSINESS SERVICES

### Financial assets at amortised cost

tab. A6.8 - Loans and receivables at amortised cost

(€m)

	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Loans	21	-	21	21	-	21
Receivables	3	35	38	37	17	54
Guarantee deposits	-	5	5	-	15	15
Amounts due from the purchasers of service accommodation	3	1	4	3	2	5
Amounts due from others	-	50	50	34	20	54
Provisions for doubtful debts	-	(21)	(21)	-	(21)	(21)
<b>Total</b>	<b>24</b>	<b>35</b>	<b>59</b>	<b>58</b>	<b>17</b>	<b>75</b>

The item **Loans** of €21 million refers to the loan granted to the associate FSIA Investimenti Srl on 23 June 2020 and repayable in one instalment on 29 September 2023.

**Guarantee deposits** relate to €5 million collateral provided to counterparties with whom the Company has entered into asset swaps.

**Amounts due from others**, with a nominal value of €50 million, regard the remaining amount due from Invitalia SpA as a result of the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA on 7 August 2017. At 30 June 2021, the €30 million portion of the consideration, which is expected to be paid on 30 June 2022, was reclassified to Current Assets.

## Financial assets at fair value through other comprehensive income

tab. A6.9 - Movements in financial assets at FVTOCI

	Fixed income instruments	Equity instruments	Total
<b>Balance at 1 January 2021</b>	407	40	447
Purchases	-	7	7
Transfers to equity reserves	-	-	-
Changes in amortised cost	-	-	-
Fair value gains and losses through equity	(1)	3	2
Changes in fair value through profit or loss	(2)	-	(2)
Changes in cash flow hedges transactions	-	-	-
Effects of sales on profit or loss	-	-	-
Accruals	-	-	-
Sales, redemptions and settlement of accruals	(404)	-	(404)
<b>Balance at 30 June 2021</b>	-	50	50

### Fixed income instruments

In March 2021, securities with a total nominal value of €400 million matured. Of these, instruments with a value of €375 million had been hedged using interest rate swaps designated as fair value hedges.

### Equity instruments

The item includes:

- for €75 million the investment in CAI SpA (formerly Alitalia CAI SpA), acquired in 2013 and written off in 2014;
- for €25 million the investment in MFM Investments Ltd, acquired on 9 August 2019 for the first tranche of €15 million and on 13 May 2020 for the second tranche of €9.6 million;
- for €19 million the investment in sennder GmbH acquired on 11 November 2019 and further increased on 18 February 2021 by €7.5 million following Poste Italiane's participation in the capital increase promoted by sennder GmbH;
- for €5 million the investment in Milkman SpA acquired on 24 April 2020.

Fair value gains in the period under review, amounting to €3 million, have been recognised in the specific Equity reserve.

Corporate actions in the half-year 2021, are described in note 3.1 - *Principal corporate actions*.

### Financial assets at fair value through profit or loss

This item consists of equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code) resulting from the conversion of Contingent Convertible Notes<sup>69</sup>, whose value at 30 June 2021 is zero.

<sup>69</sup> These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the company Alitalia SAI SpA. The Notes were subscribed for by Poste Italiane SpA on 23 December 2014, in connection with the strategic transaction that resulted in Etihad Airways' acquisition of an equity interest in Alitalia SAI, without giving rise to any involvement on the part of Poste Italiane in the management of the issuer or its subsidiary. Interest and principal payments were provided for in the relevant terms and conditions if, and to the extent that, there was available liquidity. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

## Financial derivatives

tab. A6.10 - Movements in financial derivatives

(€m)

	1H 2021			Total
	Cash Flow hedges	Fair value hedges	Fair value through profit or loss	
<b>Balance at 1 January 2021</b>	<b>(5)</b>	<b>(5)</b>	<b>-</b>	<b>(10)</b>
Increases/(decreases)	1	(4)	3	-
Gains/(Losses) through profit or loss	-	-	-	-
Transactions settled (*)	(1)	9	-	8
<b>Balance at 30 June 2021</b>	<b>(5)</b>	<b>-</b>	<b>3</b>	<b>(2)</b>
of which:				
Derivative assets	-	-	3	3
Derivative liabilities	(5)	-	-	(5)

\* Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

At 30 June 2021, derivative financial instruments include:

- a cash flow hedging interest rate swap contract entered into in 2013 to protect the cash flows of the €50 million bond issued on 25 October 2013 (Note B.7 - *Financial liabilities*); with this transaction, the Parent Company assumed the obligation to pay the fixed rate of 4.035% and sold the floating rate of the bond, which at 30 June 2021 was 0.703%;
- two swap contracts entered into in 2020 to cover fuel costs relating to the air transport of mail carried out via the subsidiary, Poste Air Cargo Srl, for the three-year period 2020-2022.

Lastly, in March 2021 was the expiry of nine asset swaps used as fair value hedges in 2010 to protect the value of BTPs with a nominal value of €375 million against movements in interest rates.

## PAYMENT SERVICES AND CARD PAYMENTS

### Financial assets at amortised cost

Financial assets at amortised cost mainly refer to receivables from international settlement circuits for the acquiring service and to items in progress to be settled on prepaid cards of the EMI assets for an amount of €166 million.

### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income refer entirely to the investment in Tink AB for an amount of €77 million and Volante for €4 million. At 30 June 2021, the investment in Tink AB was adjusted to the sale price of €77 million and the positive difference of €45 million recognised in the appropriate equity reserve (see also in this regard what is reported in Note 3.1 - *Principal corporate actions*).

## A7 - INVENTORIES (€162 million)

tab. A7 - Inventories (€m)

Description	Balance at 31/12/2020	Increase / (decrease)	Reclassifications	Balance at 30/06/2021
Properties held for sale	128	(1)	-	127
Work in progress, semi-finished and finished goods and goods for resale	11	1	-	12
Raw, ancillary and consumable materials	26	(3)	-	23
<b>Total</b>	<b>165</b>	<b>(3)</b>	<b>-</b>	<b>162</b>

Properties held for sale refer entirely to the portion of EGI SpA's real estate portfolio to be sold, whose fair value<sup>70</sup> at 30 June 2021 amounts to approximately €290 million. Two properties were sold during the first half of the year, generating a total gain of €5 million.

The change in raw, ancillary and consumable materials mainly refers to protective equipment, disinfectant gel and other materials purchased during the first half of the year and which will be used in the coming months.

## A8 - TRADE RECEIVABLES (€2,633 million)

tab. A8 - Trade receivables (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Amounts due from customers	2	2,554	2,556	2	2,331	2,333
Amounts due from the Parent company (MEF)	-	69	69	-	36	36
Amounts due from subsidiaries, associates and joint ventures	-	2	2	-	1	1
Prepayments to suppliers	-	6	6	-	5	5
<b>Total</b>	<b>2</b>	<b>2,631</b>	<b>2,633</b>	<b>2</b>	<b>2,373</b>	<b>2,375</b>

### Amounts due from customers

tab. A8.1 - Amounts due from customers (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Ministries and Public Administration entities	-	526	526	-	464	464
Cassa Depositi e Prestiti	-	415	415	-	432	432
Parcel express courier and express parcel services	-	652	652	-	624	624
Overseas counterparties	-	528	528	-	455	455
Unfranked mail delivered and other value added services	-	243	243	-	228	228
Overdraw n current accounts	-	45	45	-	42	42
Amounts due for other BancoPosta services	-	97	97	-	84	84
Other trade receivables	2	627	629	2	546	548
Provisions for doubtful debts due from customers	-	(579)	(579)	-	(544)	(544)
<b>Total</b>	<b>2</b>	<b>2,554</b>	<b>2,556</b>	<b>2</b>	<b>2,331</b>	<b>2,333</b>

Specifically<sup>71</sup>:

- Amounts due from **Ministries and Public Administration entities** refer mainly to the following services:
  - Integrated Notification and mailroom services rendered to central and local government authorities, amounting to €124 million.
  - Compensation for the discounts applied to publishers, due from the Presidenza del Consiglio dei Ministri - Dipartimento dell'Editoria (Cabinet Office - Publishing department), amounting to €91 million,

<sup>70</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

<sup>71</sup> At 30 June 2021, the balance of trade receivables includes €12 million, net of the related provisions for doubtful accounts, relating to rental income falling within the scope of IFRS 15 – *Revenue from Contracts with Customers*.



of which €24 million accrued in the half-year. These receivables are shown gross of the collection of an unavailable amount of €50 million, relating to the tariff subsidies applied in 2020, deposited by the Cabinet Office - Publishing Department in a non-interest-bearing account held by Poste Italiane with the State Treasury and for this reason recorded under Payables for advances received. Release of the amount deposited and extinguishment of the receivables in question are awaiting approval from the European Commission. A further €17 million, without financial coverage in the State Budget, was entirely impaired. In July 2021, €12 million, which was not available, was collected related to tariff subsidies charged in the first quarter of 2021.

- Reimbursement of the costs associated with the management of property, vehicles and security incurred on behalf of the Ministry for Economic Development, totalling €81 million<sup>72</sup>, including €62 million involved in legal action brought by Poste Italiane in order to claim sundry costs resulting from the use of properties. On 30 April 2020, a partially favourable judgement was published for Poste Italiane; the judgement was notified to MiSE and the latter appealed before the Court of Appeal with a request for suspension. On 3 December 2020, the request was not granted and a decision is now pending in the second instance.
- Unfranked mail services provided on credit, totalling €77 million, to central and local government authorities.
- The payment of pensions and vouchers on behalf of INPS (the National Institute of Social Security), totalling €16 million.

In general, there are delays in collecting amounts due from central and local government entities due primarily to the fact that no provision has been made in the related budgets or to the execution of contracts or agreements. In this regard, actions continue aimed at renewing expired agreements<sup>73</sup> and soliciting requests for appropriations.

**Provisions for doubtful debts due from customers** are described in note 5 - *Risk management*.

#### Amounts due from Parent company (MEF)

tab. A8.2 - Amounts due from the Parent Company (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Universal Service	53	31
Delegated services	29	30
Remuneration of current account deposits	16	5
Publisher tariff and electoral subsidies	1	1
Other	3	2
Provision for doubtful debts due from the Parent company	(33)	(33)
<b>Total</b>	<b>69</b>	<b>36</b>

<sup>72</sup> See "Revenue and receivables due from the State", showing overall amounts due from the Ministry for Economic Development (€82 million), including amounts due for postal and other services.

<sup>73</sup> The principal agreement that has expired regard relations with the tax authorities for the collection and reporting of payments.

**Universal Service** includes:

tab. A8.2.1 - Universal Service compensation receivable (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
First half 2021	22	-
Remaining balance for 2012	23	23
Remaining balance for 2011	-	-
Remaining balance for 2005	8	8
<b>Total</b>	<b>53</b>	<b>31</b>

Receivables accruing in the first half of 2021 amounted to €131 million, of which €109 million was collected during the period and €22 million was collected in July 2021. The amount of compensation was recognised based on the terms of the 2020-2024 Service Contract, effective 1 January 2020.

- Payments for **delegated services** relate to fees accrued solely in the half-year under review for treasury services performed by BancoPosta on behalf of the state in accordance with a specific agreement with the MEF signed on 22 May 2020 for the three-year period 2020-2022.
- The **remuneration of current account deposits** refers mainly to amounts accruing during the period and almost entirely relates to the deposit of funds deriving from accounts opened by Public Administration entities and attributable to BancoPosta RFC.

**Provisions for doubtful debts due from the Parent Company** are described in Note 5 - Risk management.

## A9 - OTHER RECEIVABLES AND ASSETS (€4,940 million)

tab. A9 - Other receivables and assets (€m)

Description	Notes	Balance at 30/06/2021			Balance at 31/12/2020		
		Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Substitute tax paid		3,626	715	4,341	3,759	545	4,304
Amounts due from social security agencies and pension funds (excl. fixed-term contract settlements)		-	198	198	-	176	176
Receivables relating to fixed-term contract settlements		53	76	129	57	79	136
Receivables for amounts that cannot be drawn on due to court rulings		-	79	79	-	78	78
Accrued income and prepaid expenses from trading transactions		-	22	22	-	12	12
Tax assets		-	64	64	-	67	67
Interest accrued on IRES refund		-	47	47	-	47	47
Sundry receivables		28	201	229	25	194	219
Provisions for doubtful debts due from others		(2)	(167)	(169)	(2)	(144)	(146)
<b>Total</b>		<b>3,705</b>	<b>1,235</b>	<b>4,940</b>	<b>3,839</b>	<b>1,054</b>	<b>4,893</b>

Specifically:

- **Substitute tax paid** refers mainly to:
  - €2,214 million on non-current receivables paid in advance by Poste Vita SpA for the financial years 2014-2020, relating to withholding and substitute tax paid on capital gains on life policies<sup>74</sup>;
  - €1,390 million charged to holders of Interest-bearing Postal Certificates and Class III and V insurance policies for stamp duty at 30 June 2021<sup>75</sup>; this amount is balanced by a matching entry in "Other taxes

<sup>74</sup> Of the total amount, €226 million, assessed on the basis of provisions at 30 June 2021, has yet to be paid and is accounted for in "Other taxes payable" (tab. B10.3).

<sup>75</sup> Introduced by article 19 of Law Decree 201/2011 converted with amendments by Law 214/2011 in the manner provided for by the MEF Decree of 24 May 2012: Manner of implementation of paragraphs from 1 to 3 of article 19 of Law Decree no. 201 of 6 December 2011, on stamp duty on current accounts and financial products (Official Journal 127 of 1 June 2012).

payable" until expiration or early settlement of the Interest-bearing Postal Certificates or the insurance policies, i.e. the date on which the tax is payable to the tax authorities (tab. B10.3);

- €634 million relating to advances paid in relation to stamp duty to be paid in virtual form in 2021 and 2022 and to be recovered from customers by Poste Italiane.
- **Amounts due from social security agencies and pension funds** refer for €57 million to sums relating to periods of suspension or reduction of work for Covid-19, which the Company has advanced to its employees and which, following access to the benefits of the Bilateral Solidarity Fund at INPS, enabled by the signing of the trade union agreement of 30 April 2020 and 21 December 2020, will be recovered by means of an adjustment with the contributions due to the Social Security Agency.
- **Receivables relating to fixed-term contract settlements** consist of salaries to be recovered following the agreements between Poste Italiane SpA and the trade unions, regarding the re-employment by court order of staff previously employed on fixed-term contracts. This item refers to receivables with a present value of €129 million due from staff, from INPS and pension funds. This item includes a receivable of €42 million from INPS (formerly IPOST) under a specific agreement entered into with IPOST on 23 December 2009, and consisting of six instalments of €6.9 million each, falling due between 30 June 2012 and 31 December 2014. Negotiations are underway to recover this amount and, should the outcome prove unsuccessful, Poste Italiane reserves the right to take all necessary steps to protect its rights.
- **Amounts that cannot be drawn on due to court rulings** include €66 million in amounts seized and not assigned to creditors, in the process of recovery, and €13 million in amounts stolen from the Parent Company in December 2007 as a result of an attempted fraud and that have remained on deposit with an overseas bank. The latter sum may only be recovered once the legal formalities are completed. The risks associated with collection of these items are taken into account in the provisions for doubtful debts due from others.
- **Interest accrued on IRES refund**, refers to interest accruing up to 30 June 2021 in relation to the tax credit determined by an unreported deduction from the IRES tax base of IRAP paid on labour costs and almost entirely attributable to the Parent Company. With regard to the remaining overall tax credit, amounting to €55 million, two disputes were brought before the Provincial Tax Tribunal of Rome, which upheld Poste Italiane's appeals, ordering the tax authorities in Rome to refund the amounts claimed. The tax authorities appealed both rulings before the Regional Tax Tribunal and, on 23 March 2018, the Tribunal upheld the tax authorities' appeal against one of the rulings. Poste Italiane has appealed this ruling before the Supreme Court of Cassation. In the last quarter of 2019, however, the Court of Cassation had the opportunity to rule on other proceedings concerning the operation of the reimbursement pursuant to Law Decree 201/11; with respect to the judgement issued, there is a homogeneity of legal-formal circumstances that lead to the conclusion that the principle of law, referred to in the aforementioned judgement of the Court of legitimacy, can also have its effects in existing judgements. The appeal relating to Law Decree 185/2008 is currently awaiting judgement by the Lazio Regional Tax Tribunal which, with Order no. 1174/2021 of 30 June 2021, has adjourned the hearing to a new date. Elements of uncertainty about the final outcome of the case are taken into account in the provision for doubtful debts due from others.

**Provisions for doubtful debts due from others** are described in Note 5 - Risk management.

## A10 - TAX CREDITS LAW NO. 77/2020 (€1,511 million)

A10 - TAX CREDITS LAW NO. 77/2020 (€m)						
	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
<b>Financial services</b>	<b>895</b>	<b>150</b>	<b>1,045</b>	-	-	-
Tax credits at amortised cost	462	-	462	-	-	-
Tax credits at FVTOCI	433	150	583	-	-	-
<b>Postal and business services</b>	<b>378</b>	<b>88</b>	<b>466</b>	<b>29</b>	<b>6</b>	<b>35</b>
Tax credits at amortised cost	378	88	466	29	6	35
Tax credits at FVTOCI	-	-	-	-	-	-
<b>Total</b>	<b>1,273</b>	<b>238</b>	<b>1,511</b>	<b>29</b>	<b>6</b>	<b>35</b>

This item refers to the tax credits acquired during the reference period in compliance with the provisions of the "Relaunch Decree" (Law Decree no. 34/2020 converted with amendments by Law no. 77/2020) by which tax breaks were introduced to support Citizens and Businesses to encourage economic recovery following the Covid-19 health emergency.

These receivables are measured at amortised cost if they are acquired for the main purpose of offsetting social security or tax liabilities, on the basis of the provisions of the regulations issued with reference to the characteristics of the individual receivables, while they are measured at fair value through other comprehensive income if they are also acquired for the purpose of sale.

Changes in these receivables during the first half of 2021 are shown below:

tab. A10.1 - Movements in tax credits law no.77/2020 (€m)					
	Tax credits at amortised cost		Tax credits at FVTOCI		
	Value that can be offset	Carrying amount	Value that can be offset	Carrying amount	
<b>Financial services</b>					
<b>Balance at 1 January 2021</b>	-	-	-	-	-
Purchases	558	461	622	581	
Effect of AC change	-	1	-	2	
Changes in fair value through equity	-	-	-	-	
Sales	-	-	-	-	
Effects of sales on profit or loss	-	-	-	-	
Offsetting	-	-	-	-	
<b>Balance at 30 June 2021</b>	<b>558</b>	<b>462</b>	<b>622</b>	<b>583</b>	
<b>Postal and business services</b>					
<b>Balance at 1 January 2021</b>	38	35	-	-	
Purchases	542	497	-	-	
Effect of AC change	-	5	-	-	
Changes in fair value through equity	-	-	-	-	
Sales	-	-	-	-	
Effects of sales on profit or loss	-	-	-	-	
Offsetting	(71)	(71)	-	-	
<b>Balance at 30 June 2021</b>	<b>509</b>	<b>466</b>	<b>-</b>	<b>-</b>	

With regard to financial transactions within the scope of the BancoPosta Group<sup>76</sup>, the main changes during the period regard:

<sup>76</sup> Purchases of tax credits in the first half of 2021 were made from unrestricted capital resources and other unrestricted resources. With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is

- Purchases of €1,042 million, of which €461 million related to loans at amortised cost and €581 million related to FVTOCI loans;
- Income accrued during the period amounting to €3 million, of which approximately €1 million relating to receivables at amortised cost and €2 million relating to FVTOCI receivables.

With regard to postal and commercial transactions, the principal changes during the period, relating solely to the loan portfolio measured at amortised cost, regard the following:

- Purchases for €497 million;
- Accrued income for the period of €5 million;
- Offsetting for €71 million.

At 30 June 2021<sup>77</sup>, the fair value of tax credits at amortised cost is €927 million.

## A11 - CASH AND DEPOSITS ATTRIBUTABLE TO BANCOPOSTA (€7,071 million)

tab. A11 - Cash and deposits attributable to BancoPosta (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Cash and cash equivalents in hand	2,126	3,027
Bank deposits	4,945	3,364
<b>Total</b>	<b>7,071</b>	<b>6,391</b>

This item relates exclusively to BancoPosta RFC assets.

The cash and cash equivalents in hand are derived from deposits made in postal current accounts and postal savings products (subscription of Interest-bearing Postal Certificates and payments into post office savings books), or from advances withdrawn from the Italian Treasury to guarantee the operations of post offices. These funds, which are held at post offices (€1,010 million) and at service<sup>78</sup> companies (€1,116 million), may not be used for purposes other than to repay obligations contracted in the transactions described above. The increase in the item Bank deposits is due to temporary excess liquidity deriving from deposits from individuals on the account opened with the Bank of Italy and not yet invested.

## A12 - CASH AND CASH EQUIVALENTS (€5,456 million)

tab. A12 - Cash and cash equivalents (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Bank deposits and amounts held at the Italian Treasury	3,446	2,503
Deposits with the MEF	1,991	1,991
Cash and cash equivalents in hand	19	22
<b>Total</b>	<b>5,456</b>	<b>4,516</b>

allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.

<sup>77</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

<sup>78</sup> They carry out transport and custody of valuables awaiting payment to the State Treasury.

At 30 June 2021, the item includes approximately €2,861 million, including €1,593 million in liquidity covering technical provisions for the insurance business, €1,182 million in amounts deposited with the MEF in a so-called buffer account, consisting of customer deposits subject to restrictions on their use, €50 million refer to an unavailable amount deposited by the Presidenza del Consiglio dei Ministri - Dipartimento dell'Editoria (Cabinet Office - Publishing department) in a non-interest bearing escrow account with the Italian Treasury in 2020 and the first half of 2021 as advance payment for publisher tariff reductions granted by the Parent Company (note A8), €20 million restricted as a result of judicial measures relating to disputes of various kinds and € 16 million resulting from cash received on delivery and other restrictions.

## EQUITY

### B1 - EQUITY (€12,499 million)

The following table shows the reconciliation of the Parent Company's equity and profit for the period and consolidated equity and profit for the period:

tab. B1 - Reconciliation of equity (€m)

	Equity at 30/06/2021	Changes in equity 1H 2021	Net profit/(loss) 1H 2021	Equity at 31/12/2020
<b>Financial statements of Poste Italiane SpA</b>	<b>8,172</b>	<b>191</b>	<b>742</b>	<b>7,239</b>
- Undistributed profit (loss) of consolidated companies	6,953	-	634	6,319
- Investments accounted for using the equity method	135	-	15	120
- Balance of FV and CFH reserves of investee companies	136	33	-	103
- Actuarial gains and losses on employee termination benefits of investee companies	(5)	1	-	(6)
- Fees to be amortised attributable to Poste Vita SpA and Poste Assicura SpA	(31)	-	3	(34)
- Effects of intercompany transactions	(74)	-	1	(75)
- Elimination of intercompany dividends	(3,086)	-	(622)	(2,464)
- Elimination of adjustments to value of consolidated companies	598	-	-	598
- Amortisation until 1 January 2004/Impairment of goodwill	(156)	-	-	(156)
- Impairments of disposal groups	(40)	-	-	(40)
- Recognition of liabilities for call options	(48)	-	(2)	(46)
- Other consolidation adjustments	(55)	-	1	(56)
<b>Equity attributable to owners of the Parent</b>	<b>12,499</b>	<b>225</b>	<b>772</b>	<b>11,502</b>
- Equity attributable to non-controlling interests (excluding profit/(loss))	5	(1)	-	6
- Net profit/(loss) attributable to non-controlling interests	1	1	1	(1)
<b>Equity attributable to non-controlling interests</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>5</b>
<b>TOTAL CONSOLIDATED EQUITY</b>	<b>12,505</b>	<b>225</b>	<b>773</b>	<b>11,507</b>

At 30 June 2021, earnings per share were €0.594 (€0.419 at 30 June 2020), calculated as the ratio of the profit for the period of €773 million to the number of outstanding shares of 1,300,877,079.

### B2 - SHARE CAPITAL (€1,306 million)

The share capital of Poste Italiane SpA consists of 1,306,110,000 no-par value ordinary shares.

At 30 June 2021, the Parent Company holds 5,232,921 of its own shares (equal to 0.4006% of the share capital). All the shares in issue are fully subscribed and paid up. No preference shares have been issued.

### B3 - SHAREHOLDERS TRANSACTIONS

As approved by the General Meeting of 28 May 2021, on 23 June 2021, the Parent Company distributed dividends of €421 million (dividend per share equal to €0.324) as the balance for 2020, taking into account the interim dividend of €211 million (dividend per share equal to €0.162) already paid in November 2020.

### B4 - RESERVES (€4,527 million)

tab. B4 - Reserves (€m)

	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Total
Balance at 1 January 2021	299	1,210	-	2,294	98	-	2	6	3,909
Increases/(decreases) in fair value during the year	-	-	-	83	(81)	-	-	-	2
Tax effect of changes in fair value	-	-	-	(11)	23	-	-	-	12
Transfers to profit or loss from realisation	-	-	-	(268)	3	-	-	-	(265)
Tax effect of transfers to profit or loss	-	-	-	76	(1)	-	-	-	75
Increase/(Decrease) for expected losses	-	-	-	(4)	-	-	-	-	(4)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-	-	-	-	-	-	-
Gains/(losses) recognised in equity	-	-	-	(124)	(56)	-	-	-	(180)
Incentive plans	-	-	-	-	-	-	-	4	4
Equity instruments - perpetual hybrid bonds	-	-	794	-	-	-	-	-	794
Balance at 30 June 2021	299	1,210	794	2,170	42	-	2	10	4,527

The **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. Fair value gains in the first half of 2021, totalling €83 million, regard:

- a net increase of €48 million in financial assets attributable to the Group's Financial Services segment;
- a net decrease of €12 million in financial assets attributable to the Group's Insurance Services segment;
- a net increase of €2 million in financial assets attributable to the Group's Postal and Business Services segment;
- a net increase of €45 million in financial assets attributable to the Group's Payment and Mobile segment.

The **cash flow hedge reserve** reflects changes in the fair value of the effective portion of cash flow hedges. In the first half of 2021, fair value losses of €81 million were attributable primarily to the value of BancoPosta RFC financial derivatives.

The **Incentive Plans reserve** includes the estimate of the valuations for the period relating to the long-term "ILT Performance Share" incentive plan and the MBO short-term incentive plan, carried out on the basis of the provisions of IFRS 2.

Finally, the **reserve for equity instruments-perpetual hybrid bonds** includes the issue of the perpetual hybrid bond for an amount, net of transaction costs, of €794 million.

## LIABILITIES

### B5 - TECHNICAL PROVISIONS FOR INSURANCE BUSINESS (€156,484 million)

These provisions refer to the contractual obligations of the subsidiaries, Poste Vita SpA and Poste Assicura SpA, in respect of their policyholders, inclusive of deferred liabilities resulting from application of the shadow accounting method, as follows:

tab. B5 - Technical provisions for insurance business (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Mathematical provisions	133,598	129,796
Outstanding claims provisions	1,191	801
Technical provisions where investment risk is transferred to policyholders	6,172	4,975
Other provisions	15,255	17,986
for operating costs	69	70
for deferred liabilities to policyholders	15,186	17,916
Technical non-life provisions	268	236
<b>Total</b>	<b>156,484</b>	<b>153,794</b>

The technical provisions borne by reinsurers are shown under assets in the balance sheet and amount to a total of €52 million.

Details of changes in technical provisions for the insurance business and other claims expenses are provided in the notes to the consolidated statement of profit or loss.

The **provisions for deferred liabilities to policyholders** include portions of gains and losses attributable to policyholders under the shadow accounting method. In particular, the value of the provisions reflects the attribution to policyholders, in accordance with the relevant accounting standards (to which reference is made for more details), of unrealised profits and losses on financial assets at FVTOCI at 30 June 2021 and, to a lesser extent, on financial instruments at fair value through profit or loss.

### B6 - PROVISIONS FOR RISKS AND CHARGES (€1,319 million)

tab. B6 - Movements in provisions for risks and charges 1H 2021 (€m)

Description	Balance at 1 January 2021	Provisions	Transfers to profit or loss	Uses	Change in scope of consolidation	Balance at 30/06/2021
Provisions for operational risk	139	29	-	(9)	-	159
Provisions for disputes with third parties	267	34	(9)	(14)	-	278
Provisions for disputes with staff (1)	50	2	(4)	(6)	3	45
Provisions for personnel expenses	230	211	(17)	(161)	-	263
Provisions for early retirement incentives	576	-	-	(128)	-	448
Provisions for taxation/social security contributions	18	-	-	-	-	18
Other provisions for risks and charges	116	1	(4)	(10)	5	108
<b>Total</b>	<b>1,396</b>	<b>277</b>	<b>(34)</b>	<b>(328)</b>	<b>8</b>	<b>1,319</b>
Overall analysis of provisions:						
- non-current portion	625					530
- current portion	771					789
	<u>1,396</u>					<u>1,319</u>

(1) Net uses for personnel expenses amount to €4 million. Service costs (legal assistance) amounted to about €2 million.



Specifically:

- **Provisions for operational risk** primarily regard liabilities deriving from financial transactions at BancoPosta, and mainly reflect risks linked to the distribution of postal savings products issued in previous years, adjustments and settlements of income for previous years, estimated risks for charges and expenses to be incurred as a result of seizures suffered by BancoPosta, primarily in its capacity as a third party in foreclosure, and fraud. Movements during the period primarily regard updated estimates of liabilities and uses to cover the value of disputes settled.
- **Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the period primarily regard updated estimates of liabilities and uses to cover the value of disputes settled.
- **Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types. The changes in the period refer to the update of the estimate of the liabilities and the related legal expenses, taking account of both the overall value of negative outcomes in terms of litigation.
- **Provisions for personnel expenses** are made to cover expected liabilities arising in relation to personnel expenses, certain or probable. They have increased by the estimated amount of new liabilities (€211 million), and decreased as a result of past liabilities that failed to materialise (€17 million) and liabilities settled (€161 million).
- **Provisions for early retirement incentives** reflect the estimated costs to be incurred as a result of the Company's binding commitment to pay early retirement incentives on a voluntary basis, under the current redundancy scheme agreed with the trade unions for a determinate number of employees who will leave the Company by 31 December 2022. Provisions totalling €128 million were used during the first half.

## B7 - EMPLOYEE TERMINATION BENEFITS (€933 million)

tab. B7 - Movements in provisions for employee termination benefits (€m)

	1H 2021
<b>Balance at 1 January</b>	<b>1,030</b>
Change in scope	7
Interest component	4
Effect of actuarial (gains)/losses	(39)
Uses for the period	(69)
<b>Period closing balance</b>	<b>933</b>

The current service cost is recognised in personnel expenses, whilst the interest component is recognised in finance costs.

The main actuarial assumptions applied in calculating provisions for **employee termination benefits**, are as follows:

### B7.1 - Economic and financial assumptions

	30/06/2021	31/12/2020
Discount rate	0.650%	0.300%
Inflation rate	1.500%	1.500%
Annual rate of increase of employee termination benefits	2.625%	2.625%

### B7.2 - Demographic assumptions

	30/06/2021
Mortality	ISTAT 2018 differentiated by gender
Disability	INPS 1998 table differentiated by gender
Rate of employee turnover	Specific table with rates differentiated by length of service
Advance rate	Specific table with rates differentiated by length of service
Pensionable age	In accordance with rules set by INPS

Demographical assumptions have not undergone changes during the period under review.

## B8 - FINANCIAL LIABILITIES (€95,200 million)

tab. B8 - Financial liabilities (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Financial liabilities at amortised cost	8,462	81,119	89,581	10,174	79,727	89,901
Payables deriving from postal current accounts	-	61,487	61,487	-	58,810	58,810
Loans	7,445	5,712	13,157	9,154	7,727	16,881
Bonds	1,046	2	1,048	1,046	-	1,046
Amounts due to financial institutions	6,399	5,710	12,109	8,108	7,727	15,835
Lease payables	1011	225	1,236	1,019	216	1,235
MEF account, held at the Treasury	-	3,334	3,334	-	3,588	3,588
Other financial liabilities	6	10,361	10,367	-	9,387	9,387
Financial liabilities at FVTPL	47	-	47	46	-	46
Financial liabilities for purchase of non-controlling interests	47	-	47	46	-	46
Financial derivatives	5,511	61	5,572	8,146	137	8,283
Cash flow hedges	131	23	154	53	73	126
Fair value hedges	5,376	38	5,414	8,093	44	8,137
Fair value through profit or loss	4	-	4	-	20	20
<b>Total</b>	<b>14,020</b>	<b>81,180</b>	<b>95,200</b>	<b>18,366</b>	<b>79,864</b>	<b>98,230</b>

### Payables deriving from postal current accounts

Payables deriving from postal current accounts represent BancoPosta's direct deposits.

### Loans

Loans are unsecured and are not subject to financial covenants, which would require Group companies to comply with financial ratios. EIB loans are subject to the maintenance of a minimum rating level of BBB- (or equivalent) by the two rating agencies of Poste, without prejudice to the bank's right to request guarantees or an increase in the margin, or in the event of failure to agree to repay the loan. Standard negative pledge provisions do apply, however<sup>79</sup>.

### Bonds

The item Bonds refers to two loans issued by the Parent Company as part of the €2 billion Euro Medium Term Notes (EMTN) Programme promoted by the Company during the 2013 financial year on the Luxembourg Stock Exchange. Specifically:

- a senior unsecured loan with a total nominal value of €1 billion issued on 10 December 2020 in two tranches, placed in public form with institutional investors. The first tranche of €500 million matures on 10 December 2024, has an above-par issue price of 100.10 with fixed annual coupon of 0.00% and an effective yield to maturity of -0.025%; the second tranche of €500 million matures on 10 December 2028, with an issue price below par of 99.758, a fixed annual coupon of 0.50% and an effective yield to maturity of 0.531%. At 30 June 2021, the fair value<sup>80</sup> of the loan was €999 million;
- a loan with a nominal value of €50 million, privately placed and issued at par on 25 October 2013. The term to maturity of the loan is ten years and the interest rate is fixed at 3.5% for the first two years and floating thereafter (EUR Constant Maturity Swap rate plus 0.955%, with a cap of 6% and a floor of 0%). The interest rate risk exposure was hedged as described in note A6 - *Financial assets*. The fair value<sup>81</sup> of this loan at 30 June 2021 is €52 million.

<sup>79</sup> A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking *pari passu* with creditors, unless the same degree of protection is also offered to them.

<sup>80</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 1.

<sup>81</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

## Amounts due to financial institutions

tab. B8.1 - Amounts due to financial institutions

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Repurchase agreements	5,676	5,234	10,910	7,285	7,476	14,761
EIB fixed rate loan maturing 12/03/2026	173	-	173	173	-	173
EIB fixed rate loan maturing 16/10/2026	400	-	400	400	-	400
EIB fixed rate loan maturing 19/05/2028	150	-	150	-	-	-
Other loans	-	475	475	250	250	500
Accrued interest expense	-	1	1	-	1	1
<b>Total</b>	<b>6,399</b>	<b>5,710</b>	<b>12,109</b>	<b>8,108</b>	<b>7,727</b>	<b>15,835</b>

Amounts due to financial institutions are subject to standard negative pledge clauses<sup>82</sup>.

Outstanding liabilities for repurchase agreements relate to contracts entered into by the Parent Company with primary financial institutions and Central Counterparties. The related liabilities (€10,910 million, with a total nominal value of committed securities of €10,103 million) include €7,081 million in Long Term Repos and €3,829 million in ordinary loan operations, with the resources invested in Italian fixed income government securities and as funding for incremental deposits used as collateral in collateralisation transactions. At 30 June 2021, repurchase agreements with a nominal value of €2,956 million were the subject of fair value hedge transactions executed to hedge interest rate risk. The fair value<sup>83</sup> of the repurchase agreements in question at 30 June 2021 is €10,934 million.

On 26 January 2021, a new loan of €150 million was signed with the EIB. The loan disbursed on 21 May 2021 provides interest at a fixed rate of 0.161% and matures 19 May 2028.

At 30 June 2021, the fair value<sup>84</sup> of the three EIB loans totalling €723 million is €749 million.

For information regarding the Poste Group's credit lines and available liquidity at 30 June 2021, reference should be made to note 5 - Risk management - Financial risks - Liquidity risk.

### Lease payables

Lease payables at 30 June 2021 amount to €1,236 million. Total cash outflows for leases in the first half of the year amounted to €118 million.

<sup>82</sup> A commitment given to creditors by which a borrower undertakes not to give senior security to other lenders ranking *pari passu* with existing creditors, unless the same degree of protection is also offered to them.

<sup>83</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

<sup>84</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

## MEF account held at the Treasury

tab. B8.2 - MEF account held at the Treasury (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Balance of cash flows for advances	-	3,567	3,567	-	3,602	3,602
Balance of cash flows from management of postal savings	-	(408)	(408)	-	(192)	(192)
Amounts payable due to theft	-	156	156	-	159	159
Amounts payable for operational risks	-	19	19	-	19	19
<b>Total</b>	<b>-</b>	<b>3,334</b>	<b>3,334</b>	<b>-</b>	<b>3,588</b>	<b>3,588</b>

The **balance of cash flows for advances**, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta. These break down as follows:

tab. B8.2.1 - Balance of cash flows for advances (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Net advances	-	3,568	3,568	-	3,603	3,603
MEF postal current accounts and other payables	-	670	670	-	670	670
MEF - State pensions	-	(671)	(671)	-	(671)	(671)
<b>Total</b>	<b>-</b>	<b>3,567</b>	<b>3,567</b>	<b>-</b>	<b>3,602</b>	<b>3,602</b>

The **balance of cash flows from the management of postal savings**, amounting to a positive €408 million, represents the balance of withdrawals less deposits during the last two days of the period and cleared early in the following period. The balance at 30 June 2021 consists of €382 million receivable from Cassa Depositi e Prestiti, less €26 million receivable from the MEF for Interest-bearing Postal Certificates on its behalf.

**Amounts payable due to thefts** from Post Offices of €156 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

**Amounts payable for operational risks** for €19 million regard the portion of advances obtained to fund the operations of BancoPosta, in relation to which asset under recovery is certain or probable.

### Other financial liabilities

Other financial liabilities have a fair value that approximates to their carrying amount.

tab. B8.3 - Other financial liabilities (€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Prepaid card management	-	7,845	7,845	-	6,979	6,979
Domestic and international money transfers	-	973	973	-	917	917
Guarantee deposits	-	272	272	-	392	392
Endorsed cheques	-	227	227	-	382	382
Payables for items in process	-	302	302	-	186	186
Other amounts payable to third parties	-	173	173	-	149	149
Amounts to be credited to customers	-	171	171	-	139	139
Cashed cheques	-	157	157	-	135	135
Tax collection and road tax	-	193	193	-	79	79
other	6	48	54	-	29	29
<b>Total</b>	<b>6</b>	<b>10,361</b>	<b>10,367</b>	<b>-</b>	<b>9,387</b>	<b>9,387</b>

Liabilities for **prepaid card management** refer to the subsidiary PostePay SpA.

**Amounts payables for guarantee deposits** mainly refer to amounts received from counterparties in repurchase agreements on fixed income instruments (collateral provided by specific Global Master Repurchase Agreements).

#### Financial liabilities for purchase of non-controlling interests

The item refers to the estimate of the amount (purchase and sale options) that will allow Poste Italiane, starting from the second quarter of 2023, to purchase the additional 30% of MLK Deliveries SpA and ownership of the Milkman technology for e-commerce applications. The exercise price of these options is not fixed, but determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA.

#### Financial derivatives

Movements in financial derivatives during the first half are described in note A6 - Financial assets.

### B9 - TRADE PAYABLES (€1,760 million)

tab. B9 - Trade payables (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Amounts due to suppliers	1,288	1,368
Contract liabilities	462	461
Amounts due to subsidiaries	2	1
Amounts due to associates	8	7
<b>Total</b>	<b>1,760</b>	<b>1,837</b>

#### Amounts due to suppliers

tab. B9.1 - Amounts due to suppliers (€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Italian suppliers	1,116	1,217
Overseas suppliers	20	17
Overseas counterparties (1)	152	134
<b>Total</b>	<b>1,288</b>	<b>1,368</b>

(1) The amount due to overseas counterparties relates to fees payable to overseas postal operators and companies in return for postal and telegraphic services received.

#### Contract liabilities

tab. B9.2 - Movements in contract liabilities (€m)

Description	Balance at 1 January 2021	Change due to recognition of revenue for period	Other changes	Balance at 30 June 2021
Prepayments and advances from customers	381	-	(1)	380
Other contract liabilities	53	(57)	65	61
Liabilities for fees to be refunded	24	16	(22)	18
Liabilities for volume discounts	3	-	-	3
<b>Total</b>	<b>461</b>	<b>(41)</b>	<b>42</b>	<b>462</b>

## Prepayments and advances from customers

Prepayments and advances from customers relate to amounts received from customers as prepayment for the following services to be rendered:

tab. B9.2.1 -Prepayments and advances from customers

(€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Prepayments from overseas counterparties	276	275
Automated franking	20	40
Advances for Publishing from PCM [tab. A8.1]	50	24
Unfranked mail	11	17
Postage-paid mailing services	3	6
Other services	20	19
<b>Total</b>	<b>380</b>	<b>381</b>

**Other contract liabilities** primarily regard Postamat and "Postepay Evolution" card fees collected in advance. **Liabilities for fees to be refunded** represent the estimated liability linked to the refund of fees on loan products sold after 1 January 2018, under the terms of which the related fees must be refunded if the customer opts for early cancellation of the agreement.

## B10 - OTHER LIABILITIES (€3,250 million)

tab. B10 - Other liabilities

(€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Amounts due to staff	22	642	664	19	696	715
Social security payables	26	397	423	26	442	468
Other taxes payable	1,412	590	2,002	1,496	504	2,000
Sundry payables	37	76	113	29	67	96
Accrued liabilities and deferred income	6	42	48	6	36	42
<b>Total</b>	<b>1,503</b>	<b>1,747</b>	<b>3,250</b>	<b>1,576</b>	<b>1,745</b>	<b>3,321</b>

### Amounts due to staff

tab. B10.1 - Amounts due to staff

(€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
For 13th and 14th month salaries	-	228	228	-	210	210
Incentives	22	134	156	19	380	399
Accrued vacation pay	-	93	93	-	45	45
Other amounts due to staff	-	187	187	-	61	61
<b>Total</b>	<b>22</b>	<b>642</b>	<b>664</b>	<b>19</b>	<b>696</b>	<b>715</b>

The reduction in the payable for **incentives** is due to the combined effect of the settlements made during the period and certain liabilities to personnel, the amount of which is still in the process of being defined, which at 30 June 2021 were allocated to the provisions for personnel expenses.

The increase in **Other amounts due to staff** is due, in line with the provisions of the renewal of the National Collective Labour Agreement signed on 23 June 2021, to the one-off payment made to personnel to cover both the 2020 contractual vacancy (allocated at 31 December 2020 in the Provisions for personnel expenses) and that relating to the first half of 2021.

## Social security payables

tab. B10.2 - Social security payables

(€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
INPS	1	308	309	1	335	336
Pension funds	-	70	70	-	87	87
INAIL	25	-	25	25	-	25
Other agencies	-	19	19	-	20	20
<b>Total</b>	<b>26</b>	<b>397</b>	<b>423</b>	<b>26</b>	<b>442</b>	<b>468</b>

## Other taxes payable

tab. B10.3 - Other taxes payable

(€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Stamp duty payable	1,412	173	1,585	1,496	52	1,548
Tax due on insurance provisions	-	226	226	-	250	250
Withholding tax on employees' and consultants' salaries	-	76	76	-	95	95
VAT payable	-	51	51	-	41	41
Substitute tax	-	12	12	-	31	31
Withholding tax on postal current accounts	-	4	4	-	10	10
Other tax payables	-	48	48	-	25	25
<b>Total</b>	<b>1,412</b>	<b>590</b>	<b>2,002</b>	<b>1,496</b>	<b>504</b>	<b>2,000</b>

Specifically:

- **Stamp Duty payable** is shown gross of payments on account. The non-current portion regards the amount due at 30 June 2021 on interest-bearing postal certificates in circulation, in compliance with the legislation referred to in note A9 - *Other receivables and assets*.
- **Tax due on insurance provisions** relates to Poste Vita SpA and is described in note A9.
- **Withholding tax on employees' and consultants' salaries** relates to amounts paid to the tax authorities by Group companies in January and February 2021 as withholding agents.

## Sundry payables

tab. B10.4 - Sundry payables

(€m)

Description	Balance at 30/06/2021			Balance at 31/12/2020		
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
Sundry payables attributable to BancoPosta	-	7	7	-	5	5
Guarantee deposits	15	2	17	12	8	20
Other payables	22	67	89	17	54	71
<b>Total</b>	<b>37</b>	<b>76</b>	<b>113</b>	<b>29</b>	<b>67</b>	<b>96</b>

**Guarantee deposits** primarily relate to amounts collected from customers as a guarantee of payment for services (postage-paid mailing services, the use of post office boxes, lease contracts, telegraphic service contracts, etc.).



## 4.3 NOTES TO THE STATEMENT OF PROFIT OR LOSS

### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers		(€m)	
Description	Notes	1H 2021	1H 2020
<b>Revenue from Mail, Parcels and other</b>	[C1]	<b>1,826</b>	<b>1,472</b>
<b>of which Revenue from contracts with customers</b>		<b>1,535</b>	<b>1,406</b>
recognised at a point in time		245	197
recognised over time		1,290	1,209
<b>Net revenue from Financial Services</b>	[C2]	<b>2,409</b>	<b>2,440</b>
Revenue from Financial Services		2,469	2,535
Expenses from financial activities		(60)	(95)
<b>of which Revenue from contracts with customers</b>		<b>1,403</b>	<b>1,388</b>
recognised at a point in time		143	159
recognised over time		1,261	1,229
<b>Revenue from Insurance Services after movements in technical provisions and other claims expenses</b>	[C3]	<b>1,050</b>	<b>739</b>
<i>Insurance premium revenue</i>		10,291	7,720
<i>Income from insurance activities</i>		2,210	1,559
<i>Change in technical provisions for insurance business and other claims expenses</i>		(11,241)	(7,687)
<i>Expenses from insurance activities</i>		(212)	(853)
<b>of which Revenue from contracts with customers</b>		-	5
recognised at a point in time		-	-
recognised over time		-	5
<b>Revenue from Payments and Mobile</b>	[C4]	<b>399</b>	<b>337</b>
<b>of which Revenue from contracts with customers</b>		<b>399</b>	<b>345</b>
recognised at a point in time		161	131
recognised over time		239	214
<b>Total</b>		<b>5,684</b>	<b>4,988</b>

Revenue from contracts with customers breaks down as follows.

**Revenue from mail, parcels and other** refer to services provided to customers through the retail and business channels; revenue generated through the retail channel is recognised at a point in time given the number of transactions handled through the various sales channels (post offices, call centres and online) and measured on the basis of the rates applied; revenue generated through the business channel is generally earned as a result of annual or multi-annual contracts and is recognised over time using the output method determined on the basis of shipments requested and handled. These contracts include elements of variable consideration (primarily volume discounts and penalties linked to the quality of service provided) estimated using the expected value method and recognised as a reduction from revenue. In addition, revenue not arising from contracts with customers are accounted for in accordance with IFRS 16 - Leases and IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

**Revenue from financial services**, which breaks down as follows:

- revenue from placement and brokerage: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. The placement and management service of interest-bearing postal certificates and passbook accounts<sup>85</sup>, envisages, in general, payment of a variable consideration on achieving certain levels of

<sup>85</sup> Service of General Economic Interest, carried out by Poste Italiane in its capacity as exclusive distributor under the law, on behalf of the issuer, Cassa Depositi e Prestiti, pursuant to agreements in force from time to time, the latest of which expires on 31 December 2020.

inflows, determined annually on the basis of the volume of inflows and expected redemptions; certain commercial agreements, entered into with leading financial partners for the placement of financial products, envisage the return of placement fees in the event of early termination or surrender by the customer,

- revenue from current account and related services: these are recognised over time, measured on the basis of the service rendered (including the related services, e.g. bank transfers, securities deposits, etc.) and quantified on the basis of the contract terms and conditions offered to the customer,
- revenue from fees on the processing of payment slips: these are recognised at a point in time given the number of transactions handled by post offices and quantified on the basis of the terms and conditions in the contract of sale,
- revenue not from contracts with customers accounted for in accordance with IFRS 9 - Financial Instruments.

**Revenue from payments and mobile** refers to:

- card payments, relating primarily to the cards issued by Postepay recognised at a point in time when issued and the services linked to them recognised over time as the service is used by the customer. These services include interchange fees recognised by international circuits on payment transactions with debit cards detected over time,
- mobile and fixed line telecommunications services, including: revenue from "standard telecommunications offerings" recognised over time using the output method and based on the traffic offered (voice, text and data) to the customer; revenue generated by the fixed line "PosteMobile Casa" offering, recognised over time using the output method and based on the fee charged to the customer; revenue in the form of SIM activation fees recognised at a point in time when the SIM card is handed over to the customer. Within the Poste Italiane Group, the only mobile and fixed line telecommunications contracts used are in the form of bundles combining two performance obligations to which the implicit discount is allocated on the basis of the related fair value. The revenue from this type of offer, however, is not significant in terms of total revenue from payment and mobile services,
- payment services mainly relating to revenue from the processing of tax payments using forms F23/F24 are recognised over time based on the level of service rendered.

## C1 - REVENUE FROM MAIL, PARCELS AND OTHER (€1,826 million)

tab. C1 - Revenue from Mail, Parcels & other

(€m)

Description	1H 2021	1H 2020
Mail	866	769
Parcels	704	473
Other revenue	101	75
<b>Total external revenue</b>	<b>1,671</b>	<b>1,317</b>
Universal Service compensation	131	131
Publisher tariff subsidies	24	24
<b>Total revenue</b>	<b>1,826</b>	<b>1,472</b>

**External revenue** showed an increase compared to the first half of 2020, the latter heavily impacted by the health emergency that involved our country and significantly affected normal operations.

**Universal Service compensation** relates to amounts paid by the MEF to cover the costs of fulfilling the USO. Compensation for services rendered during the period, amounting to €131 million (€262 million on an annual basis), is recognised on the basis of the new Contratto di Programma (Service Contract) for 2020-2024, which took effect on 1 January 2020.

**Publisher tariff subsidies**<sup>86</sup> relate to the amount receivable by Poste Italiane from the Presidenza del Consiglio dei Ministri - Dipartimento dell'Editoria (Cabinet Office - Publishing department) as compensation for the discounts applied to publishers and non-profit organisations when sending mail. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry for Economic Development, in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012.

## C2 - NET REVENUE FROM FINANCIAL SERVICES (€2,409 million)

tab. C2 - Revenue from Financial Services (€m)

Description	1H 2021	1H 2020
Financial services	2,196	2,235
Income from financial activities	271	297
Other operating income	2	3
Expenses from financial activities	(60)	(95)
<b>Total</b>	<b>2,409</b>	<b>2,440</b>

This revenue regards revenue generated by the Parent Company's BancoPosta RFC and the subsidiary, BancoPosta Fondi SGR.

<sup>86</sup> Law no. 8 of 28 February 2020 - ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

**tab. C2.1 - Revenue from financial services**

(€m)

Description	1H 2021	1H 2020
Fees for collection of postal savings deposits	880	896
Income from investment of postal current account deposits and free cash	736	801
Other revenue from current account services	198	200
Commissions on payment of bills by payment slip	134	150
Distribution of loan products	128	72
Income from delegated services	50	53
Mutual fund management fees	57	48
Money transfers	7	8
Other	6	7
<b>Total</b>	<b>2,196</b>	<b>2,235</b>

**Revenue from financial services** show a slight decrease compared to the comparison period also due to the health emergency that has affected our country since March 2020 and that has significantly affected normal operations. The largest decreases relate to income from the investment of postal current account deposits and free cash, revenue from fees on the processing of payment slips and from the collection of postal savings.

- **Fees for collection of postal savings deposits** refers to the placement and management of Interest-bearing Postal Certificates and Postal Savings Books, which constitute a Service of General Economic Interest, carried out by Poste Italiane in its capacity as exclusive distributor under the law, on behalf of the issuer, Cassa Depositi e Prestiti, pursuant to agreements in force from time to time, the latest of which expires on 31 December 2020. At present, pending formalisation of the new agreement, Poste Italiane is providing this service on the basis of the provisions of the previous agreement that are strictly functional in order to provide this service in accordance with the law.
- **Income from investment of postal current account deposits and free cash** breaks down as follows:

**tab. C2.1.1 - Income from investment of postal current account deposits and free cash**

(€m)

Description	1H 2021	1H 2020
Income from investments in securities	721	777
Interest income on securities at amortised cost	337	312
Interest income on securities at FVOCI	410	448
Interest income (expense) on asset swaps of CFH on securities at FVOCI and AC	11	11
Interest income (expense) on asset swaps of FVH on securities at FVOCI and AC	(52)	(16)
Interest income on repurchase agreements	15	22
Income from investments in tax credits	3	-
Interest income on tax credits at AC	1	-
Interest income on tax credits at FVTOCI	2	-
Income from deposits held with the MEF	11	23
Other income	1	1
<b>Total</b>	<b>736</b>	<b>801</b>

*Income from investments in securities* relates to accrued interest on investment of deposits paid into postal current accounts by private customers. The total includes the impact of the interest rate hedge described in note A6 - *Financial assets*.

*Income from investments in tax credits* relates to interest accrued during the period on the investments described in Note A10 - *Tax Credits Law no. 77/2020*.

*Income from deposits held with the MEF* primarily represents accrued interest for the period on amounts deposited by Public Administration entities.

**Income from financial activities** breaks down as follows:

tab. C2.2 - Income from financial activities (€m)

Description	1H 2021	1H 2020
Income from financial assets at FVTOCI	254	291
Realised gains	254	291
Income from equity instruments at FVTPL	8	-
Gains from valuation	6	-
Realised gains	2	-
Income from financial assets at FVTPL	-	4
Gains from valuation	-	4
Income from financial assets at amortised cost	1	-
Realised gains	1	-
Income from fair value hedges	6	-
Gains from valuation	6	-
Foreign exchange gains	2	2
Realised gains	2	2
<b>Total</b>	<b>271</b>	<b>297</b>

Other income from financial activities shows a decrease of €26 million compared to the first half of 2020 mainly due to lower profits from financial instruments at FVTOCI (-€37 million) partly offset by higher gains from valuation of financial equity instruments at fair value through profit or loss and of fair value hedge financial instruments (+€14 million overall).

tab. C2.3 - Expenses from financial activities (€m)

Description	1H 2021	1H 2020
Expenses from financial assets at FVTPL	7	3
Losses from valuation	4	3
Realised losses	3	-
Expenses from financial assets at FVTOCI	1	48
Realised losses	1	48
Expenses from equity instruments at FVTPL	-	8
Losses from valuation	-	7
Realised losses	-	1
Expenses from financial assets at amortised cost	29	9
Realised losses	29	9
Expenses from fair value hedges	2	3
Losses from valuation	2	3
Foreign exchange losses	1	-
Losses from valuation	1	-
Interest expense	20	24
Interest on customers' deposits	1	2
Interest expense on repurchase agreements	3	3
Interest due to MEF	4	3
Interest on guarantee deposits	12	16
<b>Total</b>	<b>60</b>	<b>95</b>

Expenses from financial activities decreased by €35 million compared to the first half of 2020 mainly due to the lower losses on realisation from financial instruments at FVTOCI (-€47 million) partly offset by higher expenses for losses on realisation from securities at amortised cost (+€20 million).

### C3 - REVENUE FROM INSURANCE SERVICES AFTER MOVEMENTS IN TECHNICAL PROVISIONS AND OTHER CLAIMS EXPENSES (€1,050 million)

tab. C3 - Revenue from Insurance Services after movements in technical provisions and other claims expenses (€m)

Description	1H 2021	1H 2020
Insurance premium revenue	10,291	7,720
Income from insurance activities	2,211	1,559
Change in technical provisions for insurance business and other claims expenses	(11,240)	(7,687)
Expenses from insurance activities	(212)	(853)
<b>Total</b>	<b>1,050</b>	<b>739</b>

A breakdown of insurance premium revenue, showing outward reinsurance premiums, is as follows:

tab. C3.1 - Insurance premium revenue (€m)

Description	1H 2021	1H 2020
Class I	9,658	7,158
Class III	441	392
Classes IV and V	68	67
<b>Gross "life" premiums</b>	<b>10,167</b>	<b>7,617</b>
Outward reinsurance premiums	(5)	(5)
<b>Net "life" premiums</b>	<b>10,162</b>	<b>7,612</b>
Non-life premiums	142	118
Outward reinsurance premiums	(13)	(10)
<b>Net "non-life premiums"</b>	<b>129</b>	<b>108</b>
<b>Total</b>	<b>10,291</b>	<b>7,720</b>

Gross life premiums totalled €10,167 million, up 33% on the first half of 2020, with a significant contribution from Multi-class products.

Although marginal in relation to total net inflows, the contribution of net premiums pertaining to the Non-Life segment was up from €108 million in the first half of 2020 to the current €129 million.

Income from insurance activities is as follows:

tab. C3.2 - Income from insurance activities (€m)

Description	1H 2021	1H 2020
Income from financial assets at amortised cost	3	2
Interest	3	2
Income from financial assets at FVPL	729	264
Interest	118	142
Gains from valuation	572	95
Realised gains	39	27
Income from financial assets at FVTOCI	1,432	1,257
Interest	1,347	1,191
Realised gains	85	66
Other income	47	36
<b>Total</b>	<b>2,211</b>	<b>1,559</b>

The increase in Income from insurance activities (+€652 million compared to the first half of 2020) is largely attributable to the increase in Gains from valuation from financial assets at FVTPL recorded in the first half of 2021 compared to the same period in 2020 particularly impacted by the effects of the initial spread of the

pandemic. These gains from valuation, which are almost entirely related to investments included in separately managed accounts, were almost entirely transferred to policyholders through the shadow accounting method.

A breakdown of the net change in technical provisions and other claims expenses, showing outward reinsurance premiums, is as follows:

tab. C3.3 - Change in technical provisions for insurance business and other claims expenses (€m)

Description	1H 2021	1H 2020
Claims paid	5,613	5,587
Change in mathematical provisions	3,821	1,926
Change in outstanding claim provisions	390	411
Change in Other technical provisions	156	(584)
Change in technical provisions where investment risk is transferred to policyholders	1,198	308
<b>Total change in technical provisions for insurance business and other claims expenses: Life</b>	<b>11,178</b>	<b>7,648</b>
Reinsurers' share: Life	(4)	(3)
<b>Total change in technical provisions for insurance business and other claims expenses: Non-life</b>	<b>71</b>	<b>46</b>
Reinsurers' share: Non-life	(5)	(4)
<b>Total</b>	<b>11,240</b>	<b>7,687</b>

The item Change in technical provisions for the insurance business and other claims expenses primarily reflect:

- claims paid, policies redeemed and the related expenses incurred by Poste Vita SpA during the period;
- the change in mathematical provisions reflecting increased obligations to policyholders;
- the change in Other technical provisions is entirely attributable to the change recorded in the period in the DPL reserve, related to the valuation of securities included in the separately managed accounts and classified in the FVTPL category;
- the change in technical provisions where investment risk is transferred to policyholders so-called Class D.

Expenses from insurance activities break down as follows:

tab. C3.4 - Expenses from insurance activities (€m)

Description	1H 2021	1H 2020
Expenses from financial assets at FVPL	186	771
Losses from valuation	143	661
Realised losses	43	10
Expenses from financial assets at FVOCI	5	50
Interest	3	3
Realised losses	2	47
Net losses/recoveries due to credit risk	(3)	19
Other expenses	24	13
<b>Total</b>	<b>212</b>	<b>853</b>

The decrease in Expenses from insurance activities (-€641 million compared to the first half of 2020) was mainly due to lower impairment losses of €143 million compared to €661 million in the same period of 2020 particularly impacted by the effects of the initial spread of the pandemic.



## C4 - REVENUE FROM PAYMENTS AND MOBILE (€399 million)

tab. C4 - Revenue from Payments, Mobile & Digital

Description	1H 2021	1H 2020
Electronic money	215	170
Fees for issue and use of prepaid cards	168	140
Acquiring	13	-
Other fees	34	30
Mobile	151	139
Payments services	33	28
Payment Slips	1	1
Commissions for processing tax payments using forms F23/F24	19	14
Money transfers	12	13
<b>Total</b>	<b>399</b>	<b>337</b>

This item primarily regards revenue from the mobile telecommunications services and card payment and payment services provided by Postepay SpA.

## C5 - COST OF GOODS AND SERVICES (€1,423 million)

tab. C5 - Cost of goods and services

(€m)

Description	1H 2021	1H 2020
Service costs	1,291	1,027
Lease expense	58	41
Raw , ancillary and consumable materials and goods for resale	74	81
<b>Total</b>	<b>1,423</b>	<b>1,149</b>

Costs of goods and services increased by a total of €274 million compared to the first half of 2020 mainly due to higher costs related to the growth of the parcels, telecommunications and electronic money businesses as well as the consolidation from 1 January 2021 of Nexive Group.

## Service costs

tab. C5.1 - Service costs

(€m)

Description	1H 2021	1H 2020
Transport of mail, parcels and forms	537	347
Routine maintenance and technical assistance	125	118
Outsourcing fees and external service charges	120	102
Mobile telecommunication services for customers	105	83
Credit and debit card fees and charges	69	57
Personnel services	57	58
Energy and water	57	55
Cleaning, waste disposal and security	56	48
Transport of cash	36	36
Advertising and promotions	15	15
Mail, telegraph and telex	31	23
Telecommunications and data transmission services	20	24
Asset management fees	21	18
Consultants' fees and legal expenses	9	8
Electronic document management, printing and enveloping services	7	10
Remuneration and expenses paid to Auditors	1	1
Other	25	24
<b>Total</b>	<b>1,291</b>	<b>1,027</b>

## Lease expense

tab. C5.2 - Lease expense

(€m)

Description	1H 2021	1H 2020
Equipment hire and software licences	30	29
Real estate leases and ancillary costs	16	4
Vehicle leases	1	1
Other lease expense	11	7
<b>Total</b>	<b>58</b>	<b>41</b>

Lease expense include €18 million for short-term leases and €8 million for low-value leases.

## Raw, ancillary and consumable materials and goods for resale

tab. C5.3 - Raw, ancillary and consumable materials and goods for resale

(€m)

Description	Note	1H 2021	1H 2020
Consumables, advertising materials and goods for resale		37	87
Fuels and lubricants		26	23
Printing of postage and revenue stamps		1	1
SIM cards and scratch cards		-	1
Change in inventories of work in progress, semi-finished and finished goods and goods for resale	[tab. A7]	(1)	(1)
Change in inventories of raw, ancillary and consumable materials	[tab. A7]	4	(30)
Change in property held for sale	[tab. A7]	1	(3)
Other		6	3
<b>Total</b>		<b>74</b>	<b>81</b>

## C6 - PERSONNEL EXPENSES (€2,693 million)

Personnel expenses include the cost of personnel seconded to other organisations. The recovery of such expenses is posted to Other operating income. Personnel expenses break down as follows:

tab. C6 - Personnel expenses

			(€m)
Description	Note	1H 2021	1H 2020
Wages and salaries		2,009	1,940
Social security contributions		576	557
Employee termination benefits: current service cost	[tab. B7]	-	-
Employee termination benefits: supplementary pension funds and INPS		118	120
Agency staff		6	12
Remuneration and expenses paid to Directors		1	1
Early retirement incentives		11	4
Net provisions (reversals) for disputes with staff	[tab. B6]	(4)	9
Provisions for early retirement incentives	[tab. B6]	-	-
Amounts recovered from staff due to disputes		(2)	(6)
Share-based payments		8	2
Other personnel expenses/(cost recoveries)		(30)	(7)
<b>Total</b>		<b>2,693</b>	<b>2,632</b>

Personnel expenses increased by a total of €61 million compared to the first half of 2020, mainly due to the ordinary component of personnel expenses. The change in the ordinary component compared to the first half of 2020 mainly derives from the savings related to the health emergency recorded in the first half of 2020 (Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the lockdown). The effect is partly offset by the reduction in the number of resources deployed in the period (approximately 2,700 FTEs less than in the corresponding period of 2020). It should be noted that the reduction in FTEs includes the entry of Nexive resources (approximately 1,200 FTEs), following the acquisition of the Group in January 2021.

Net provisions for disputes with staff and Provisions for early retirement incentives are described in note B6 - Provisions for risks and charges.

The following table shows the Group's average headcount for the period:

tab. C6.1 - Number of employees

Category	Staff (*)	
	Average	
	1H 2021	1H 2020
Executives	670	697
Middle managers	15,171	14,812
Operational staff	92,897	97,907
Back-office staff	4,750	4,790
<b>Total permanent workforce</b>	<b>113,488</b>	<b>118,206</b>

Taking account of staff on flexible contracts, the total average number of full-time equivalent staff in the period is 122,315 (in the first half of 2020: 125,003).

## C7 - DEPRECIATION, AMORTISATION AND IMPAIRMENTS (€398 million)

tab. C7 - Depreciation, amortisation and impairments (€m)

Description	1H 2021	1H 2020
Depreciation of property, plant and equipment	109	106
Properties used in operations	14	14
Plant and machinery	26	23
Industrial and commercial equipment	7	6
Leasehold improvements	21	19
Other assets	41	44
Impairments/recoveries/adjustments of property, plant and equipment	(8)	(18)
Depreciation of investment property	-	1
Depreciation of right-of-use assets	118	115
Properties used in operations	76	73
Company fleet	32	33
Vehicles for mixed use	3	3
Other assets	7	6
Impairments/recoveries/adjustments of right of use	-	2
Amortisation and impairments of intangible assets	179	133
Industrial patents and intellectual property rights, concessions, licenses, trademarks and similar rights	177	132
Other	2	1
Goodwill impairment	-	-
<b>Total</b>	<b>398</b>	<b>339</b>

Depreciation, amortisation and impairments increased by €59 million over the first half of 2020, mainly due to an increase in amortisation of intangible assets (+€46 million) resulting from higher investments.

## C8 - CAPITALISED COSTS AND EXPENSES (€17 million)

tab. C8 - Capitalised costs and expenses (€m)

Description	Note	1H 2021	1H 2020
<b>Property, plant and machinery:</b>	<b>[A1]</b>	<b>1</b>	<b>2</b>
Cost of goods and services		1	2
<b>Intangible assets:</b>	<b>[A3]</b>	<b>16</b>	<b>16</b>
Cost of goods and services		1	2
Personnel expenses		14	13
Depreciation and amortisation		1	1
<b>Total</b>		<b>17</b>	<b>18</b>

## C9 - OTHER OPERATING COSTS (€118 million)

tab. C9 - Other operating costs (€m)

Description	Note	1H 2021	1H 2020
Operational risk events		6	16
Thefts		1	3
Loss of BancoPosta assets, net of recoveries		-	1
Other operating losses of BancoPosta		5	12
Net provisions for risks and charges made/(released)		51	(30)
for disputes with third parties	[tab. B6]	24	(16)
for operational risks	[tab. B6]	29	(13)
for other risks and charges	[tab. B6]	(2)	(1)
Capital losses		2	-
Municipal property tax, urban waste tax and other taxes and duties		37	50
Other recurring expenses		22	28
<b>Total</b>		<b>118</b>	<b>64</b>

## C10 - IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON DEBT INSTRUMENTS, RECEIVABLES AND OTHER ASSETS (€20 million)

tab. C10 - Impairment losses/(Reversals of impairment losses) on debt instruments, receivables and oth (€m)

Description	1H 2021	1H 2020
Net impairment losses and losses on receivables and other assets (uses of provisions)	28	41
Impairment losses (reversal of impairment losses) on amounts due from customers	4	40
Impairment losses (reversal of impairment losses) on sundry receivables	24	1
Impairment losses (reversal of impairment losses) on debt instruments at FVTOCI	(4)	7
Impairment losses (reversal of impairment losses) on debt instruments at amortised cost	(4)	8
<b>Total</b>	<b>20</b>	<b>56</b>

The decrease of €36 million compared with the first half of 2020 primarily reflects a decrease in impairment losses on trade receivables (-€13 million) and reversals of debt instruments at FVTOCI and amortised cost. For further details, reference should be made to Note 5 - *Risk management*.

## C11 - FINANCE INCOME (€62 million) AND COSTS (€39 million)

Income from and costs incurred on financial instruments relate to assets other than those in which deposits collected by BancoPosta and the financial and insurance businesses are invested.

### Finance income

tab. C11.1 - Finance income

(€m)

Description	1H 2021	1H 2020
Income from financial assets at FVTOCI	22	16
Interest	22	22
Accrued differentials on fair value hedges	(2)	(6)
Realised gains	2	-
Income from financial assets at amortised cost	29	28
Interest	29	28
Income from financial assets at FVPL	1	1
Other finance income	6	6
Finance income on discounted receivables	2	1
Late payment interest	13	13
Impairment of amounts due as late payment interest	(19)	(13)
Other income	4	5
Foreign exchange gains	4	2
<b>Total</b>	<b>62</b>	<b>53</b>

For the purposes of reconciliation with the statement of cash flows, in the first half of 2021, finance income after both realised gains and foreign exchange gains amounted to €56 million (€51 million in the half-year of 2020).

### Finance costs

tab. C11.2 - Finance costs

(€m)

Description	Note	1H 2021	1H 2020
Finance costs on financial liabilities		17	18
on bonds		2	-
on amounts due to financial institutions		2	4
on lease payables		12	13
on financial derivatives		1	1
Sundry costs on financial assets		2	2
Losses from valuation on financial assets at FVTPL		-	2
Realised losses on financial assets at FVTPL		2	-
Finance costs on provisions for employee termination benefits and pension plans	[tab. B7]	4	4
Other finance costs		9	8
Foreign exchange losses		7	3
<b>Total</b>		<b>39</b>	<b>35</b>

For the purposes of reconciliation with the statement of cash flows, in the first half of 2021, finance costs after foreign exchange losses amounted to €32 million (€32 million in the first half of 2020).

## C12 - INCOME TAX EXPENSE (€315 million)

The nominal tax rate for IRES is 24%, whilst the Group's average statutory rate for IRAP, calculated at 31 December 2020, was 6.01%<sup>87</sup>.

tab. C12 - Income tax expense

(€m)

Description	1H 2021			1H 2020		
	IRES	IRAP	Total	IRES	IRAP	Total
Current tax expense	244	61	305	122	26	148
Deferred tax assets	2	4	6	(32)	(15)	(47)
Deferred tax liabilities	4	-	4	98	28	126
<b>Total</b>	<b>250</b>	<b>65</b>	<b>315</b>	<b>188</b>	<b>39</b>	<b>227</b>

Income taxes at 30 June 2021 include the positive effect of €11 million relating to the tax benefit associated with the Aid to Economic Growth (ACE), referred to the 2014 financial year, for which, in the period under review, the uncertainties associated with quantification no longer exist.

### Current tax expense

tab. C12.3 - Movements in current tax assets /(liabilities)

(€m)

Description	Current taxes 1H 2021		
	IRES	IRAP	Total
	Assets/ (Liabilities)	Assets/ (Liabilities)	
<b>Balance at 1 January</b>	<b>141</b>	<b>33</b>	<b>174</b>
Payments	107	32	139
on account for the current year	99	19	118
of balance payable for the previous year	7	13	20
substitute tax	1	-	1
Provisions to profit or loss	(244)	(61)	(305)
current tax	(244)	(61)	(305)
Provisions to equity	3	(2)	1
Other	18	-	18
<b>Period closing balance</b>	<b>25</b>	<b>2</b>	<b>27</b>
of which:			
Current tax assets	279	65	344
Current tax liabilities	(254)	(63)	(317)

Current tax receivables at 30 June 2021 in addition to advance tax payments for the year 2021 also include:

- receivables totalling €107 million (including €58 million recognised by the Poste Vita and Poste Assicura companies and €49 million by the Parent Company), relating to participation in the Patent Box scheme for the years 2015-2019 and the tax benefit for the Parent Company linked to the Aid to Economic Growth (ACE) for 2014-2016. These receivables, with the exception of the one relating to the ACE for the 2014 financial year, will become compensable after the submission of the relevant supplementary tax returns;

<sup>87</sup> The nominal IRAP rate is 3.90% for most taxpayers, 4.20% for companies that operate under concession arrangements other than motorway and tunnel construction and operating companies, 4.65% for banks and other financial entities and 5.90% for insurance companies (+/-0.92%, representing regional increases and cuts and +0.15% representing an increase for regions that showed a healthcare deficit).

- the substitute tax credit of €25 million relating to the redemption carried out by the Parent Company during 2018, pursuant to art. 15, paragraph 10 *ter* of Law Decree no. 185 of 29 November 2008, of the higher values resulting from the notes to the consolidated financial statements at 31 December 2017, of goodwill and other intangible assets relating to the acquisition of the investment in FSIA Investimenti Srl;
- assets totalling €9 million recognised as a result of the responses received to two petitions filed with the Revenue Agency concerning the correct implementation of IFRS 9 and 15. These assets will become compensable after the submission of the relevant supplementary tax returns;
- the remaining IRES receivable of €8 million to be recovered on the failure to deduct IRAP resulting from the requests filed pursuant to art. 6 of Law Decree no. 185 of 29 November 2008 and art. 2 of Law Decree no. 201 of 6 December 2011, which provided for a partial deductibility of IRAP for IRES purposes (in this regard, see as reported on receivables for related interest in Note A9).

## Deferred tax assets and liabilities

tab. C12.4 - Deferred taxes

(€m)

Description	Balance at 30/06/2021	Balance at 31/12/2020
Deferred tax assets	1,103	1,123
Deferred tax liabilities	(1,140)	(1,229)
<b>Total</b>	<b>(37)</b>	<b>(106)</b>

Movements in deferred tax assets and liabilities are shown below:

tab. C12.5 - Movements in deferred tax assets and liabilities

(€m)

Description	1H 2021	FY 2020
<b>Balance at 1 January</b>	<b>(106)</b>	<b>312</b>
Net income/(expense) recognised in profit or loss	(10)	77
Net income/(expense) recognised in equity	76	(495)
Change in scope of consolidation	3	-
<b>Period closing balance</b>	<b>(37)</b>	<b>(106)</b>

At 30 June 2021, deferred tax assets and liabilities recognised directly in equity are as follows:

tab. C12.8 - Income/(expense) recognised in equity

(€m)

Description	1H 2021	FY 2020
Fair value reserve for financial assets at FVTOCI	65	(501)
Cash flow hedge reserve for hedging derivatives	22	6
Actuarial gains /(losses) on employee termination benefits	(11)	-
<b>Total</b>	<b>76</b>	<b>(495)</b>



## 4.4 - OPERATING SEGMENTS

The identified operating segments, which are in line with the Group's new strategic guidelines reflected in the "24 SI" Strategic Plan, are as follows:

- Mail, Parcels and Distribution
- Financial Services
- Insurance Services
- Payments and Mobile

In addition to managing the mail and parcel service, the Mail, Parcels and Distribution segment also includes the activities of the distribution network and the activities of Poste Italiane SpA corporate functions that provide services to the other segments in which the Group operates. In this regard, separate General Operating Guidelines have been approved by Parent Company's Board of Directors which, in implementation of BancoPosta RFC's Regulation, identify the services provided by Poste Italiane SpA's functions to BancoPosta and determines the manner in which they are remunerated.

The Financial Services segment includes the activities of BancoPosta RFC, and BancoPosta Fondi SpA SGR.

The Insurance Services segment includes the activities carried out by the Poste Vita group.

The Payment and Mobile Services Sector includes the activities of payment management, electronic money services and mobile and fixed line telecommunications services by Postepay SpA.

The result for each segment is based on operating profit/(loss) and gains/losses on intermediation. All income components reported for operating segments are measured using the same accounting policies applied in the preparation of these condensed consolidated half-year financial statements.

The following results, which are shown separately in accordance with the management view and with applicable accounting standards, should be read in light of the integration of the services offered by the distribution network within the businesses allocated to all four identified operating segments, also considering the obligation to carry out the Universal Postal Service.

1H 2021	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	1,826	2,409	1,050	399	-	5,684
Net intersegment revenue from ordinary activities	2,347	390	1	168	(2,896)	-
<b>Net operating revenue</b>	<b>4,173</b>	<b>2,789</b>	<b>1,051</b>	<b>567</b>	<b>(2,896)</b>	<b>5,684</b>
<b>Operating profit/(loss)</b>	<b>(102)</b>	<b>362</b>	<b>658</b>	<b>131</b>	<b>-</b>	<b>1,049</b>
Finance income/(costs)	(22)	(5)	50	-	-	23
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	-	-	1	-	-	1
Profit/(Loss) on investments accounted for using the equity method	-	12	-	3	-	15
Intersegment finance income/(costs)	23	-	(24)	1	-	-
Taxes for the period	32	(105)	(206)	(36)	-	(315)
<b>Profit/(Loss) for the period</b>	<b>(69)</b>	<b>264</b>	<b>479</b>	<b>99</b>	<b>-</b>	<b>773</b>
<b>External revenue from contracts with customers</b>	<b>1,535</b>	<b>1,403</b>	<b>-</b>	<b>399</b>	<b>-</b>	<b>3,338</b>
Recognition at a point in time	245	143	-	161	-	548
Recognition over time	1,290	1,261	-	239	-	2,790

(€m)						
1H 2020	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	1,472	2,440	739	337	-	4,988
Net intersegment revenue from ordinary activities	2,257	295	-	172	(2,724)	-
<b>Net operating revenue</b>	<b>3,729</b>	<b>2,735</b>	<b>739</b>	<b>509</b>	<b>(2,724)</b>	<b>4,988</b>
<b>Operating profit/(loss)</b>	<b>(193)</b>	<b>398</b>	<b>435</b>	<b>126</b>	<b>-</b>	<b>766</b>
Finance income/(costs)	(18)	(4)	40	-	-	18
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	-	-	1	-	-	(1)
Profit/(Loss) on investments accounted for using the equity method	-	(10)	-	-	-	(10)
Intersegment finance income/(costs)	24	-	(24)	-	-	-
Taxes for the period	52	(111)	(133)	(35)	-	(227)
<b>Profit/(Loss) for the period</b>	<b>(135)</b>	<b>273</b>	<b>317</b>	<b>91</b>	<b>-</b>	<b>546</b>
<hr/>						
<b>External revenue from contracts with customers</b>	<b>1,406</b>	<b>1,388</b>	<b>5</b>	<b>345</b>	<b>-</b>	<b>3,143</b>
Recognition at a point in time	197	159	-	131	-	487
Recognition over time	1,209	1,229	5	214	-	2,655

Disclosure about geographical segments, based on the geographical areas in which the various Group companies are based or the location of its customers, is of no material significance. At 30 June 2021, the entities consolidated on a line-by-line basis are mainly based in Italy and, on a residual and insignificant basis in China<sup>88</sup>; customers are mainly located in Italy: revenue from foreign customers does not represent a significant percentage of total revenue.

<sup>88</sup> Total net revenue from ordinary operations by third parties recognised by the fully consolidated companies based in China amounted to €33.5 million, while EBIT and net trading income amounted to €1.5 million.

## 4.5 - RELATED PARTY TRANSACTIONS

### Impact of related party transactions on the financial position and profit or loss

Impact of related party transactions on financial position at 30 June 2021

(€m)

Name	Balance at 30/06/2021						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
<b>Subsidiaries</b>							
Address Software Srl	-	-	-	-	-	1	-
Kipoint SpA	-	-	-	-	1	1	-
<b>Associates</b>							
Anima Holding Group	-	-	-	-	-	8	-
FSIA Srl	21	-	-	-	-	-	-
Italia Camp Srl	-	1	-	-	-	-	-
<b>External related parties</b>							
MEF	7,662	184	14	1,990	3,339	4	8
Cassa Depositi e Prestiti Group	3,791	416	-	-	-	-	-
Enel Group	-	25	-	-	-	-	-
Eni Group	-	3	-	-	-	5	-
Equitalia Group	-	1	-	-	-	-	-
Leonardo Group	-	1	-	-	-	14	-
Montepaschi Group	150	2	-	1	520	-	-
Other external related parties	50	14	-	-	3	2	50
Provision for doubtful debts owing from external related parties	(24)	(38)	(7)	-	-	-	-
<b>Total</b>	<b>11,650</b>	<b>609</b>	<b>7</b>	<b>1,991</b>	<b>3,863</b>	<b>35</b>	<b>58</b>

At 30 June 2021, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to €72 million (€71 million at 31 December 2020).

Impact of related party transactions on financial position at 31 December 2020

(€m)

Name	Balance at 31/12/2020						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
<b>Subsidiaries</b>							
Address Software Srl	-	-	-	-	-	1	-
Kipoint SpA	-	-	-	-	1	1	-
<b>Associates</b>							
Anima Holding Group	-	-	-	-	-	7	-
FSIA Srl	21	-	-	-	-	-	-
<b>External related parties</b>							
MEF	7,340	145	12	1,991	3,592	4	8
Cassa Depositi e Prestiti Group	3,863	433	-	-	-	1	-
Enel Group	-	24	-	-	-	4	-
Eni Group	-	2	-	-	-	9	-
Leonardo Group	-	1	-	-	-	25	-
Montepaschi Group	248	4	-	1	1,018	-	-
Other external related parties	50	13	-	-	3	4	66
Provision for doubtful debts owing from external related par	(26)	(40)	(7)	-	-	-	-
<b>Total</b>	<b>11,496</b>	<b>582</b>	<b>5</b>	<b>1,992</b>	<b>4,614</b>	<b>56</b>	<b>74</b>

Impact of related party transactions on profit or loss in 1H 2021

(€m)

Name	1H 2021												
	Revenue					Costs							
	Revenue and income from Mail, Parcels and other	Revenue from Payments and Mobile	Revenue from Financial Services	Revenue from Insurance Services after movements in technical provisions and other claims expenses	Finance income	Investments			Current expenditure				
Property, plant and equipment						Intangible assets	Cost of goods and services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/ (reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs	
<b>Subsidiaries</b>													
Kipoint SpA	-	-	-	-	-	-	-	1	-	-	-	-	-
<b>Associates</b>													
Anima Holding Group	1	-	-	-	-	-	-	15	-	-	-	-	-
<b>External related parties</b>													
MEF	159	19	42	-	-	-	-	1	-	2	4	(1)	-
Cassa Depositi e Prestiti Group	1	-	912	8	-	-	-	-	-	-	-	-	1
Enel Group	19	-	3	-	-	-	-	-	-	-	-	-	-
Eni Group	7	-	1	-	-	-	-	20	-	-	-	-	-
Equitalia Group	1	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	-	-	-	-	-	-	1	12	-	-	-	-	-
Montepaschi Group	5	-	1	-	-	-	-	-	-	-	-	-	-
Other external related parties	5	-	-	-	-	-	-	3	38	1	-	-	-
<b>Total</b>	<b>198</b>	<b>19</b>	<b>959</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>52</b>	<b>38</b>	<b>3</b>	<b>4</b>	<b>(1)</b>	<b>1</b>

Impact of related party transactions on profit or loss in 1H 2020

Name	1H 2020												
	Revenue					Costs							
	Revenue and income from Mail, Parcels and other	Revenue from Payments and Mobile	Revenue from Financial Services	Revenue from Insurance Services after movements in technical provisions and other claims expenses	Finance income	Investments			Current expenditure				
Property, plant and equipment						Intangible assets	Cost of goods and services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/ (reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs	
<b>Subsidiaries</b>													
Address Software Srl	-	-	-	-	-	-	-	1	-	-	-	-	-
Kipoint SpA	-	-	-	-	-	-	-	1	-	-	-	-	-
<b>Associates</b>													
Anima Holding Group	2	-	-	-	-	-	-	13	-	-	-	-	-
Other SDA Group associates	2	-	-	-	-	-	-	-	-	-	-	-	-
<b>External related parties</b>													
MEF	167	13	54	-	-	-	-	-	-	-	2	1	1
Cassa Depositi e Prestiti Group	-	-	932	8	-	-	1	4	-	-	-	-	1
Enel Group	17	1	2	-	-	-	-	-	-	-	-	-	-
Eni Group	4	-	1	-	-	-	-	39	-	-	-	-	-
Leonardo Group	-	-	-	-	-	-	4	16	-	-	-	-	-
Montepaschi Group	6	-	-	-	-	-	-	-	-	-	-	-	-
Other external related parties	2	-	-	-	-	-	-	15	40	1	-	-	-
<b>Total</b>	<b>200</b>	<b>14</b>	<b>989</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>89</b>	<b>40</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>

The nature of the Parent Company's principal transactions with related parties external to the Group is summarised below:

- Amounts received from the MEF relate primarily to payment for carrying out the universal service (USO), the management of postal current accounts, the payment for delegated services, mail shipments and for the integrated notification service.
- Amounts received from CDP SpA primarily relate to payment for the collection of postal savings deposits.
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail. The costs incurred primarily relate to the supply of gas and electricity.
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles.
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised sorting equipment, and systems and IT assistance

regarding the creation of document storage facilities, specialist consulting services and software maintenance, and the supply of software licences and of hardware.

- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

## Impact of related party transactions or positions

Impact of related party transactions (€m)

Description	Total in financial statements			Total related parties		
	Total in financial statements	Total related parties	Impact (%)	Total in financial statements	Total related parties	Impact (%)
	<b>Balance at 30/06/2021</b>			<b>Balance at 31/12/2020</b>		
<b>Financial position</b>						
Financial assets	244,828	11,650	4.8	247,883	11,496	4.6
Trade receivables	2,633	609	23.1	2,375	582	24.5
Other receivables and assets	6,451	7	0.1	4,928	5	0.1
Cash and cash equivalents	5,456	1,991	36.5	4,516	1,992	44.1
Provisions for risks and charges	1,319	72	5.5	1,396	72	5.2
Financial liabilities	95,200	3,863	4.1	98,230	4,614	4.7
Trade payables	1,760	35	2.0	1,837	56	3.0
Other liabilities	3,250	58	1.8	3,321	74	2.2
Liabilities related to assets held for sale	-	-	n.a.	-	-	n.a.
	<b>1H 2021</b>			<b>1H 2020</b>		
<b>Profit or loss</b>						
Revenue from Mail, Parcels & other	1,826	198	10.8	1,472	200	13.6
Revenue from Payments & Mobile	399	19	4.8	337	14	4.2
Net revenue from Financial Services	2,409	956	39.7	2,440	987	40.5
Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,050	8	0.8	739	8	1.1
Cost of goods and services	1,423	52	3.7	1,149	89	7.7
Personnel expenses	2,693	38	1.4	2,632	40	1.5
Other operating costs	118	3	2.5	64	1	1.6
Finance costs	39	1	2.6	35	2	5.7
Finance income	62	-	n.a.	53	-	n.a.
<b>Cash flows</b>						
Net cash flow from /(for) operating activities	900	(961)	n.a.	1,998	(1,222)	n.a.
Net cash flow from /(for) investing activities	61	(2)	n.a.	(237)	(18)	7.6
Net cash flow from/(for) financing activities and shareholder transactions	(21)	(270)	1,286	1,427	(260)	n.a.

## Key management personnel

Key management personnel consist of Directors, members of the Board of Statutory Auditors, managers at the first organisational level of the Parent Company and Poste Italiane's manager responsible for financial reporting. The related remuneration, gross of expenses and social security contributions, of such key management personnel as defined above is as follows:

Remuneration of key management personnel (€k)

Description	1H 2021	1H 2020
Remuneration to be paid in short/medium term	7,334	5,248
Post-employment benefits	257	242
Other benefits to be paid in longer term	1,269	309
Share-based payments	2,792	836
<b>Total</b>	<b>11,652</b>	<b>6,635</b>

Remuneration and expenses paid to Auditors (€k)

Name	1H 2021	1H 2020
Remuneration	547	647
Expenses	3	8
<b>Total</b>	<b>550</b>	<b>655</b>

The remuneration paid to members of the Parent Company's Supervisory Board amounts to approximately €50 thousand for the first half of 2021. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

No loans were granted to key management personnel during the period and, at 30 June 2021, Group companies do not report receivables in respect of loans granted to key management personnel.

#### Transactions with staff pension funds

The Parent Company and the subsidiaries that apply the National Collective Labour Agreement are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chairman and Deputy Chairman of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the General Meeting.

## 5. RISK MANAGEMENT

### INTRODUCTION

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The note "Risk management" provides an analysis of the equity and income items subject to financial risks in accordance with IFRS 7 - Financial Instruments: Disclosures), provided in summary form as permitted by IAS 34 - *Interim Financial Reporting*.

### FINANCIAL RISK

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Responsibility for coordinating and managing investment and hedging strategies related to BancoPosta RFC and Poste Italiane has been assigned to BancoPosta Fondi SpA SGR.

Poste Italiane SpA financial activities, related to treasury management, medium-term funding transactions, including capital market transactions, and extraordinary and subsidised finance are the responsibility of the Parent Company's Administration, Finance and Control function.

Management of the Group's financial transactions and of the associated risk profiles relates mainly to the operations of Poste Italiane SpA and the Poste Vita insurance group.

- **Poste Italiane SpA's** financial management primarily relate to BancoPosta's operations, asset financing and liquidity investment.

BancoPosta RFC's operations consist in the active management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties. The funds deposited by private account holders in postal current accounts are invested in euro zone government securities<sup>89</sup>, whilst deposits by Public Administration entities are deposited with the MEF. The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/econometric model that forecasts the interest rates and maturities typical of postal current accounts. Accordingly, the portfolio composition aims to replicate the financial structure of postal current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned model is thus the general reference for the investments, in order to limit exposure to interest rate risk and liquidity risks. The prudential requirements introduced by the third revision of the Bank of Italy Circular Letter 285/2013 require BancoPosta to apply the same regulations applicable to banks in terms of its controls, establishing that its operations are to be conducted in accordance with the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF). BancoPosta RFC is, therefore, required to establish a system of internal controls in line

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<sup>89</sup> The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by Law no. 296 of 27 December 2006, and subsequent amendments provided by the 2015 Stability Law, no. 190 of 23 December 2014). With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so-called "Relaunch Decree") or other transferable tax credits pursuant to current legislation.

with the provisions of Circular Letter 285, which, among other things, requires definition of a Risk Appetite Framework (RAF)<sup>90</sup>, the containment of risks within the limits set by the RAF, protection of the value of assets and against losses, and identification of material transactions to be subject to prior examination by the risk control function.

With regard to the BancoPosta capital structure, it should be noted that on 30 June 2021 the capital increase of €350 million via Additional Tier 1 was completed and, as a result, the leverage ratio rose to 3.1%.

- Financial instruments held by the insurance company, **Poste Vita SpA**, primarily relate to investments designed to cover its contractual obligations to policyholders on traditional life policies and unit-linked policies. Other investments in financial instruments regard investment of the insurance company's free capital.

With regard to Traditional life policies, classified under Class I and V, gains and losses from valuation are attributed in full to policyholders and accounted for in specific technical provisions under the shadow accounting method.

The impact of financial risk on investment performance can be absorbed in full or in part by the insurance provisions. based on the level and structure of the guaranteed minimum returns and the profit-sharing mechanisms of the "separately managed account" for the policyholder. The company determines the sustainability of minimum returns through periodic analyses using an internal financial-actuarial (Asset & Liability Management) model which simulates, for each separately managed account, the change in value of the financial assets and the expected returns under a "central scenario" (based on current financial and commercial assumptions) and under stress and other scenarios based on different sets of assumptions. This model makes it possible to manage the risks assumed by 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 portfolios managed according to the logic of mutual investment funds. The Company constantly monitors the evolution of the risk profile of individual products.

### Fair value interest rate risk

This is the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates.

This refers to the effects of changes in interest rates on the price of fixed rate financial instruments or floating rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components of floating rate financial instruments or fixed rate financial instruments converted to floating rate via fair value hedges. The impact of these effects is directly related to the financial instrument's duration.

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<sup>90</sup> The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits, and risk management policies, together with the processes needed to define and implement them.



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 Poste Vita SpA, for fair value totalling €93,177 million, almost entirely used to cover Class I and V policies linked to separately managed accounts;
- fixed income government securities held by BancoPosta RFC for fair value totalling €40,111 million, which consist of: fixed rate securities amounting to €12,831 million; floating rate securities converted into fixed rate securities via interest rate swaps designated as cash flow hedges, totalling €2,526 million, inflation-linked securities amounting to €1,791 million, and fixed or floating rate securities converted to floating rate positions via fair value hedges amounting to €22,963 million (including €16,708 million in forward starts);
- tax credits, pursuant to Law 77/2020, of BancoPosta RFC with a total fair value of €583 million;
- €19,721 million total fair value in other non-government debt securities held by Poste Vita SpA, used mainly to meet obligations towards policyholders.

**Financial assets at fair value through profit or loss**, which are recognised at risk, are held almost entirely by Poste Vita SpA and are primarily used to cover commitments to policyholders. These relate to a portion of investments in fixed income instruments totalling €2,428 million and the position in *Other investments* consisting mainly of units in mutual funds amounting to €1,630 million.

Within the context of **financial derivatives**, the risk in question primarily concerns:

- forward sales of government securities with a nominal value of €910 million, classified as cash flow hedges, entered into by BancoPosta RFC;
- a derivative contract entered into by the Parent Company to protect cash flows relating to the nominal value €50 million floating rate bond;
- forward sales of government securities with a nominal value of €700 million, classified as fair value hedges and entered into by Poste Vita SpA.

At 30 June 2021, with reference to the interest rate risk exposure determined by the average duration of the portfolios, the duration of BancoPosta overall investments is 5.85. On the other hand, with respect to Class I and Class V policies sold by Poste Vita SpA, the duration of the hedging assets is 7.34, whilst the duration of the liabilities is 9.50. The financial instruments intended to cover the technical provisions for Class III policies have maturities that match those of the liabilities.

### Spread risk

This is the risk of a potential fall in the value of bonds held, following deterioration in the creditworthiness of issuers. This is due to the importance that the impact of the spread of returns on government securities had on the fair value of euro zone government and corporate securities, reflecting the market's perception of the credit rating of issuers.

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 is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning both the fixed and floating rate components. In this latter case, in fact, fair value derivatives, used to convert

floating rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and floating rate instruments.

The first half of 2021 was marked by an increase in Italian government security yields, with the yield on the 10-year Italian government security approaching 0.8% at 30 June 2021. The BTP-Bund spread closed at about 103 bps at 30 June 2021, about 8 bps lower than 31 December 2020.

The performance of the Group's portfolio in the period under review is as follows:

- (i) the portfolio of *Financial assets at fair value through other comprehensive income* held by Poste Italiane SpA (notional amount of approximately €33 billion) has undergone an overall net decrease in fair value of approximately €1.5 billion: this change was partly recognised in the profit or loss for a negative amount of approximately €1.5 billion relating to the change in the fair value of securities hedged against interest rate risk, whilst the positive change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in consolidated equity for approximately €0.05 billion;
- (ii) an overall net decrease of approximately €2.8 billion in the Poste Vita group's *Financial assets at fair value through other comprehensive income* (a notional amount of the fixed income instruments of approximately €99.3 billion), almost entirely passed on to policyholders and recognised in specific technical provisions under the shadow accounting mechanism.

The sensitivity to the spread has been calculated by applying a shift of +/- 100 bps to the yield curve for Italian government bonds.

The table below shows the results of the analysis of sensitivity<sup>91</sup> to spread risk of the most significant positions in the portfolios of both the Parent Company and the Poste Vita group at 30 June 2021.

Poste Italiane SpA - Effect of credit spread on fair value							(€m)
Description	Risk exposure		Change in value		Equity reserves before taxation		
	Nominal	Fair value	+100bps	-100bps	+100bps	-100bps	
<b>2021 effects</b>							
<b>Financial assets</b>							
Financial assets at FVTOCI	32,636	40,111	(4,510)	5,429	(4,510)	5,429	
Fixed income instruments	32,636	40,111	(4,510)	5,429	(4,510)	5,429	
Other investments	-	-	-	-	-	-	
Financial derivatives	475	4	46	(50)	46	(50)	
Cash flow hedges	475	4	46	(50)	46	(50)	
Fair value hedges	-	-	-	-	-	-	
Fair value through profit or loss	-	-	-	-	-	-	
<b>Financial liabilities</b>							
Financial derivatives	435	(1)	39	(43)	39	(43)	
Fair value through profit or loss	-	-	-	-	-	-	
Cash flow hedges	435	(1)	39	(43)	39	(43)	
<b>Variability at 30 June 2021</b>	<b>33,546</b>	<b>40,114</b>	<b>(4,425)</b>	<b>5,336</b>	<b>(4,425)</b>	<b>5,336</b>	

<sup>91</sup> For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of about 10 bps and the spread of the BTP compared to the 10-year swap rate of about 72 bps).

Poste Vita Group - Effect of credit spread on fair value

Description	Risk exposure		Change in value		Effect on deferred liabilities toward policyholders		Profit/(Loss) before tax		Equity reserves before taxation	
	Notional	Fair Value	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>										
<b>Financial assets</b>										
Financial assets at FVTOCI	99,781	113,186	(9,161)	9,161	(9,049)	9,049	-	-	(112)	112
Fixed income instruments	99,281	112,654	(9,148)	9,148	(9,036)	9,036	-	-	(112)	112
Other investments	500	532	(13)	13	(13)	13	-	-	-	-
Financial assets at FVTPL	2,363	4,061	(373)	373	(369)	369	(4)	4	-	-
Fixed income instruments	2,323	2,431	(132)	132	(128)	128	(4)	4	-	-
Other investments*	40	1,630	(241)	241	(241)	241	-	-	-	-
<b>Financial liabilities</b>										
Financial derivatives	700	(1)	33	(33)	33	(33)	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Fair value hedges	700	(1)	33	(33)	33	(33)	-	-	-	-
<b>Variability at 30 June 2021</b>	<b>102,844</b>	<b>117,246</b>	<b>(9,501)</b>	<b>9,501</b>	<b>(9,385)</b>	<b>9,385</b>	<b>(4)</b>	<b>4</b>	<b>(112)</b>	<b>112</b>

For the purposes of full disclosure, a movement in the spread would have no direct accounting effects on financial assets held by the Group and measured at amortised cost, but would only impact unrealised gains and losses. In other words, fixed income securities measured at amortised cost attributable to BancoPosta RFC, which at 30 June 2021 amounted to €33,460 million (nominal value of €28,087 million) and have a fair value of €34,939 million, would be reduced in fair value by approximately €4.4 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Moreover, following an increase in the spread of 100 bps, the fair value of fixed income instruments measured at amortised cost attributable to the Poste Vita group, which at 30 June 2021 amount to €1,879 million and have a fair value of €2,149 million, would be reduced by approximately €166 million, with the change not reflected in the accounts.

### Cash flow interest rate risk

This is defined as the uncertainty related to the generation of future cash flows, due to interest rate fluctuations. It may result from the misalignment - in terms of interest rates, indexation methods and maturities - of financial assets and liabilities that tend to remain in place until their contractual and/or expected maturity (so-called banking book) which, as such, generate economic effects in terms of net interest income, reflecting on the income results of future periods.

The following analysis refers to the uncertainty over future cash flows generated by floating rate instruments and floating rate instruments created through fair value hedges following fluctuations in market interest rates.

With respect to **financial assets**, cash flow interest rate risk primarily relates to:

- a portion of the investment portfolio held by Poste Vita SpA, with a total nominal value of €7,545 million;
- fixed rate government securities held by BancoPosta RFC and swapped into floating rate through fair value hedges, with a total nominal amount of €13,004 million; in addition to an inflation-linked bond issued by the Italian Republic, with a nominal value of €100 million, both of which have been hedged against changes in its fair value;
- receivables totalling €4,044 million, reflecting collateral posted to secure liabilities arising in relation to financial derivatives and repurchase agreements held by BancoPosta RFC;
- investment by the Parent Company of the funds deriving from the current account deposits of Public Administration entities in the following: deposits with the MEF, with a nominal value of €7,662 million.

In relation to **cash and cash equivalents**, cash flow interest rate risk primarily relates to the bank deposits of Poste Italiane SpA and Poste Vita SpA, in addition to amounts deposited by the Parent Company with the MEF and held in the so-called buffer account.

## Credit risk

This is the risk of default of one of the counterparties to which there is an exposure, with the exception of equities and units of mutual funds.

## Exposure to credit risk

With regard to the **financial assets** exposed to this risk and to which the accounting rules governing impairment apply, the following table shows the Poste Italiane Group's exposure at 30 June 2021, relating to financial assets measured at amortised cost and at fair value through other comprehensive income, for which a general deterioration model was used. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

Poste Italiane Group - Credit risk - Ratings (€m)

Description	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
<b>2021 effects</b>									
<b>Financial assets at amortised cost</b>									
Loans	-	-	21	-	-	-			21
Receivables	176	-	11,634	-	-	-			11,810
Fixed income instruments	-	-	32,916	-	-	-			32,916
Other investments	-	-	-	-	-	-			-
<b>Gross carrying amount - Total</b>	<b>176</b>	<b>-</b>	<b>44,571</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>44,747</b>
Provision to cover expected losses	-	-	(36)	-	-	-			(36)
<b>Total amortised cost at 30 June 2021</b>	<b>176</b>	<b>-</b>	<b>44,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>673</b>	<b>2,435</b>	<b>47,819</b>

(€m)

Description	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
<b>2021 effects</b>									
<b>Financial assets at FVTOCI</b>									
Fixed income instruments	2,063	-	129,677	-	2,237	211			134,188
Other investments	-	-	500	-	-	-			500
<b>Gross carrying amount - Total</b>	<b>2,063</b>	<b>-</b>	<b>130,177</b>	<b>-</b>	<b>2,237</b>	<b>211</b>			<b>134,688</b>
<b>Carrying amount - Fair value at 30 June 2021</b>	<b>2,165</b>	<b>-</b>	<b>148,671</b>	<b>-</b>	<b>2,277</b>	<b>217</b>	<b>-</b>	<b>-</b>	<b>153,330</b>

With regard to analysis of the concentration of credit risk by class of financial asset on the basis of counterparty, at 30 June 2021, the Poste Italiane Group is primarily exposed to Sovereign counterparties (gross carrying amount of €156 billion compared with the value of the total portfolio of assets at amortised cost and assets at fair value through other comprehensive income of €179 billion).

## ECL measurement

### Financial assets

At 30 June 2021, estimated expected losses on financial instruments amounted to €36 million for financial instruments at amortised cost and €14 million for financial instruments at fair value through other

comprehensive income. Both provisions decreased by approximately €4 million compared to 31 December 2020, the latter impacted by impairment to account for the increased risk caused by the pandemic.

### Trade receivables

The gross carrying amount of trade receivables subject to analytical valuation amounts to €2,032 million. The related provision to cover expected losses amounted to €359 million, of which €190 million relates to private customers and €134 million to public administrations.

The gross carrying amount of trade receivables, impaired by means of a simplified matrix, was €1,213 million, and the related provision amount to €253 million.

Movements in the expected credit loss provisions for trade receivables (due from customers and the Parent Company) are as follows:

Details of the provision to cover expected losses on trade receivables (€m)

Description	Balance at 31/12/2020	Net provisions	Uses	Change in scope of consolidation	Balance at 30/06/2021
Private customers	294	-	(2)	15	307
Public administration entities	167	3	-	-	170
Overseas postal operators	12	1	-	-	13
	473	4	(2)	15	490
Interest on late payments	71	19	(1)	-	89
Amounts due from the Parent Company	33	-	-	-	33
<b>Total</b>	<b>577</b>	<b>23</b>	<b>(3)</b>	<b>15</b>	<b>612</b>

### Other receivables and assets

Movements in the expected credit loss provisions for other receivables and assets are shown below.

Poste Italiane Group - Movements in Provisions for doubtful debts due from others (€m)

Description	Balance at 01/01/2021	Net provisions	Uses	Balance at 30/06/2021
Interest accrued on IRES refund	46	-	-	46
Public Administration entities for sundry services	1	-	-	1
Receivables relating to fixed-term contract settlements	19	5	-	24
Other receivables	80	18	-	98
<b>Total</b>	<b>146</b>	<b>23</b>	<b>-</b>	<b>169</b>

### Price risk

This is the risk that the value of a financial instrument fluctuates as a result of market price movements, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market.

Price risk relates to financial assets classified as measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL"), and certain financial derivatives where changes in value are recognised in profit or loss.

In relation to **financial assets measured at fair value through profit or loss**, price risk concerns the following:

- investments in units of mutual investment funds held by Poste Vita SpA, with a fair value of €38,315<sup>92</sup> million, including approximately €32,789 million used to cover Class I policies, approximately €5,521 million used to cover Class III policies and a residual amount relating to the free capital;
- equity instruments held by Poste Vita SpA, totalling €203 million, used to cover Class I policies linked to separately managed accounts and to cover Class III policies;
- Visa Incorporated (Series C Convertible Participating Preferred Stock) preference shares held by BancoPosta RFC for a total of €39 million. For the purpose of the sensitivity analysis, the equities are matched with the corresponding amount of the Class A shares, considering the volatility of the shares listed on the NYSE.

In the area of **Financial derivatives**, price risk mainly relates to the forward sale contract for 198,000 of Visa Incorporated ordinary shares entered into by the Parent Company in the first half of 2021.

### Cash flow inflation risk

This is defined as the uncertainty related to future cash flows due to changes in the inflation rates observed in the market.

At 30 June 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, securities totalling €9,825 million are held by Poste Vita SpA and securities totalling €1,638 million by BancoPosta RFC.

### Foreign exchange risk

This is the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency.

The risk in question relates to equities held by the Parent Company and PostePay and units in certain alternative investment funds in which Poste Vita SpA has invested.

At 30 June 2021, the following were exposed to foreign exchange risk:

- Parent Company's equity investments in Visa (\$47 million) and Moneyfarm (£22 million);
- The Postepay investment in Volanté (\$5 million);
- shares in certain funds held by Poste Vita SpA (\$91 million);
- derivative contract on Visa Incorporated ordinary shares entered into by the Parent Company (at 30 June 2021, fair value negative of \$4 million).

The Poste Italiane Group is also subject to translation currency risk, which is the exchange rate risk associated with the conversion into euro of items relating to investments in companies whose functional currency is not the euro. At 30 June 2021, however, a significant change in exchange rates would not have a material impact on the Group's consolidated financial statements.

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<sup>92</sup> Funds with a prevalent bond composition are not subject to price risk and therefore not considered in the analysis.

## Liquidity risk

This is the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments.

In order to face this risk, the Poste Italiane Group applies a financial policy based on diversification of the various forms of short-term and long-term loans and counterparties; availability of relevant credit lines in terms of amounts and the number of banks; gradual and consistent distribution of the maturities of medium/long-term loans; and use of dedicated analytical models to monitor the maturities of assets and liabilities.

At 30 June 2021, unrestricted cash and cash equivalents amounted to €2.6 billion (of which €2.0 billion relating to the Parent Company). The committed and uncommitted credit lines available to the Group and the related uses are summarised in the table below.

(€m)		
Description	Balance at 30/06/2021	Balance at 31/12/2020
<b>Committed credit lines</b>	<b>1,750</b>	<b>1,750</b>
Short-term loans	1,750	1,750
<b>Uncommitted credit lines</b>	<b>2,135</b>	<b>1,893</b>
Short-term loans	1,215	1,017
Current account overdrafts	145	148
Unsecured loans (*)	775	728
<b>Total</b>	<b>3,885</b>	<b>3,643</b>
<b>Committed uses</b>	<b>-</b>	<b>-</b>
Short-term loans	-	-
<b>Uncommitted uses</b>	<b>882</b>	<b>633</b>
Short-term loans	475	250
Unsecured loans	407	383
<b>Total</b>	<b>882</b>	<b>633</b>

(\*) At 30 June 2021, the Parent Company had €636 million in unsecured loans (€620 million at 31 December 2020).

No collateral has been provided to secure the credit lines obtained.

During the first half of 2021, the Parent Company drew down uncommitted credit lines for short-term loans totalling €475 million and repaid ahead of schedule a medium-term loan of €250 million. On 26 January 2021, a new loan of €150 million was also signed with the EIB. The loan disbursed on 21 May 2021 provides interest at a fixed rate of 0.161% and matures on 19 May 2028.

The uncommitted credit lines are also available for overnight transactions entered into by BancoPosta RFC.

In addition, from 26 June 2020, BancoPosta RFC may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €4.25 billion, unused at 30 June 2021.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €903.6 million, and the facility is unused at 30 June 2021.

At 30 June 2021, the Parent Company had an EMTN - Euro Medium Term Note program of €2 billion in place, thanks to which the Group can raise an additional €0.95 billion on the capital market. As part of this programme, in 2013, Poste Italiane placed a 10-year loan of €50 million on the Luxembourg Stock Exchange and in December 2020, it placed two further senior unsecured loans with a total nominal value of €1 billion. The existing credit lines and the loans are adequate to meet financing requirements expected to date.

## 6. DETERMINATION OF FAIR VALUE

### 6.1 Fair value measurement techniques

The Poste Italiane Group has adopted a fair value policy, setting out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance departments of the various Group entities. The general principles for measuring financial instruments at fair value have not changed since 31 December 2020, except for appropriate additions to include models to support the fair value measurement of loans acquired with reference to Law no. 77/2020 described below. These general principles have been identified in compliance with the indications from the reference accounting standards and from the various Regulators (banking and insurance), ensuring uniformity in the valuation techniques adopted within the Group. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the period.

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.

The assets and liabilities concerned (specifically assets and liabilities measured at fair value and measured at cost or amortised cost, for which fair value is required to be disclosed in the notes) are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of 3 levels.

**Level 1:** this level is comprised of fair values determined with reference to unadjusted prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date. For the Poste Italiane Group the following categories of financial instrument apply:

#### **Bonds quoted on active markets:**

- **Bonds issued by EU government bodies or Italian or foreign corporate bonds:** measurement is based on bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Composite Bloomberg Bond Trader) third.
- **Financial liabilities:** measurement is based on the ask prices quoted by CBBT (Composite Bloomberg Bond Trader).

**Equity instruments and ETFs (Exchange Traded Funds) listed on active markets:** the valuation is made considering the price resulting from the last contract traded on the day on the relevant stock exchange.

**Quoted open-end investment funds:** measurement is based on the daily closing market price as provided by Bloomberg or the fund manager. Level 1 bond price quotations incorporate a credit risk component. Exchange



rates published by the European Central Bank are used in determining the value of financial instruments denominated in currencies other than the euro.

**Level 2:** this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability<sup>93</sup>. For the Poste Italiane Group the following categories of financial instrument apply:

**Bonds either quoted on inactive markets or not at all:**

- **Straight Italian and international government and non-government bonds:** valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on spreads determined with reference to quoted and liquid benchmark securities issued by the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component - which considering the features of the bonds included in the portfolio of the Poste Italiane Group relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

**Unquoted equity instruments:** this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount, quoted by primary market counterparties, which represents the implicit cost in the process to align the value of the unquoted shares to the quoted ones.

**Unquoted open-end investment funds:** measurement is based on the latest available NAV (Net Asset Value) as provided by Bloomberg or as determined by the fund manager.

**Financial derivatives:**

- **Interest Rate Swaps:**

**Plain vanilla interest rate swaps:** valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.

**Interest rate swaps with an embedded option:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the financial derivatives held in the Poste Italiane portfolio as an example, the option

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<sup>93</sup> Given the nature of Poste Italiane Group's operations, the observable data used as input to determine the fair value of the various instruments include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.

component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.

- **Bond forwards:** valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.
- **Warrants:** considering the features of the securities held, measurement is based on the local volatility model. In particular, considering that buyback agreements have been entered into with the counterparties that structured these warrants, and that such counterparties use valuation models consistent with those used by the Group, these instruments are measured on the basis of the bid price quoted by the counterparties.
- **Currency forwards:** valuation is based on the differential between the reciprocal currency registered at the measurement date and the reciprocal currency fixed at the trade date.

The financial derivatives held in Poste Italiane's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty's creditworthiness. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by the Poste Italiane Group.

In the rare instances where collateral agreements do not substantially reduce counterparty risk, measurement takes place by discounting to present value the cash flows generated by the securities held as collateral, using as the input a yield curve that reflects the spread applicable to the issuer's credit risk. Alternatively, use is made of fair value to calculate the CVA/DVA (Credit Valuation Adjustment / Debit Valuation Adjustment), in relation to the main technical and financial characteristics of the agreements and the counterparty's probability of default.

**Reverse Repos:** are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

**Fixed rate and floating rate instruments:** measurement is based on discounted cash flow. The counterparty's credit spread is considered through:

- use of the Italian government yield curve or the credit default swap (CDS) of the Italian Republic, in the case of Italian government agencies;
- use of quoted CDS yield curves or, if not available, the adoption of "synthetic" CDS yield curves represented by the counterparty's rating, as constructed starting from the input data observable on the market;
- use of yield curves based on the specific issuer's quoted bond prices.

**Financial liabilities either quoted on inactive markets or not at all:**

- **Straight bonds:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the issuer's credit risk.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component - which considering the features of the bonds included in the

portfolio of the Poste Italiane Group relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

- **Borrowings:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the credit risk.
- **Repurchase agreements:** are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

**Level 3:** this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed, in addition to Level 2 inputs. For the Poste Italiane Group the following categories of financial instrument apply:

**Fixed and floating rate loans:** the measurement is carried out using discounted cash flow techniques. The counterparty's credit spread is set according to best practices, by using the probability of default and transition matrices created by external information providers and loss given default parameters determined by prudential regulations for banks or in accordance with market standards.

**Closed-end unquoted funds:** these include funds that invest mainly in unquoted instruments. Their fair value is determined by considering the latest NAV (Net Asset Value), available at least every six months, reported by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers which occurred between the latest NAV date and the valuation date.

**Investment property (excluding former service accommodation) and inventories of properties held for sale:** the fair value of both investment property and inventories has been determined mainly by discounting to present value the cash flows expected to be generated by the rental agreements and/or proceeds from sales, net of related costs. The process uses a discount rate that considers analytically the risks typical of the property.

**Investment property (former service accommodation):** the value of this investment property is determined on the basis of the applicable law (Law 560 of 24 December 1993), which sets the selling price in case of sale.

**Unquoted equity instruments:** this category includes shares for which no price is observable directly or indirectly in the market. For these types of instruments, fair value is determined by considering the implicit valuation at the time of acquisition, adjusted by value adjustments to take account of any changes in price resulting from significant transactions<sup>94</sup> observable on the market in the 12 months prior to the reporting date. Alternatively, and in the absence of significant transactions, the fair value of the share is determined using alternative methods (verification of financial data that can be inferred from the company's Business Plans if available and analysis of the company's performance, multiple market use, etc.).

**Tax credits Law no. 77/2020:** this category includes credits acquired with reference to the relaunch decree no. 34/2020 (later converted into Law no. 77 of 17 July 2020) for which no directly or indirectly observable market prices are available. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the

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<sup>94</sup> A significant transaction in this context is defined as a minimum investment of €10 million or at least 5% of the share capital of the investee entity over the last twelve months from the reporting date.

yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.

## 6.2 Fair value hierarchy

The following table shows an analysis of financial instruments measured at fair value at 30 June 2021, classified by level in the fair value hierarchy.

Description	30/06/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial assets at FVTOCI	143,323	10,006	131	153,460	146,155	10,480	76	156,711
Equity instruments	-	-	131	131	-	-	76	76
Fixed income instruments	143,323	9,474	-	152,797	146,155	9,940	-	156,095
Other investments	-	532	-	532	-	540	-	540
Financial assets at FVTPL	5,423	32,049	5,181	42,653	4,164	31,572	4,680	40,416
Receivables	-	-	35	35	-	-	15	15
Equity instruments	202	-	40	242	200	38	34	272
Fixed income instruments	2,344	87	-	2,431	1,829	163	-	1,992
Other investments	2,877	31,962	5,106	39,945	2,135	31,371	4,631	38,137
Financial derivatives	-	896	-	896	-	79	-	79
<b>Total</b>	<b>148,746</b>	<b>42,951</b>	<b>5,312</b>	<b>197,009</b>	<b>150,319</b>	<b>42,131</b>	<b>4,756</b>	<b>197,206</b>
<b>Financial liabilities</b>								
Financial liabilities at fair value	-	-	-	-	-	-	-	-
Financial derivatives	-	(5,568)	(4)	(5,572)	-	(8,263)	(20)	(8,283)
<b>Total</b>	<b>-</b>	<b>(5,568)</b>	<b>(4)</b>	<b>(5,572)</b>	<b>-</b>	<b>(8,263)</b>	<b>(20)</b>	<b>(8,283)</b>

The table does not include tax credits pursuant to Law no. 77/2020 measured at fair value through other comprehensive income, the fair value of which at 30 June 2021 was €583 million, and to which level 3 is attributed for the purposes of the fair value hierarchy. For a reconciliation of the opening and closing balance of this item, please refer to Note A10 - Tax credits, Law no. 77/2020.

Transfers between levels 1 and 2, relating entirely to the Poste Vita insurance group, are shown below:

Description	From Level 1 to Level 2		From Level 2 to Level 1	
	Level 1	Level 2	Level 1	Level 2
<b>Transfers of financial assets</b>				
Financial assets at FVTOCI				
Equity instruments	-	-	-	-
Fixed income instruments	(33)	33	541	(541)
Structured bonds	-	-	-	-
Other investments	-	-	-	-
Financial assets at FVTPL				
Receivables	-	-	-	-
Equity instruments	-	-	-	-
Fixed income instruments	(1)	1	84	(84)
Structured bonds	-	-	-	-
Other investments	-	-	-	-
<b>Transfers of financial liabilities</b>				
Financial liabilities at fair value	-	-	-	-
Financial derivatives	-	-	-	-
<b>Net transfers</b>	<b>(34)</b>	<b>34</b>	<b>625</b>	<b>(625)</b>

Reclassifications from level 1 to level 2, totalling €34 million, regard financial instruments whose value, at 30 June 2021, is not observable in a liquid and active market, as defined in the Group's Fair Value Policy. Reclassifications from level 2 to level 1, totalling €625 million, on the other hand, regard financial instruments whose value, at 30 June 2021, is observable in a liquid and active market.

Movements in level 3 during the period are shown below:

Changes in financial instruments - level 3 (€m)				
Description	Financial assets			Total
	Financial assets at FVTOCI	Financial assets at FVTPL	Financial derivatives	
<b>Balance at 1 January 2021</b>	<b>76</b>	<b>4,680</b>	<b>-</b>	<b>4,756</b>
Purchases/Issues	8	531	-	539
Sales/Extinguishment of initial accruals	-	(123)	-	(123)
Redemptions	-	-	-	-
Changes in fair value through profit or loss	-	93	-	93
Changes in fair value through equity	47	-	-	47
Transfers to profit or loss	-	-	-	-
Gains/Losses in profit or loss due to sales	-	-	-	-
Transfers to level 3	-	-	-	-
Transfers to other levels	-	-	-	-
Changes in amortised cost	-	-	-	-
Write-off	-	-	-	-
Other changes (including accruals at end of period)	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>131</b>	<b>5,181</b>	<b>-</b>	<b>5,312</b>

Financial instruments classified in level 3 are held primarily by Poste Vita SpA and, to a residual extent, by Poste Italiane SpA and Postepay SpA.

In the case of the Group's insurance company, instruments in level 3 regard funds that invest primarily in unlisted instruments, whose fair value measurement is based on the latest available NAV (Net Asset Value) as announced by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers and occurring between the latest NAV date and the measurement date. These financial instruments primarily consist of investments in private equity funds and, to a lesser extent, real estate funds associated entirely with Class I products related to separately managed accounts. Movements during the period regard the purchase of new investments, redemptions of units of unquoted close-end funds and changes in fair value during the period.

## 7. PROCEEDINGS PENDING AND PRINCIPAL RELATIONS WITH THE AUTHORITIES

The following information, provided in accordance with accounting standard IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, only covers ongoing proceedings where there have been significant developments during the first half of 2021. Please refer to the 2020 Annual Report for a complete analysis.

### SOCIAL SECURITY DISPUTES

Since 2012, the Istituto Nazionale per la Previdenza Sociale (INPS, the National Institute of Social Security) office at Genoa Ponente has issued **Postel** some payment orders, for a total amount payable of €25.3 million at 30 June 2021. According to INPS, this amount represents social security contributions funding income support, extraordinary income support, unemployment benefit and family benefits not covered by the contributions paid to IPOST. Appeals against these requests were brought before the Court of Genoa.

In a ruling of 1 February 2021, the Court of Genoa cancelled the debit notice (totalling approximately €0.64 million) for the period from December 2012 to April 2015 (excluding July 2014) and ordered INPS to pay Postel the sum of €0.06 million, plus interest at the statutory rate for the difference between the value of the family allowances paid by the Company and the CUAFF contributions claimed. Lastly, with the rulings of 26 May 2021, the Court of Genoa cancelled the debit notices (for a total of approximately €3.1 million) for certain periods between February 2011 and January 2017 and ordered the payment of the lower amounts restated as per the operative part of the rulings for a total of €0.17 million. In particular, the Court held that the mobility contribution was due for the period after October 2015 (and up to December 2016 having then been abolished by law) and deemed the 4.40% rate for CUAFF contributions applicable, referring in this regard to the well-known precedents of the Supreme Court.

Other cases are still pending and are still at the preliminary stage, relating to the appeals filed by Postel against the payment orders for certain periods between May 2009 and December 2020.

Taking into account the judgements, the reasons given for the judgements and the latest appeals brought by INPS, the Company has adjusted its provisions for risks also based on the opinion of its legal advisors.

Provisions recognised in the financial statements at 30 June 2021 amount to €11.28 million.

## PRINCIPAL PROCEEDINGS PENDING AND RELATIONS WITH THE AUTHORITIES

### Autorità Garante della Concorrenza e del Mercato (AGCM - the Italian Antitrust Authority)

On 19 November 2019, the AGCM initiated proceedings **PS11563** against **Poste Italiane** in order to ascertain allegedly unfair commercial practice in the delivery of mail and, in particular, registered mail, in possible violation of articles 20, 21 and 22 of the Consumer Code. In particular, according to some customers: i) the advertised features of the "registered mail delivery" service are not reflected in the service actually provided; ii) the advertising for the "digital registered mail collection" service does not make it clear that the service may no longer be free of charge in the near future and that, in any case, there are restrictions on its use, since it can only be accessed if the sender has authorised it. In January 2020, a number of consumer associations were admitted to the proceedings. At the conclusion of the proceedings, by way of a measure notified on 15 September 2020, the Authority imposed an administrative fine of €5 million, payment of which was made on 5

January 2021. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court, and the hearing was held on 26 May 2021. The Lazio Regional Administrative Court's ruling, which did not uphold the Poste Italiane appeal, was notified to the Council of State on 13 July 2021. In any event, in May, the AGCM acknowledged that Poste had correctly complied with its commitments.

On 6 April 2020, pursuant to art. 9, paragraph 3-bis of Law 192/98 and art. 14 of Law 287/90, the AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. A hearing was held on 8 June 2020 at which Poste Italiane stated its position and, subsequently, the Authority requested the delivery of documentation. The final hearing was held on 3 May 2021, during which Poste Italiane set out its position and presented its defence, and a final decision is now awaited.

#### **Autorità per le Garanzie nelle Comunicazioni (AGCOM - the Italian Communications Authority)**

On 1 July 2021, AGCom Resolution 199/21/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019. In particular, the burden of the universal postal service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established.

On 25 March 2021, **Poste Italiane** paid a fine of €1.06 million, assessed in 2020, for breach of the obligation to provide continuity in the provision of the universal service, in relation to the non-opening of certain post offices, concentrated almost entirely in Trentino Alto Adige, due to the sudden absence of personnel during the period 1 January - 21 February 2020. At 30 June 2021, the provisions made in 2020 had been used in full.

On 17 May 2021, with Notice of Objection **6/21/DSP**, AGCom notified **Poste Italiane** that it had breached its obligation to provide continuity in the provision of the universal service in relation to the failure to open 239 post offices on 28 December 2019 and 4 January 2020 (a total of 328 days), without notifying the 42 municipalities concerned and users. However, in December 2019, Poste Italiane had previously notified the Authority of the closures that are the subject of the proceedings under review. After engaging in specific discussions with Poste and carrying out an in-depth investigation, which was completed on 8 October 2020, Poste expressly ruled out the possibility of these closures giving rise to specific objections. Following the launch of a further pre-investigation, aimed at verifying the information provided to the mayors and users of the 42 municipalities concerned, the Authority notified the above notice of objection, against which, on 16 June 2021, Poste Italiane submitted its defence briefs, which were set out at the hearing held on 21 July 2021. In light of the value of the obligation indicated in the deed of objection, as well as the maximum penalties paid in previous proceedings by the Authority for similar cases, the maximum amount of the administrative pecuniary sanction, at the conclusion

of the preliminary investigation procedure, could be equal to €3.28 million. At 30 June 2021, the Company has taken into account the penalty in the determination of the Provisions for risks and charges.

### Bank of Italy

In January 2021, the Bank of Italy requested information regarding the closure of the Online Trading service with particular reference to the reasons and methods of communication to customers. The feedback was provided on 25 March 2021.

In February 2021, the Bank of Italy launched a fact-finding investigation concerning the technological innovations adopted by financial intermediaries "Fintech Survey 2021", with a focus both on investments and collaborations with fintech companies, and on the holding of crypto-assets. The investigation was also launched into the subsidiary, PostePay SpA, with which feedback was provided. The feedback was provided on 23 April 2021.

On 30 March 2021, the Bank of Italy sent BancoPosta and its subsidiary, PostePay SpA, a note requesting further information on the actions underway to manage IT risk, focusing on certain areas for improvement identified in the note. The feedback was provided on 1 June 2021.

### CONSOB

In March 2021, Consob launched a survey concerning the provision of cryptocurrency services by intermediaries, with a focus on investments/financial instruments with underlying cryptocurrencies placed on behalf of customers together with any project activities planned on the matter over the next three years. The feedback was provided on 19 April 2021.

Again in March 2021, Consob requested information on reports by customers of delays in the execution of transactions to transfer securities to other intermediaries, with evidence of complaints relating to the case in question, any anomalies identified in the process in question and, finally, the Compliance function's assessment of the matter, together with the controls carried out. The feedback was provided on 22 April 2021.

In May 2021, Consob sent a technical note with the results of the inspections conducted by the Authority from January to October 2020, with particular reference to the following areas: i) product governance; ii) procedures for assessing adequacy; iii) training of sales network personnel. A meeting was held with the Authority on 15 June 2021 at which a specific response note was requested to be prepared and sent on 16 July 2021.

### IVASS - Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

On 19 February 2020, IVASS notified **Poste Vita** of a complaint concerning the alleged delay in the liquidation of life insurance policies. The Company filed its defence briefs, the filing deadline for which, set at 60 days from the date of notification, was suspended from 23 February to 15 April 2020 and further extended to 15 May 2020 due to the entry into force of Law Decree no. 23 of 8 April 2020, published in the Official Journal no. 94 of 8 April 2020. Subsequently, on 14 April 2021, IVASS notified Poste Vita of its decision to settle the proceedings and impose a minimum fine of €0.03 million on the company. The company paid this amount on time and closed the position.



On 25 August 2020 and 24 February 2021, IVASS notified Poste Vita of two further complaints, both regarding alleged delays in the payment of life insurance policies. The Company filed within the deadline its defence briefs in connection with these two proceedings, which are the only ones pending as of 30 June 2021.

On 4 May 2021, following a meeting held on 12 April, with reference to the processes in place to support the management of dormant policies, IVASS sent Poste Vita and Poste Italiane - BancoPosta RFC a communication requesting them to submit, within 60 days, an action plan setting out the initiatives that the companies intend to adopt to improve the above processes. At the request of the Authority, the related plan, accompanied by the assessments of the Compliance and Internal Audit functions, was approved by the Board of Directors on 24 June 2021 and sent on 2 July 2021.

On 14 December 2020, IVASS launched an ordinary inspection to assess the governance, management and control of investments and financial risks of Poste Vita SpA. The inspection was completed during the first half of 2021 and the results were brought to the attention of the subsidiary's Board of Directors at their meeting on 26 July 2021. 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, the Company's Board of Directors had already approved a targeted action plan aimed at overcoming them. The aforementioned Plan is subject to periodic monitoring by the Company's control functions and may be subject to amendments and additions in view of recent inspection findings. With regard to some of the aforesaid findings, IVASS identified violations of articles 30 bis, 30 ter, 37 ter and 183 of Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. The Company shall, within the time limits envisaged by the regulations, present defence briefs in support of the correctness of its actions. In relation to the above, no significant elements have emerged that need to be considered in the condensed consolidated half-year financial statements.

On 1 March 2021, IVASS commenced an ordinary anti-money laundering inspection of Poste Vita and the intermediary, BancoPosta. The results of the inspection will probably be presented to the Company in September. Poste Vita is, however, already considering the adoption of certain initiatives, taking into account the information received from the Authority during the inspection.

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, the activities of which are still ongoing.

### **Garante per la protezione dei dati personali (the Data Protection Authority)**

On 15 January 2014, at the end of an investigation launched in 2009, the Authority imposed a fine of €0.34 million on **Postel**, which the Company accounted for in its financial statements for 2013. Postel has appealed against this provision, which has been partially upheld by the Court of Rome. In the subsequent proceedings before the Court of Cassation the penalty of €0.34 million was confirmed. Following this order, the Data Protection Authority did not take steps to resume proceedings before the Court, so the proceedings relating to the application of the additional penalty that could hypothetically be imposed can be considered definitively concluded.

### Other proceedings

Federconsumatori, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

The first appearance hearing to consider admissibility is currently scheduled for 21 September 2021.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.

On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were time-barred, and contested the merits of the proposed claim.

## 8. MATERIAL NON-RECURRING EVENTS AND/OR TRANSACTIONS

Under the definition provided by CONSOB ruling DEM/6064293 of 28 July 2006, the Poste Italiane Group has not been a party to material non-recurring events and transactions<sup>95</sup> in the first half of 2021.

## 9. EXCEPTIONAL AND/OR UNUSUAL TRANSACTIONS

Under the definition provided by the CONSOB ruling of 28 July 2006, the Poste Italiane Group did not conclude any exceptional and/or unusual transactions<sup>96</sup> in the first half of 2021.

## 10. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The events that occurred after the reporting date are described below. For a complete description of these events, please refer to paragraph 3.1 - Principal corporate actions.

- *BNL Finance ("Financit")*

On 23 December 2020, Poste Italiane SpA and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans secured by the assignment of one-fifth of salary or pensions ("CQ Credits"). The framework agreement calls for Poste Italiane to acquire a 40% equity investment in BNL Finance, a BNL Gruppo BNP Paribas company that is a leader in the CQ Credits market.

The closing of the transaction was completed on 1 July 2021 following the authorisations received from the Supervisory Authorities and the completion of the demerger by BNL Finance in favour of its parent, BNL S.p.A.,

<sup>95</sup> Events and transactions are defined as such when their occurrence is non-recurring, being transactions or events that do not recur frequently in the ordinary course of business.

<sup>96</sup> Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.

Also with effect from 1 July 2021, BNL Finance S.p.A. changed its name to Financit S.p.A..

- *Eurizon Capital Real Asset SGR ("ECRA")*

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements to acquire 40% of the share capital of Eurizon Capital Real Asset SGR S.p.A. ("ECRA"), a company specialising in investments in support of the real economy controlled by Eurizon, which currently has assets under management of approximately €3.4 billion. Poste Vita will also entrust ECRA with a mandate worth €2.5 billion, thus gaining access to a global platform that will enable it to develop an integrated management model over the entire life cycle of the investment. The transaction is expected to close by the end of the year, once the regulatory authorities have given their approval. It should be noted that upon completion of the transaction ECRA will continue to be controlled and consolidated by Eurizon.

- *Replica SIM S.p.A. ("Replica")*

On 29 July 2021, following authorisation from the Bank of Italy, Poste Italiane subscribed a capital increase in Replica SIM S.p.A. ("Replica" or the "SIM") becoming the owner of 45% of the company's capital. Replica operates in the brokerage sector on its own and on behalf of third parties and in asset management as an investment manager and execution broker for the management of some investment funds. The funds deriving from the capital increase will allow the SIM to operate in the MTS institutional market (Electronic Market for Government Securities).

- *Inflows from private customers into postal current accounts*

The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by Law no. 296 of 27 December 2006, and subsequent amendments provided by the 2015 Stability Law, no. 190 of 23 December 2014). With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so-called "Relaunch Decree") or other transferable tax credits pursuant to current legislation.

## 11. ADDITIONAL INFORMATION

### Net debt/(funds)

The following table provides an analysis of the Poste Italiane Group's net debt/(funds) at 30 June 2021.

#### Poste Italiane Group

Net debt/(funds) at 30 June 2021							
(€m)							
Balance at 30/06/2021	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
<b>Financial liabilities</b>	<b>4,670</b>	<b>92,374</b>	<b>304</b>	<b>8,417</b>	<b>(10,565)</b>	<b>95,200</b>	
Financial liabilities at amortised cost	3,486	78,618	51	8,038	(612)	89,581	3,712
Payables deriving from postal current accounts	-	62,099	-	-	(62)	61,487	1
Bonds	1,048	-	-	-	-	1,048	-
Amounts due to financial institutions	199	10,910	-	-	-	11,109	370
Other borrowings	-	-	-	-	-	-	-
Lease payables	126	-	20	-	-	146	7
MEF account, held at the Treasury	-	3,334	-	-	-	3,334	3,334
Other financial liabilities	23	2,275	31	8,038	-	10,367	-
Financial liabilities at FVTPL	47	-	-	-	-	47	-
Financial liabilities for purchase of non-controlling interests	47	-	-	-	-	47	-
Financial derivatives	5	5,566	1	-	-	5,572	151
Intersegment financial liabilities	1,132	8,190	252	379	(9,953)	-	-
<b>Technical provisions for insurance business</b>	<b>-</b>	<b>-</b>	<b>156,484</b>	<b>-</b>	<b>-</b>	<b>156,484</b>	<b>-</b>
<b>Financial assets</b>	<b>(899)</b>	<b>(87,261)</b>	<b>(157,862)</b>	<b>(8,749)</b>	<b>9,943</b>	<b>(244,828)</b>	
Financial instruments at amortised cost	(59)	(45,694)	(1,900)	(166)	-	(47,819)	(11,061)
Financial instruments at FVTOCI	(50)	(40,143)	(113,186)	(81)	-	(153,460)	(532)
Financial instruments at FVTPL	-	(39)	(42,614)	-	-	(42,653)	(23)
Financial derivatives	(3)	(893)	-	-	-	(896)	34
Intersegment financial assets	(787)	(492)	(162)	(8,502)	9,943	-	-
<b>Tax credits Law no. 77/2020</b>	<b>(466)</b>	<b>(1,045)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,511)</b>	<b>-</b>
<b>Technical provisions attributable to reinsurers</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>-</b>
<b>Net debt/(net financial surplus)</b>	<b>3,305</b>	<b>4,068</b>	<b>(1,126)</b>	<b>(332)</b>	<b>(622)</b>	<b>5,293</b>	
<b>Cash and deposits attributable to BancoPosta</b>	<b>-</b>	<b>(7,071)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,071)</b>	<b>-</b>
<b>Cash and cash equivalents</b>	<b>(2,103)</b>	<b>(2,015)</b>	<b>(1,918)</b>	<b>(32)</b>	<b>612</b>	<b>(5,456)</b>	<b>(1,991)</b>
<b>Net debt/(funds)</b>	<b>1,202</b>	<b>(5,018)</b>	<b>(3,044)</b>	<b>(364)</b>	<b>(10)</b>	<b>(7,234)</b>	

#### Net debt/(funds) at 31 December 2020

Net debt/(funds) at 31 December 2020							
(€m)							
Balance at 31/12/2020	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
<b>Financial liabilities</b>	<b>5,438</b>	<b>95,295</b>	<b>304</b>	<b>7,459</b>	<b>(10,266)</b>	<b>98,230</b>	
Financial liabilities at amortised cost	3,757	79,756	41	7,085	(738)	89,901	4,379
Payables deriving from postal current accounts	-	59,548	-	-	(738)	58,810	1
Bonds	1,046	-	-	-	-	1,046	-
Amounts due to financial institutions	1,488	14,347	-	-	-	15,835	-
Other borrowings	-	-	-	-	-	-	-
Lease payables	1,211	-	24	-	-	1,235	7
MEF account, held at the Treasury	-	3,588	-	-	-	3,588	3,588
Other financial liabilities	12	2,273	17	7,085	-	9,387	783
Financial liabilities at FVTPL	46	-	-	-	-	46	-
Financial liabilities for purchase of non-controlling interests	46	-	-	-	-	46	-
Financial derivatives	10	8,263	10	-	-	8,283	234
Intersegment financial liabilities	1,625	7,276	253	374	(9,528)	-	-
<b>Technical provisions for insurance business</b>	<b>-</b>	<b>-</b>	<b>153,794</b>	<b>-</b>	<b>-</b>	<b>153,794</b>	<b>-</b>
<b>Financial assets</b>	<b>(1,310)</b>	<b>(92,385)</b>	<b>(155,953)</b>	<b>(7,753)</b>	<b>9,518</b>	<b>(247,883)</b>	
Financial instruments at amortised cost	(75)	(48,590)	(1,879)	(133)	-	(50,677)	(10,934)
Financial instruments at FVTOCI	(447)	(42,671)	(113,557)	(36)	-	(156,711)	(540)
Financial instruments at FVTPL	-	(72)	(40,344)	-	-	(40,416)	(22)
Financial derivatives	-	(79)	-	-	-	(79)	-
Intersegment financial assets	(788)	(973)	(173)	(7,584)	9,518	-	-
<b>Tax credits Law no. 77/2020</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>
<b>Technical provisions attributable to reinsurers</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>
<b>Net debt/(net financial surplus)</b>	<b>4,093</b>	<b>2,910</b>	<b>(1,909)</b>	<b>(294)</b>	<b>(748)</b>	<b>4,052</b>	
<b>Cash and deposits attributable to BancoPosta</b>	<b>-</b>	<b>(6,391)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,391)</b>	<b>-</b>
<b>Cash and cash equivalents</b>	<b>(2,254)</b>	<b>(2,020)</b>	<b>(964)</b>	<b>(16)</b>	<b>738</b>	<b>(4,516)</b>	<b>(1,992)</b>
<b>Net debt/(funds)</b>	<b>1,839</b>	<b>(5,501)</b>	<b>(2,873)</b>	<b>(310)</b>	<b>(10)</b>	<b>(6,855)</b>	

Total net debt/(funds) at 30 June 2021 showed funds of €7,234 million, up €379 million from 31 December 2020 (funds of €6,855 million). This change was made possible by the profit for the period (€773 million) and the issuance of the perpetual hybrid bond (€794 million), offset in part by a negative change in working capital (over

€300 million), investments (€308 million) and a final dividend distribution (€421 million). In addition, the change also includes the negative effects arising from the acquisition of Nexive and Sengi for a total of €61 million and the increase in financial lease liabilities (mainly for new contracts, renewals and contractual changes) for €109 million.

Furthermore, it should be noted that the Net debt/(funds) includes Tax Credits whose value at 30 June 2021 was €1,511 million. Although these receivables derive from business activities and are classified in the financial statements under other assets, in order to improve the representation of the indicator in question, they have been assimilated to financial assets.

An analysis of the Net debt/(funds) of the Mail, Parcels and Distribution segment at 30 June 2021, in accordance with ESMA recommendation 32-382-1138, is provided below:

Financial indebtedness ESMA			(€m)
	At 30 June 2021	At 31 December 2020	
A. Cash	(2,103)	(2,254)	
B. Cash equivalents	-	-	
C. Other current financial assets	(36)	(425)	
<b>D. Liquidity (A+B+C)</b>	<b>(2,139)</b>	<b>(2,679)</b>	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	716	894	
F. Current portion of non-current financial debt	1	-	
<b>G. Current financial indebtedness (E+F)</b>	<b>717</b>	<b>894</b>	
<b>H. Net current financial indebtedness (G + D)</b>	<b>(1,422)</b>	<b>(1,785)</b>	
I. Non-current financial debt (excluding current portion and debt instruments)	1,774	1,873	
J. Debt instruments	1,047	1,046	
K. Non-current trade and other payables	25	25	
<b>L. Non-current financial indebtedness (I + J + K)</b>	<b>2,846</b>	<b>2,944</b>	
<b>M. Total financial indebtedness (H + L)</b>	<b>1,424</b>	<b>1,159</b>	
Reconciliation of financial indebtedness ESMA			(€m)
	At 30 June 2021	At 31 December 2020	
<b>M. Total financial indebtedness (H + L)</b>	<b>1,424</b>	<b>1,159</b>	
Non-current financial assets	(76)	(98)	
K. Non-current trade and other payables	(25)	(25)	
Tax credits Law no. 77/2020	(466)	(35)	
<b>Net debt/(funds)</b>	<b>857</b>	<b>1,001</b>	
Intersegment financial receivables and borrowings	345	838	
<b>Net debt/(funds) including intersegment transactions</b>	<b>1,202</b>	<b>1,839</b>	

In compliance with the requirements of ESMA Guidelines 32-382-1138, indirect debt or debt subject to conditions<sup>97</sup> of the Mail, Parcels and Distribution Sector at 30 June 2021 includes the current portion of the provisions for early retirement incentives and the provisions for staff expenses of €571 million, the financial quantification of which is still uncertain, liabilities to employees for termination benefits and incentive plans measured under IAS 19 totalling €1,073 million, short-term commitments to purchase property, plant and

<sup>97</sup> Based on the definition provided in these Guidelines, indirect or conditional debt is defined as:

- material obligation that has not been directly recognised, but which the Sector may have to satisfy under certain circumstances;
- the maximum total amount due in respect of any obligation that has arisen in respect of the Sector, but for which the final amount has not yet been determined with certainty, irrespective of the likely actual amount due under that obligation.

equipment and intangibles totalling €157 million and commitments under leases excluded from the scope of IFRS 16 amounting to €34 million.

## EXPOSURE TO SOVEREIGN DEBT

With regard to financial assets, as required by Communication DEM/11070007 of 28 July 2011, implementing Document 2011/266 published by the European Securities and Markets Authority (ESMA) and later amendments, the Group's exposure to sovereign debt at 30 June 2021 is shown in the table below.

Poste Italiane Group - Exposure to sovereign debt securities (€m)						
Description	30/06/2021			31/12/2020		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
<b>Italy</b>	<b>138,485</b>	<b>162,896</b>	<b>164,497</b>	<b>136,818</b>	<b>166,952</b>	<b>168,620</b>
Financial assets at amortised cost	26,870	32,081	33,682	24,929	31,791	33,459
Financial assets at FVTOCI	111,602	130,799	130,799	111,842	135,111	135,111
Financial assets at FVTPL	13	16	16	47	50	50
<b>Belgium</b>	<b>132</b>	<b>152</b>	<b>152</b>	<b>132</b>	<b>162</b>	<b>162</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	132	152	152	132	162	162
Financial assets at FVTPL	-	-	-	-	-	-
<b>France</b>	<b>151</b>	<b>201</b>	<b>201</b>	<b>151</b>	<b>229</b>	<b>229</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	151	201	201	151	229	229
Financial assets at FVTPL	-	-	-	-	-	-
<b>Germany</b>	<b>165</b>	<b>187</b>	<b>187</b>	<b>242</b>	<b>272</b>	<b>272</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	165	187	187	242	272	272
Financial assets at FVTPL	-	-	-	-	-	-
<b>Ireland</b>	<b>10</b>	<b>13</b>	<b>13</b>	<b>10</b>	<b>14</b>	<b>14</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	10	13	13	10	14	14
Financial assets at FVTPL	-	-	-	-	-	-
<b>Spain</b>	<b>1,271</b>	<b>1,878</b>	<b>1,879</b>	<b>1,230</b>	<b>2,001</b>	<b>2,002</b>
Financial assets at amortised cost	3	3	4	3	3	4
Financial assets at FVTOCI	1,268	1,875	1,875	1,227	1,998	1,998
Financial assets at FVTPL	-	-	-	-	-	-
<b>USA</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>25</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	25	24	24	25	25	25
Financial assets at FVTPL	-	-	-	-	-	-
<b>Other countries</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>83</b>	<b>84</b>	<b>84</b>
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	149	149	149	83	84	84
Financial assets at FVTPL	-	-	-	-	-	-
<b>Total</b>	<b>140,388</b>	<b>165,500</b>	<b>167,102</b>	<b>138,691</b>	<b>169,739</b>	<b>171,408</b>

## UNCONSOLIDATED STRUCTURED ENTITIES

In order to make investments as consistent as possible with the risk/return profiles of the policies issued, ensuring management flexibility and efficiency, Poste Vita SpA has purchased over 50% of the assets managed by certain investment funds. In these cases, tests have been performed in keeping with IFRS to determine the existence of control. The results of the tests on such funds suggest that the company does not exercise any control within the meaning of IFRS 10 - *Consolidated Financial Statements*. However, these Funds fall within the definition of unconsolidated structured entities: a structured entity is an entity designed in such a way as not to make voting rights the key factor in determining control over it, as in the case where voting rights refer solely to administrative activities and the relevant operations are managed on the basis of contractual arrangements.

Nature of the involvement in the unconsolidated structured entity

(€m)

ISIN - Name	Nature of entity	Activity of the Fund	% investment	NAV	
				Ref. date	Amount
LU1379774190 - MULTIFLEX-DIVERSIFIED DIS-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	6,028
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	5,106
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	4,904
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	4,335
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	4,188
LU1808839242 - MULTIFLEX-OLYMP INSURN MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	919
LU1500341240 - MULTIFLEX-LT OPTIMAL M/A-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	898
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	621
LU1500341752 - MULTIFLEX-DYNAMIC LT M/A-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	574
LU2051218035 - OLYMPIUM SEVERUM FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	490
IT0004937691 - PRIMA HEDGE PLATINUM GROWTH ISIN IE00BK1KDS71	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100	31/05/2021	468
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated	100	31/03/2021	389
QU0006744795 - Prima European Direct Lending 1 Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/03/2021	388
LU1500341166 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2021	313
QU0006738052 - Prima EU Private Debt Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/03/2021	365
IT0005247819 - Diamond Core	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect	100	31/12/2020	278
IT0005386666 - i3-Dante Fund Convivio sub-fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/12/2020	259
QU0006746865 - ALC Prima European Private Credit Feeder Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/03/2021	195
QU0006745081 - Prima Real Estate Europe Fund I	Open-end harmonised UCITS	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	100	31/03/2021	173
IT0005212193 - DIAMOND ITALIAN PROPERTIES	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect	100	31/12/2020	158
QU0006738854 - Prima Credit Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/05/2021	146
IT0005215113 - CBRE DIAMOND FUND	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real estate rights, including those deriving from real estate lease contracts, in any case carried out without particular geographical location constraints but in any case in Italy	100	31/03/2021	166
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/03/2021	137
IT0005210593 - DIAMOND OTHER SECTOR ITALY	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and the professional management and development of the fund's assets	100	31/12/2020	106
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for office use, located in the Eurozone and euro-denominated	100	31/03/2021	98
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	31/05/2021	82
LU1081427665 - SHOPPING PROPERTY FUND 2	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" properties located in the central areas of the main Italian cities, starting with Rome and Milan	65	31/03/2021	67
IT0004597396 - ADVANCE CAPITAL ENERGY FUND	Closed-end non-harmonised fund of funds	Investments in energy companies to achieve capital appreciation and realise relevant gains, after exit	86	31/03/2021	16

## Nature of the involvement in the unconsolidated structured entity

The entities primarily regard open-end harmonised funds that invest in a mix of assets, such as corporate bonds, government bonds and equities, and closed-end real estate funds that invest in property and property rights. Certain details are provided below.

Risk nature

						(€m)
ISIN - Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum exposure	Method to determine maximum loss exposure	
LU1379774190 - MULTIFLEX-DIVERSIFIED DIS-CM	Financial assets at FVTPL	6,028	931	5,097	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	Financial assets at FVTPL	5,106	729	4,376	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	Financial assets at FVTPL	4,904	912	3,992	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	Financial assets at FVTPL	4,335	660	3,676	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Financial assets at FVTPL	4,188	595	3,593	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1808839242 - MULTIFLEX-OLYMP INSURN MA-CM	Financial assets at FVTPL	919	188	732	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1500341240 - MULTIFLEX-LT OPTIMAL M/A-CM	Financial assets at FVTPL	898	203	695	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	Financial assets at FVTPL	621	141	481	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU1500341752 - MULTIFLEX-DYNAMIC LT M/A-CM	Financial assets at FVTPL	574	70	504	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
LU2051218035 - OLYMPIUM SEVERUM FUND	Financial assets at FVTPL	490	70	420	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0004937691 - PRIMA HEDGE PLATINUM GROWTH ISIN IE00BK1KDS71	Financial assets at FVTPL	468	57	411	99% VaR provided by the manager	
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	Financial assets at FVTPL	389	171	218	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006744795 - Prima European Direct Lending 1 Fund	Financial assets at FVTPL	388	94	295	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
LU1500341166 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Financial assets at FVTPL	313	30	284	Annual VaR at 99.5% over a time horizon of 5 years and a half-life of 1 year	
IT0005247819 - Diamond Core	Financial assets at FVTPL	278	91	187	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006738052 - Prima EU Private Debt Opportunity Fund	Financial assets at FVTPL	365	49	316	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0005386666 - i3-Dante Fund Convivio sub-fund	Financial assets at FVTPL	259	65	194	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006746865 - ALC Prima European Private Credit Feeder Fund	Financial assets at FVTPL	195	27	169	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006745081 - Prima Real Estate Europe Fund I	Financial assets at FVTPL	173	79	94	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0005212193 - DIAMOND ITALIAN PROPERTIES	Financial assets at FVTPL	158	48	111	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006738854 - Prima Credit Opportunity Fund	Financial assets at FVTPL	146	67	79	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0005215113 - CBRE DIAMOND FUND	Financial assets at FVTPL	166	60	106	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	Financial assets at FVTPL	137	84	53	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0005210593 - DIAMOND OTHER SECTOR ITALY	Financial assets at FVTPL	106	33	73	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	Financial assets at FVTPL	98	35	63	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
LU1581282842 - Indaco SICAV SIF - Indaco CFC US Loan	Financial assets at FVTPL	82	30	52	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
LU1081427665 - SHOPPING PROPERTY FUND 2	Financial assets at FVTPL	44	20	24	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	
IT0004587396 - ADVANCE CAPITAL ENERGY FUND	Financial assets at FVTPL	14	8	6	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets	



## Risk nature

The company's investments in the funds in question are reported at fair value through profit or loss (mainly level 2 of the fair value hierarchy), on the basis of the NAV reported from time to time by the fund manager. These investments were made in connection with Class I policies and, as such, any changes in fair value are passed on to the policyholder under the shadow accounting mechanism.

## Asset class and reference markets relative to NAVs

(€m)	
Asset class	Fair Value
<b>Financial instruments</b>	
Corporate bonds	15,252
Government bonds	8,632
Other investments net of liabilities	3,750
Equity instruments	1,716
Cash	2,744
<b>Financial derivatives</b>	
Swaps	11
Futures	(152)
Forwards	(86)
<b>Total</b>	<b>31,867</b>

(€m)	
Market traded on and UCITS	Fair Value
Germany (Frankfurt, Berlin, Munich)	4,748
Dublin	1,989
New York	3,150
Trace	4,421
London	2,127
Paris	464
Euronext	1,361
Tokyo	906
Singapore	870
Euromtf	394
Luxembourg	278
Eurotlx	381
Hong Kong	358
Other	7,912
Funds	2,508
<b>Total</b>	<b>31,867</b>

## SHARE-BASED PAYMENT ARRANGEMENTS

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### LONG-TERM INCENTIVE SCHEME: PHANTOM STOCK PLAN

The General Meeting of Shareholders of Poste Italiane SpA held on 24 May 2016 approved the information circular for the "Long-term Incentive Plan for 2016-2018 (LTIP) - Phantom Stock Plan", prepared in accordance with art 84-bis of Issuer Regulations. The LTIP, set up in line with market practices, aims to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term. The valuations were carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of each Plan.

#### Determination of fair value and effects on profit or loss

##### *First Cycle 2016-2018*

The First Cycle of the "Phantom Stock Plan LTIP" (2016-2018) vested in 2018 and the cash value of the units has been fully paid out in previous years.

##### *Second Cycle 2017-2019*

Following the one-year retention period to which the 207,320 Phantom Stocks resulting from the finalisation of the Plan that matured in 2019 were subject, the cash value of the units disbursed in the first half corresponding to 163,296 Phantom Stocks is approximately €1.7 million. The cost recognised in the period was approximately €0.4 million. Poste Vita will proceed with payment of the remaining 44,024 Phantom Stocks, representing a liability of approximately €0.4 million, in line with the timing envisaged in the relevant IVASS recommendations.

##### *Third Cycle 2018-2020*

Also the Third Cycle of the "Phantom Stock LTIP", awarded in 2018 (2018-2020), vested in 2020. The final number of phantom stocks awarded under the Plan totals 734,566, including 178,020 stocks subject to a one-year retention period. The cash value of the stocks granted in the first half was approximately €5.8 million. The cost recognised in the period was approximately €1.9 million, whilst the liability recognised in amounts due to staff was approximately €2 million.

## LONG-TERM INCENTIVE SCHEME: PERFORMANCE SHARE PLAN

The General Meeting of Shareholders of Poste Italiane SpA held on 28 May 2019 approved the information circular for the "Equity-based incentive plan (ILT) - Performance Share Plan", prepared in accordance with art 84-bis of Issuer Regulations with reference to the performance periods 2019-2021 and 2020-2022.

The General Meeting of Shareholders of Poste Italiane SpA held on 28 May 2021 approved the information circular for the "Equity-based incentive plan (ILT) - 2021-2023 Performance Share Plan", prepared in accordance with art 84-bis of Issuer Regulations with reference to the performance period 2021-2023.

These incentive schemes aim to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term. The valuations were carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of each Plan.

### Determination of fair value and effects on profit or loss

#### *First Cycle 2019-2021*

The total number of Rights to receive Shares assigned for the First Cycle of the Plan concerns 106 Beneficiaries and was 632,679 units, whose unit fair value at the grant date (28 May 2019 for the General Manager and 7 October 2019 for the BP Beneficiaries and Other Beneficiaries) was €6.19, €8.29 and €8.88, respectively. The cost recognised in the first half of 2021 was approximately €1 million, whilst the specific equity reserve was approximately €5 million. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

#### *Second Cycle 2020-2022*

The total number of Rights to receive Shares assigned for the Second Cycle of the Plan concerns 118 Beneficiaries and was 966,729 units, whose unit fair value at the grant date (5 March 2020 for the General Manager and 12 November 2020 for the BP Beneficiaries and Other Beneficiaries) was €5.42, €3.91 and €4.64, respectively. The cost recognised in the period 2021 was approximately €1.2 million, whilst the specific equity reserve was approximately €2.7 million. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

#### *2021-2023 Plan*

The total number of Rights to receive Shares assigned for the Second Cycle of the Plan concerns 144 Beneficiaries and was 1,049,574 units, whose unit fair value at the grant date (28 May 2021 for the General Manager, BP Beneficiaries and Other Beneficiaries) was respectively €8.23 for the first two categories and €9.22 for the last one. The cost recognised for 2021 was approximately €1.3 million, equivalent to the equity reserve specifically created. The unit fair value of each Right at the valuation date is equal to its nominal value

at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

### **LONG-TERM INCENTIVE SCHEMES: STOCK OPTIONS**

The MLK delivery long-term incentive scheme, which was approved by the subsidiary's Board of Directors on 10 December 2020, provides for the grant, free of charge, of a maximum number of stock options that entitle holders to subscribe for class Z shares of MLK delivery, i.e., shares issued to service the Plan without dividend and voting rights. The Plan has a total duration of five years and will end with the assignment of all stock options; the valuations were carried out with the support of an external expert.

The cost recognised in the first half of 2021 was approximately €0.3 million, whilst the specific equity reserve was approximately €0.6 million.

### **SHORT-TERM INCENTIVE SCHEMES: MBO**

On 27 May 2014, the Bank of Italy issued specific Supervisory Provisions for BancoPosta (Part IV, Chapter I, "BancoPosta" including in Circular Letter no. 285 of 17 December 2013 "Prudential supervisory provisions for banks") which, in taking into account BancoPosta's specific organisational and operational aspects, has extended application of the prudential standards for banks to include BancoPosta and Poste Italiane SpA. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices" in the above Circular Letter no. 285). These standards provide that a part of the bonuses paid to BancoPosta RFC Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe.

#### **Determination of fair value and effects on profit or loss**

At 30 June 2021, the number of Phantom Stocks relating to the 2017 and 2018 MBO short-term incentive plans in place was 93,016, relating mainly to personnel employed by the Parent Company. During the reporting half-year, a cost of approximately €0.5 million was recognised, payments of €0.8 million were made and the liability recognised amounted to approximately €1 million.

At 30 June 2021, the number of Rights to receive Shares deriving from the MBO 2019 and MBO 2020 short-term incentive plans was 55,265, relating to personnel employed by the Parent Company. During the first half of the year, previously purchased treasury shares were delivered. The equity reserve at 30 June 2021 amounts to about €0.2 million.

### **SEVERANCE PAYMENTS ON TERMINATION OF EMPLOYMENT**

Severance payments to BancoPosta RFC Risk Takers on early termination are paid in accordance with the same procedures applied to short-term variable remuneration (MBO 2017) as regards deferral, payment in financial instruments and verification of the minimum regulatory capital and liquidity requirements for BancoPosta RFC.

The number of phantom stocks outstanding at 30 June 2021 totals 117,725. During the first half of the year, a cost of approximately €0.4 million was recognised and the liability recognised amounted to approximately €1.3 million.

## SCOPE OF CONSOLIDATION AND HIGHLIGHTS OF INVESTMENTS

Scope of consolidation							(€k)
Name	Registered office	Currency	Share capital	Parent company	% ownership	Total % Group	
<b>PARENT COMPANY:</b>							
Poste Italiane SpA	Rome (Italy)	Euro	1,306,110				
<b>SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS:</b>							
BancoPosta Fondi SpA SGR	Rome (Italy)	Euro	12,000	Poste Italiane SpA	100.00%	100.00%	
Consorzio Logistica Pacchi ScpA	Rome (Italy)	Euro	516	Poste Italiane SpA	51.00%	100.00%	
				SDA Express Courier SpA	19.00%		
				Poste Air Cargo Srl	5.00%		
				Postel SpA	20.00%		
Consorzio per i Servizi di Telefonia Mobile ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA	51.00%	100.00%	
				PostePay SpA	49.00%		
Consorzio PosteMotori	Rome (Italy)	Euro	120	Poste Italiane SpA	58.12%	80.75%	
				Postel SpA	22.63%		
Europa Gestioni Immobiliari SpA	Rome (Italy)	Euro	103,200	Poste Italiane SpA	55.00%	100.00%	
				Poste Vita SpA	45.00%		
MLK Deliveries SpA	Rome (Italy)	Euro	333	Poste Italiane SpA Milkman SpA	70.00% 30.00%	70.00%	
Poste Air Cargo Srl	Rome (Italy)	Euro	1,000	Poste Italiane SpA	100.00%	100.00%	
PatentiViaPoste ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA	69.65%	86.86%	
				Postel SpA	17.21%		
PostePay SpA	Rome (Italy)	Euro	7,561	Poste Italiane SpA	100.00%	100.00%	
Poste Vita SpA (*)	Rome (Italy)	Euro	1,216,608	Poste Italiane SpA	100.00%	100.00%	
Poste Assicura SpA (*)	Rome (Italy)	Euro	25,000	Poste Vita SpA	100.00%	100.00%	
Postel SpA	Rome (Italy)	Euro	20,400	Poste Italiane SpA	100.00%	100.00%	
SDA Express Courier SpA	Rome (Italy)	Euro	5,000	Poste Italiane SpA	100.00%	100.00%	
sennder Italia Srl	Milan (Italy)	Euro	43	Poste Italiane SpA Sennder GmbH	70.00% 30.00%	70.00%	
Poste Welfare Servizi Srl	Rome (Italy)	Euro	16	Poste Vita SpA	100.00%	100.00%	
Poste Insurance Broker Srl	Rome (Italy)	Euro	600	Poste Assicura SpA	100.00%	100.00%	
Sengi Express Limited (*)	Hong Kong (China)	HKD	5,000	Poste Italiane SpA	40.00% (**)	40.00% (**)	
Sengi Express Guangzhou Limited (*)	Guangzhou (China)	CNY	5,000	Sengi Express Limited	100.00%	40.00%	
Nexive Group Srl (*)	Milan (Italy)	Euro	1,000	Poste Italiane SpA	100.00%	100.00%	
Nexive Network Srl (*)	Milan (Italy)	Euro	50	Nexive Group Srl	100.00%	100.00%	
Nexive Servizi Srl (*)	Milan (Italy)	Euro	50	Nexive Group Srl	100.00%	100.00%	
Nexive Scarl (*)	Milan (Italy)	Euro	28	Nexive Network Srl	75.00%	75.00%	
PSIA	Rome (Italy)	Euro	10	Poste Italiane SpA	100.00%	100.00%	
<b>COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD:</b>							
<b>Subsidiaries:</b>							
Address Software Srl	Rome (Italy)	Euro	10	Postel SpA	51.00%	51.00%	
Indabox Srl	Rome (Italy)	Euro	825	MLK Deliveries SpA	70.00%	70.00%	
Kipoint SpA	Rome (Italy)	Euro	500	SDA Express Courier SpA	100.00%	100.00%	
Uptime SpA (in liquidation)	Rome (Italy)	Euro	120	SDA Express Courier SpA	100.00%	100.00%	
<b>Associates:</b>							
Anima Holding SpA	Milan (Italy)	Euro	7,292	Poste Italiane SpA	10.35%	10.35%	
Conio Inc.	San Francisco (USA)	USD	2,657	Poste Italiane SpA	16.48%	16.48%	
Conio Srl	Milan (Italy)	Euro	14	Conio Inc.	100.00%	16.48%	
FSIA Investimenti Srl	Milan (Italy)	Euro	55,020	Poste Italiane SpA	30.00%	30.00%	
ItaliaCamp Srl	Rome (Italy)	Euro	10	Poste Italiane SpA	19.40%	19.40%	

(\*) The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the respective financial reports, which were prepared in accordance with the Italian Civil Code and Italian GAAP

(\*\*) Poste Italiane SpA holds 51% of the voting capital.

List of investments accounted for using the equity method and statement of financial position and income statement data (€k)

Name (Registered office)	Carrying amount	Assets	Liabilities	Equity	Revenue from sales and services	Result for the period
Address Software Srl (Rome)	392	1,351	582	769	532	39
Anima Holding SpA (Milan) (a)	213,440	2,334,320	1,043,978	1,290,342	310,307 <sup>(1)</sup>	57,665
Conio Inc. (San Francisco) (b)	393	1,611	551	1,060	180	(1,155)
FSIA Investimenti Srl (Milan) (c)	405,150	1,428,836	80,993	1,347,843	9,490 <sup>(**)</sup>	9,467
Indabox Srl (Rome) (d)	410	557	244	313	430	-
ItaliaCamp Srl (Rome) (d)	144	4,616	2,018	2,598	2,332	6
Kipoint SpA (Rome)	1,791	3,688	1,897	1,791	1,857	315
Uptime SpA - in liquidation (Rome) (e)	-	78	-	78	-	-
Other associate of the SDA group (f)	4					

- a. Figures taken from the company's latest financial statements approved by the Board at 31.03.2021.  
b. Figures taken from the company's latest financial statements approved by the Board at 31.12.2019.  
c. Figures including measurement of the SIA Group using the equity method and recognition of the related effects with regard to Purchase Price Allocation.  
d. Figures taken from the company's latest financial statements approved by the Board at 31.12.2020.  
e. Data derived from the latest and final financial statements for liquidation at 31 May 2021  
f. Refers to Speedy Express Courier S.r.l. in liquidation.

(\*) The amount includes fee and commission income and interest and similar income.

(\*\*) The amount includes the amount represented by dividends and measurement of the investments at equity.

## POSTAL SAVINGS

The following table provides a breakdown of postal savings deposits collected by the Parent Company in the name of and on behalf of Cassa Depositi e Prestiti, by category. The amounts are inclusive of accrued, unpaid interest.

Postal Savings (€m)		
Description	30/06/2021	31/12/2020
Post office savings books	102,633	103,715
Interest-bearing Postal Certificates	232,830	231,417
Cassa Depositi e Prestiti	179,549	173,584
Ministry of the Economy and Finance - MEF	53,281	57,833
<b>Total</b>	<b>335,463</b>	<b>335,132</b>

## ASSETS UNDER MANAGEMENT

Assets under management by BancoPosta Fondi SpA SGR, measured at fair value using information available on the last working day of the period, amounted to €11,115 million at 30 June 2021.

## COMMITMENTS

The Group's commitments break down as follows.

Commitments (€m)		
Description	30/06/2021	31/12/2020
Lease arrangements	35	26
Contracts to purchase property, plant and equipment	113	105
Contracts to purchase intangible assets	55	30
<b>Total</b>	<b>203</b>	<b>161</b>

At 30 June 2021, the item Lease arrangements includes commitments that do not fall under IFRS 16 - Leases.

## GUARANTEES

Unsecured guarantees issued by the Group are as follows:

Guarantees		(€m)	
Description	30/06/2021	31/12/2020	
<b>Sureties and other guarantees issued:</b>			
by banks/insurance companies in the interests of Group companies in favour of third parties	441	391	
by the Group in its own interests in favour of third parties	110	55	
<b>Total</b>	<b>551</b>	<b>446</b>	

## THIRD-PARTY ASSETS

Third-party assets held by Group companies are shown below. This type of asset refers solely to the Parent Company, Poste Italiane SpA.

Third-party assets		(€m)	
Description	30/06/2021	31/12/2020	
Bonds subscribed by customers held at third-party banks	1,837	2,592	
<b>Total</b>	<b>1,837</b>	<b>2,592</b>	

In addition to the above, at 30 June 2021, Poste Italiane SpA holds a further €1 million in assets belonging to Group companies.

## ASSETS IN THE PROCESS OF ALLOCATION

At 30 June 2021, the Parent Company has paid a total of €97 million in claims on behalf of the Ministry of Justice, for which, under the agreement between Poste Italiane SpA and the MEF, it has already been reimbursed by the Italian Treasury, whilst awaiting acknowledgement of the relevant account receivable from the Ministry of Justice.

# **ATTESTATION OF THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING AND INDEPENDENT AUDITORS' REPORT**



## Attestation of the Condensed Half-year Consolidated Financial Statements at 30 June 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree no. 58/1998 and art. 81-ter of Consob Regulation no. 11971 of 14 May 1999

1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:

- the adequacy, in relation to the characteristics of the Poste Italiane Group, and
- the effective application of the administrative and accounting procedures for the formation of the Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group in the period between 1 January 2021 and 30 June 2021.

2. In this regard, please note that:

- the adequacy of the administrative and accounting procedures for the formation of the Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group was verified by evaluating the internal control system on financial disclosure. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- no significant aspects emerged from the evaluation of the internal control system on financial disclosure.

3. It is also attested that:

3.1 The Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group for the year ended 30 June 2021:

- a) have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) correspond to the information contained in the accounting ledgers and records;
- c) provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.

3.2 The interim report on operations contains a reliable analysis of the key events that took place during the first six months of the year and of their impact on the half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Report on operations also contains a reliable analysis of disclosures on significant transactions with related parties.

Rome, 3 August 2021

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

(This report has been translated from the original issued in accordance with Italian legislation)



Deloitte & Touche S.p.A.  
Via della Camilluccia, 589/A  
00135 Roma  
Italia

Tel: +39 06 367491  
Fax: +39 06 36749282  
www.deloitte.it

## REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Poste Italiane S.p.A.

### Introduction

We have reviewed the condensed interim consolidated financial statements of Poste Italiane S.p.A. and its subsidiaries (the "Poste Italiane Group"), which comprise the consolidated statement of financial position as of June 30, 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the six month period then ended and the related notes. The Directors are responsible for the preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Poste Italiane Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Marco Miccoli**  
Partner

Rome, Italy  
August 5, 2021

*This report has been translated into the English language solely for the convenience of international readers.*

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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