

INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Posteitaliane

Translation from the Italian original which remains the definitive version.

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1. INTRODUCTION

This consolidated interim report of the Poste Italiane Group at 30 September 2021 has been prepared on a voluntary basis, in accordance with the provisions of art. 82-ter of the Consob Issuers' Regulation "Additional Periodic Financial Information" in order to ensure continuity and regularity of information to the financial community, and in compliance with the recognition and measurement criteria established by the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the end of the period.

The consistency and correctness of the disclosures contained in the document, which has not been audited, is guaranteed, as is comparability of the related information with the corresponding disclosures included in previously published financial reports.

The amounts shown in this Interim Report are compared with the corresponding amounts from the same period the previous year, with the exception of the Statement of Financial Position, which shows a comparison with the same schedule at 31 December 2020. To that end, note that certain figures which refer to the comparison year have been reclassified, also to take into account certain aspects of significant impact during the period in question (Tax credits Law no. 77/2020).

It should be 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.

The following infographics are used in this document:



to indicate the possibility of consulting the definition of the content in the glossary found in Chapter 11 using a link;



to indicate the possibility of learning more about the issue discussed in the reference paragraph using a link;



to indicate the possibility of returning to the beginning of the chapter or the general index with a link.

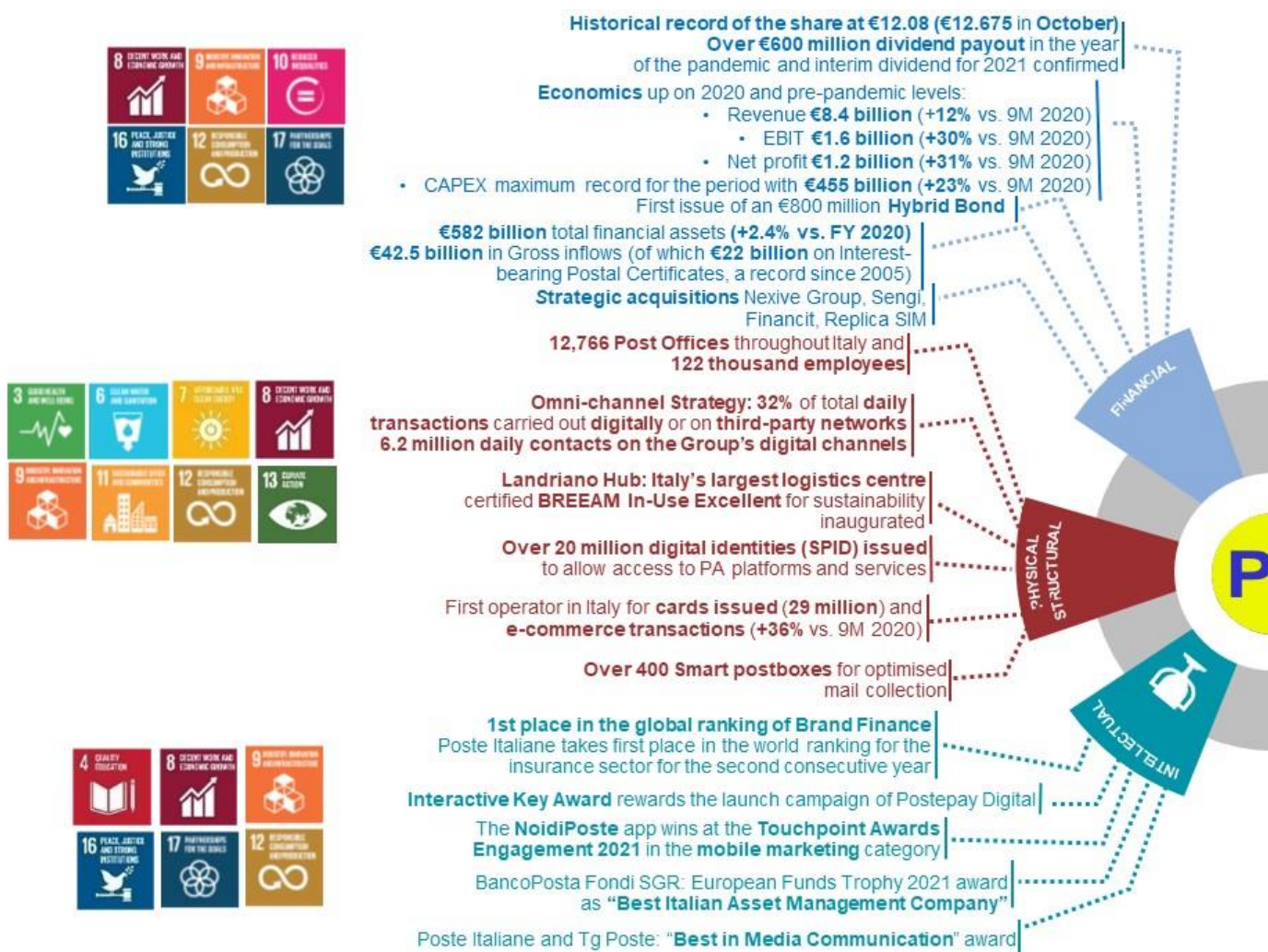
Posteitaliane

2. HIGHLIGHTS

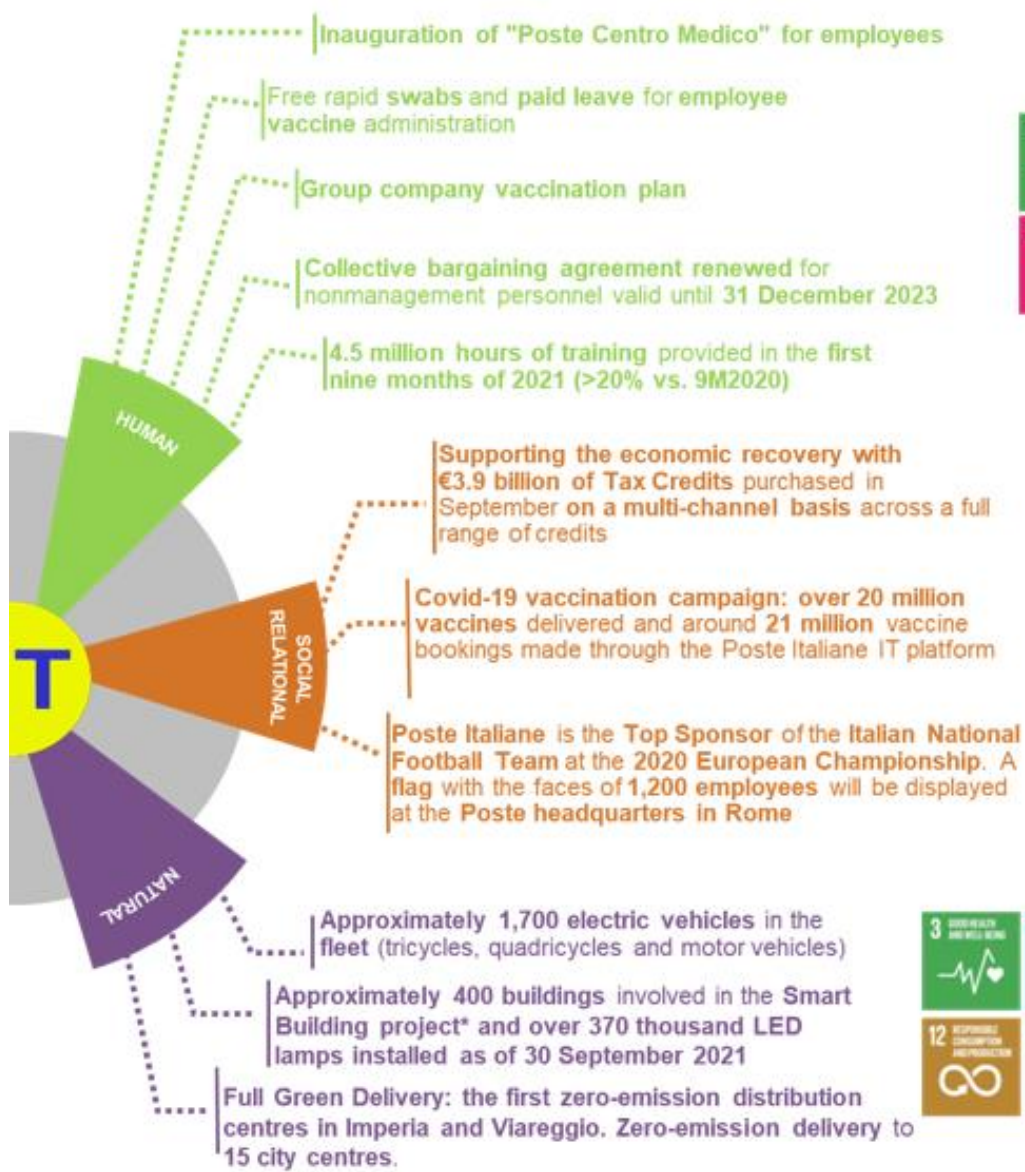


Output of the value creation process at Poste Italiane

In the first nine months 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 has generated significant results for the Group with systemic value, consistent with the United Nations Sustainable Development Goals Framework¹.



¹The 17 Sustainable Development Goals are part of the Agenda 2030 for Sustainable Development, signed by 193 UN member states in September 2015 and part of a wider action plan consisting of 169 targets associated with the same, with environmental, economic, social and institutional impacts, to be achieved by 2030.



* Automated and remote management of buildings to achieve energy efficiencies

3. OWNERSHIP, GROUP AND ORGANISATIONAL STRUCTURES



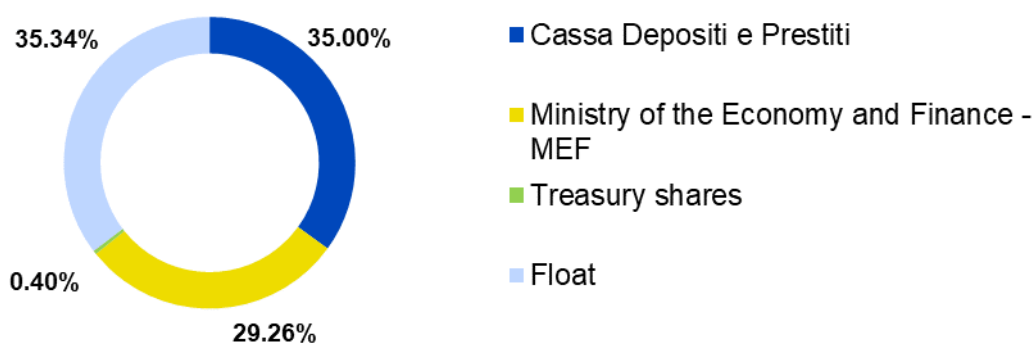
[OWNERSHIP AND ORGANISATIONAL STRUCTURE](#)

[MANAGEMENT AND SUPERVISORY BODIES](#)

[GROUP STRUCTURE AT 30 SEPTEMBER 2021](#)

[OMNI-CHANNEL, AREAS OF OPERATIONS OF THE GROUP](#)

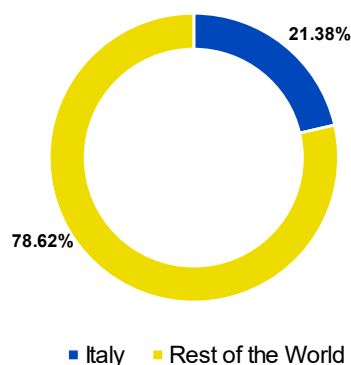
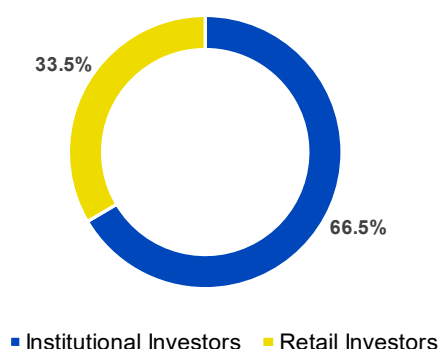
3.1 OWNERSHIP AND ORGANISATIONAL STRUCTURE



Poste Italiane has issued shares listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) organised and managed by Borsa Italiana SpA as of 27 October 2015. At 30 September 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. 27%² of shares held by Poste Italiane S.p.A. institutional investors are held by investors who follow ESG criteria (Environment, Social, Governance) in their investment choices. The share capital of Poste Italiane SpA consists of 1,306,110,000 ordinary shares, of which 1,300,877,079 are outstanding at 30 September 2021.

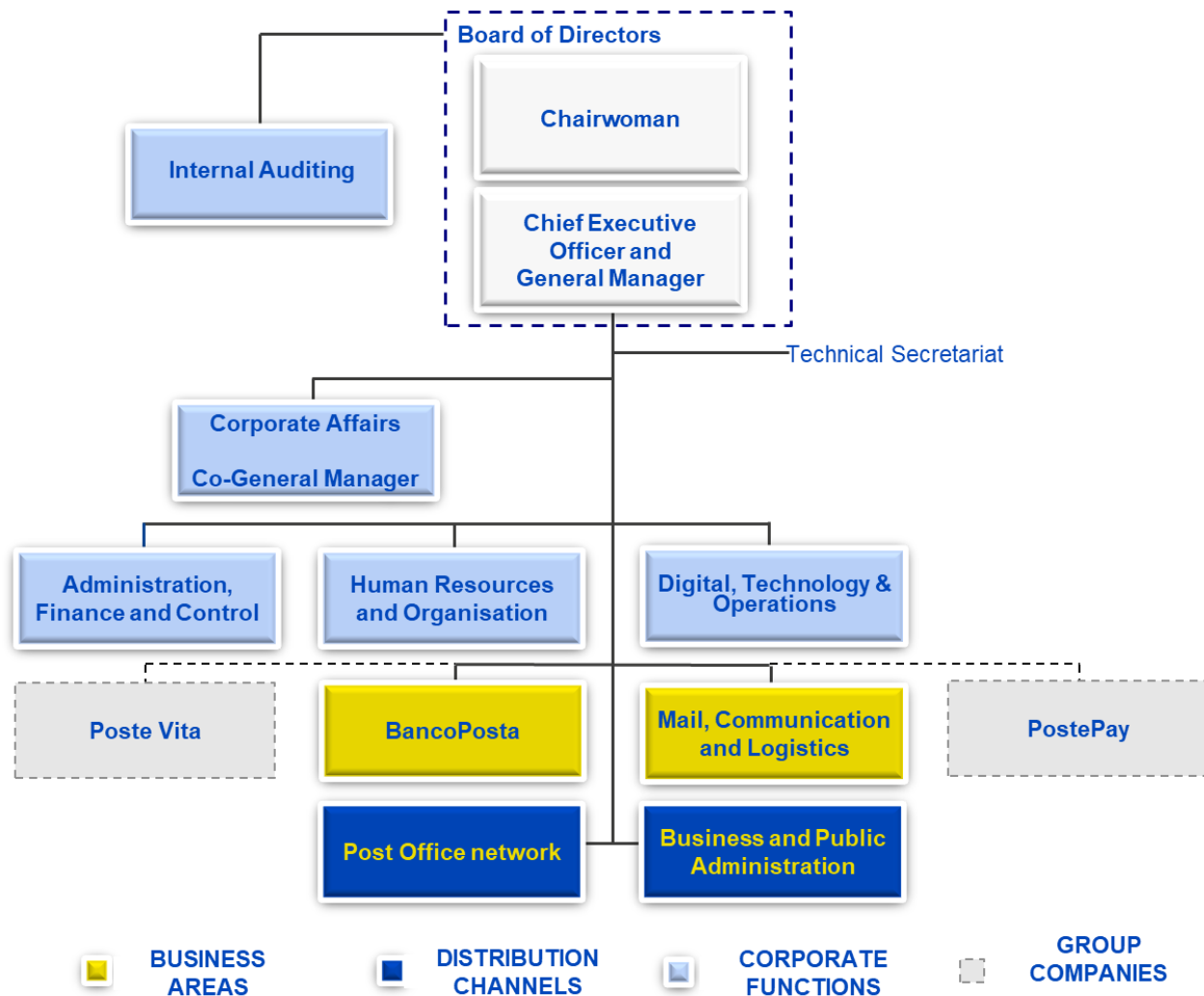
Floating Equity Profile

Geographical Breakdown Institutional Investors



² Source: Nasdaq Corporate Solutions

Below is the organisational structure of Poste Italiane:



The organisation of Poste Italiane SpA envisages **business functions**³ 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**.

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

³ These are Mail, Communication and Logistics for mail, parcel and commercial communication services and Banca Posta as the placement intermediary for financial and insurance offerings. The other two business areas are covered by PostePay for the payments and telephony offering and by Poste Vita Group for the insurance range.

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 SpA, 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 SpA.

With particular reference to Poste Italiane S.p.A. corporate functions, the *Corporate Affairs* function plays a fundamental role in the 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 Poste Vita Group) were centralised at Poste Italiane, with the aim of recomposing the Human Resources professional family within a single organisational structure.

In addition, in April, 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.

In the third quarter of 2021, making progress towards the integration, rationalisation and improvement objectives established in recent years, through significant centralisation initiatives at the Group level, the *administrative services management model* was redefined by associating them with the *Digital, Technology & Operations* area with the objective of generating synergies and supporting the creation of opportunities for automation and digitalisation, while simultaneously allowing the CFO to focus more on governance, by strengthening monitoring activities and ensuring continuous improvement in administrative processes.

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 companies⁴ 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.

⁴In this regard, in December 2020, the company also aligned its governance structure with the recommendations of the new Corporate Governance Code.

Board of Directors ⁽¹⁾	
Chair	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 ⁽²⁾	Remuneration Committee ⁽²⁾	Appointments and Corporate Governance Committee ⁽²⁾	Related and Connected Parties Committee ⁽²⁾	Sustainability Committee ⁽²⁾
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 ⁽³⁾	
Chair	Mauro Lonardo
Statutory auditors	Luigi Borrè Anna Rosa Adiutori
Alternate auditors	Alberto De Nigro Maria Francesca Talamonti Antonio Santi

Supervisory Board ⁽⁴⁾	
Chair	Carlo Longari
Members	Paolo Casati ⁽⁵⁾ Massimo Lauro

Magistrate appointed by the Italian Court of Auditors to audit Poste Italiane	Piergiorgio Della Ventura ⁽⁶⁾
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Independent auditors	Deloitte&Touche SpA ⁽⁷⁾
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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 S.p.A.'s Internal Auditing.

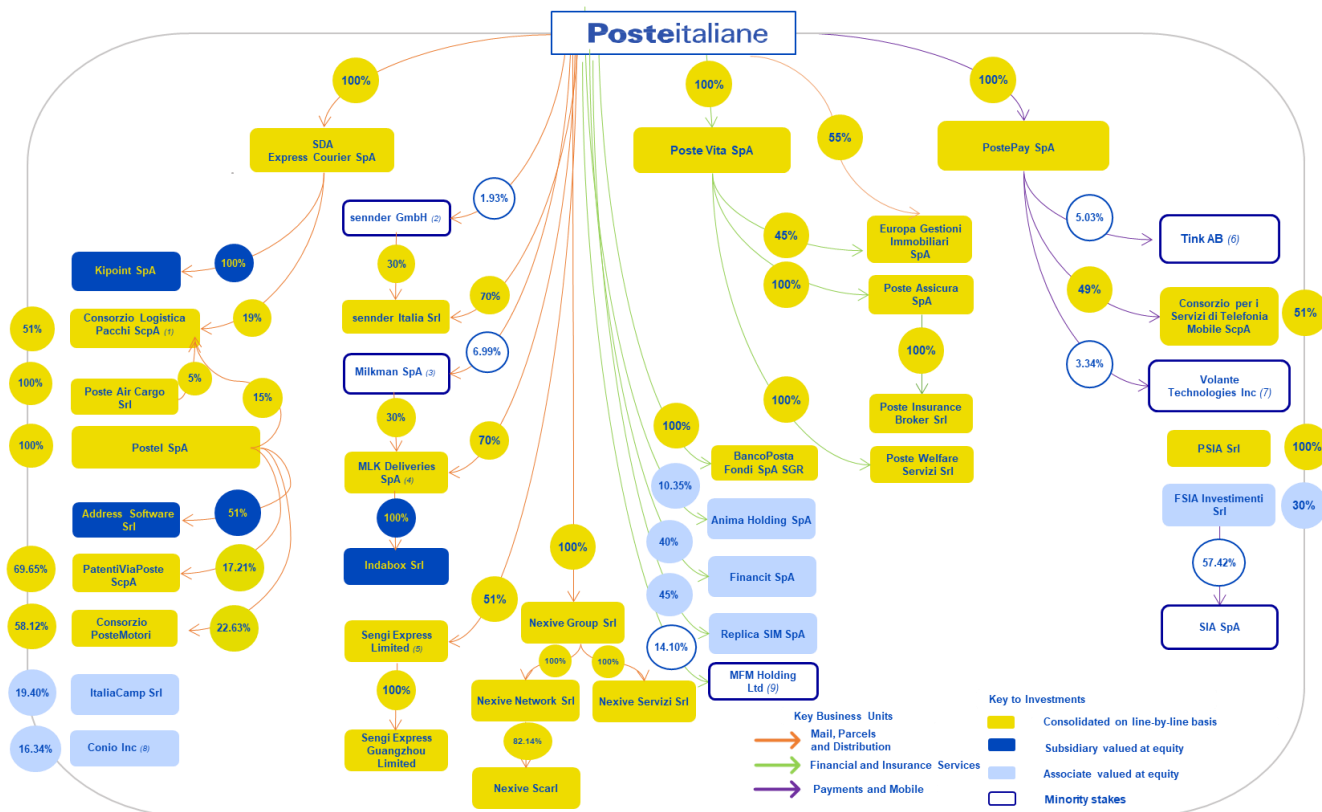
(6) Assigned by the Court of Auditors with effect from 1 January 2020.

(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 SEPTEMBER 2021




At 30 September 2021, the Group held, directly and indirectly, equity investments in 38 companies and consortia, of which 23 are consolidated on a line-by-line basis, 3 are subsidiaries and valued using the equity method, 6 are associates and valued using the equity method and 6 represent minority stakes.






- (1) The remaining 10% of Consorzio Logistica Pacchi ScpA is held: by Poste Assicura SpA. for 5% and by Nexive Network Srl for 5% respectively.
- (2) The investment in sender GmbH fully diluted is equal to 1.74%.
- (3) The investment in Milkman SpA fully diluted is equal to 6.34%.
- (4) The investment in MLK Deliveries SpA 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 2.79%.
- (8) The investment in Conio Inc. fully diluted is equal to 14.53%.
- (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 3.4 “Omni-channel and Group Business Segment” to which reference is made for further information.

For further information

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	SDA Express Courier SpA	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.
	Postel SpA	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.
	Poste Air Cargo Srl (formerly Mistral Air Srl)	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.
	Consorzio PosteMotori	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.)
	Consorzio Logistica Pacchi ScpA	This consortium coordinates the activities of the consortium members (Poste Italiane, SDA, Postel, Poste Air Cargo, Poste Assicura and Nexive Network) in transport overland and by air of postal effects, integrated logistics, printing and envelope filling, electronic document management, e-commerce, marketing and telemarketing.
	PatentiViaPoste ScpA	Non-profit consortium that provides centralised printing services, the dispatch and delivery of new licences and copies of log books.
	Address Software Srl	This company develops, mainly for Postel SpA, application software packages for the processing of personal and territorial data (normalisation of addresses, data cleaning and geomarketing).
	Europa Gestioni Immobiliari SpA	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.
	ItaliaCamp Srl	Organisation that develops social innovation processes with a positive impact for the country, creating connections between institutions, companies, associations and universities.
	Indabox Srl	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.
	Kipoint SpA	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.
	Conio Inc.	This US company based in San Francisco, California creates and offers innovative services in digital currencies. It controls 100% of Conio Srl, which is involved in the research, development and testing of results consisting of innovative electronic payment technological solutions (cryptocurrencies, bitcoins).
	sennder Italia Srl (30% owned by sennder GmbH)	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.
	MLK Deliveries SpA (30% owned by Milkman SpA)	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 SpA.
	Sengi Express Limited	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.
	Sengi Express Guangzhou Limited (100% owned by Sengi Express Limited)	Operational company, based in China, of Sengi Express Limited to which it provides business support services (operations, IT services, back office, administrative services, etc.).
	Nexive Group Srl	Holding company of the Nexive Group (Nexive Network S.r.l., Nexive Servizi S.r.l., Nexive Scarl).
	Nexive Servizi Srl (100% owned by Nexive Group S.r.l.)	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.
	Nexive Network Srl (100% owned by Nexive Group S.r.l.)	A company that provides postal delivery, printing and digital services.
	Nexive Scarl (82,14% owned by Nexive Network S.r.l.)	Consortium company that coordinates the activities of consortium members for postal delivery activities mainly for Public Administration customers, awarded through participation in public tenders.

 FINANCIAL SERVICES	BancoPosta RFC	On 14/04/2011, Poste Italiane SpA'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 SpA 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 SpA effective 1 October 2021.
	BancoPosta Fondi SpA SGR	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.
	Anima Holding SpA	Investment holding company in the asset management sector. It controls 100% of Anima SGR, which, in turn, controls 100% of Anima Asset Management Ltd.
	Moneyfarm Holding Ltd	Digital asset management company, specialised in ETF (Exchange Traded Funds) portfolios.
	Finacit SpA	Company forming part of the BNP Paribas Group that operates in the sector of loans secured by the assignment of one-fifth of salary or pensions ("CQ Credits") and delegation of payment.
	Replica SIM SpA	A stock brokerage firm that 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.
 INSURANCE SERVICES	Poste Vita SpA	Insurance company that provides insurance and reinsurance in Life classes.
	Poste Assicura SpA	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).
	Poste Insurance Broker Srl	Insurance broker for the distribution and brokerage of insurance and reinsurance.
	Poste Welfare Servizi Srl	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.
 PAYMENTS AND MOBILE	PostePay SpA	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.
	Consorzio per i Servizi di Telefonia Mobile ScpA	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 SpA.
	Fsia Investimenti Srl	Holding company that holds 57.42% of SIA SpA, a company that manages infrastructures and provides technological services in the areas of payments, electronic money, network services and capital markets.
	Tink AB	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.
	Volante Technologies Inc	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.
	PSIA Srl	Holding company that carries out the holding and management of shareholdings.

CORPORATE ACTIONS DURING THE PERIOD

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>sennder GmbH sennder Italia</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>MAIL, PARCELS AND DISTRIBUTION</p>	<p>Nexive Group Srl</p>	<p>On 16 November 2020, Poste Italiane signed a preliminary agreement with the Dutch company PostNL European Mail Holdings B.V. (hereafter "PostNL") and the German company Mutares Holding – 32 GmbH (hereafter "Mutares Holding"), to acquire the entirety of Nexive Group S.r.l. share capital (hereafter "Nexive").</p> <p style="text-align: right;">Nexive Group acquired on 29 January 2021</p> <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
Srl**

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 new Group delivery network consisting of 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 SpA, a company also wholly and directly controlled by Poste Italiane, as regards the printing business.

Continued



**Nexive Group
Srl**

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 included application of the simplifications required by the regulations for the demerger and merger of wholly owned companies, is effective as of 1 October 2021 and did not entail the issue of new shares or the allocation of shares to 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 assisted by the assignment of one-fifth  of salary or pensions (known as “Salary Backed Loans”) through the acquisition of a 40% equity investment in BNL Finance by Poste Italiane. The company is 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 SpA, 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 SpA changed its name to **Financit SpA**.

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 SpA’s Board of Directors approved the signing of binding agreements for the sale of the interest held by PostePay SpA 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 SpA’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 transactions

On 21 June 2021, SIA's Extraordinary General Meeting approved the plan for the **merger by incorporation of SIA SpA into Nexi SpA** 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. This was issued on 14 October 2021.

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 September 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 Srl**, a newly established company wholly owned by Poste Italiane SpA. 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 SpA will be the sole shareholder of PSIA Srl, which will also have as its sole asset the 17.2% interest in the share capital of SIA prior to the Nexi-SIA Merger.

Finally, note that upon completion of the demerger of FSIA and the above-mentioned mergers, Poste Italiane SpA will hold a direct interest of 3.6% in the new group Nexi-SIA-Nets.

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements for the acquisition of 40% of the share capital of **Eurizon Capital Real Asset SGR S.p.A. ("ECRA")**, a company specialising in investments that support the real economy, controlled by Eurizon, currently with assets under management totalling around € 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"), acquiring 45% of the capital of the company. 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).

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 SpA, via the transfer of the "Debit Business" to the latter, as well as making the debit cards linked to BancoPosta accounts a PostePay SpA 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 SpA was formalised on 23 September 2021 and took effect on 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 SpA, sold 100% of its interest in **Indabox** Srl to MLK Deliveries SpA, a company 70% owned by Poste Italiane SpA and 30% owned by Milkman Tech SpA. 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 SpA would cover the role of Operating Company in the parcel business, on 30 June 2021, the MLK Deliveries SpA's General Meeting approved the sale of the **business unit known as "Business Parcel B2C"** and all related commercial activities to 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 SpA.

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 SpA's ICT business unit** to Poste Italiane SpA 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.

In July 2021, **Volante Technologies Inc** ("Volante") began a capital increase of \$ 10 million, subscribed by the American bank Wells Fargo. This operation calls for a second increase for a total of \$ 5 million, offered to current shareholders for subscription, including PostePay S.p.A. On 28 September 2021 the PostePay S.p.A. Board of Directors authorised participation in the second tranche of the Volante capital increase, with a total investment of around \$ 500 thousand, with the aim of maintaining the original investment stake of 3.3% (2.9% on a fully diluted basis), to avoid dilution after Wells Fargo entered the shareholding structure. This transaction was closed on 15 October 2021.

3.4 OMNI-CHANNEL AND GROUP BUSINESS SEGMENTS



[OMNI-CHANNEL COMMERCIAL STRATEGY](#)

[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 OMNI-CHANNEL COMMERCIAL STRATEGY



The digital transformation undertaken by Poste Italiane in recent years has involved not only its own offerings, but also the distribution model which, through an omni-channel strategy, guarantees the Company the possibility to provide services that are 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 opening up additional channels of communication with its customers.

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

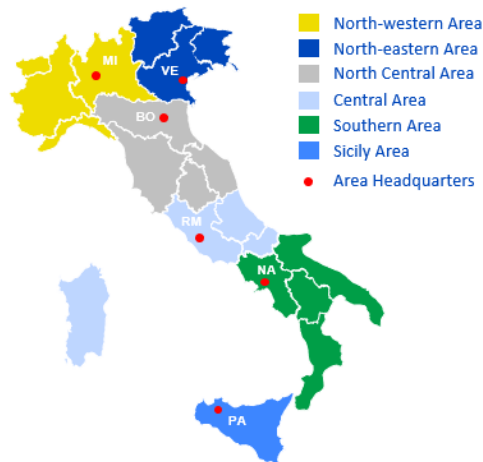
- the physical network of Post Offices flanked by a commercial network specialising in business customers;
- a digital infrastructure made up of all the Group's  digital properties, capable of serving the entire national population;
- third-party networks, consisting of over 37 thousand retail outlets 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 the Business and Public Administration Market. 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



With reference to the New Service Model, intended to improve the efficiency of “value-added services”, also through peripheral Post Offices without established consultants, extension is under way for the new video consultation method for Mobile Specialist Consultants (MSC). Using remote connection, the MSC can provide consulting execute orders, deliver contract documentation and collect signatures securely making use of the Post Office Director to welcome the customer, check their identification and provide contract assistance.

Additionally, the new position of Remote Specialist Consultant (SCR) will be introduced. These individuals will send dedicated proposals, contact customers to propose remote sales with documentation available in the dedicated transparency section of the website.

On 30 September 2021 a Memorandum of Agreement was signed with the trade unions for the organisation of the commercial chain. The various lines of action established include develop of new models for commercial proposals with the introduction of the SCRs and new operating methods for SCMs. For more details, please see paragraph 7.3 “Industrial Relations”.

For further information



PHYSICAL COMMERCIAL NETWORK - BUSINESS AND PUBLIC ADMINISTRATION

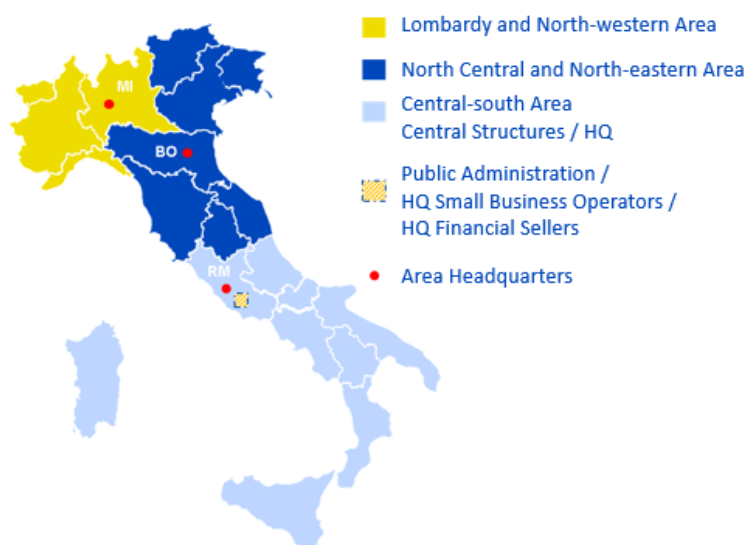
The Business and Public Administration function of Poste Italiane guarantees the commercial supervision and sale of the Group’s products and services for businesses and the Central and Local Public Administration.

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:
 - ❖ *Industry 1: Health&Beauty, Electronics and IT, Other Sectors;*
 - ❖ *Industry 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 salespeople⁵.






MACRO AREAS BUSINESS AND PUBLIC ADMINISTRATION



DIGITAL WEB CHANNELS AND APPS

Outside of 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 2021 with notable growth rates despite the gradual easing of restrictions linked to the health emergency.

The Group's Digital Properties are as follows:

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

⁵Salespeople responsible for telephone sales of parcel products.

During the period, 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 online.



For more details on the performance of digital channels during the period, please refer to the paragraph “Digital Properties, third-party networks and main KPIs”.

For further information



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 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.

ORGANISATION OF THE LOGISTICS NETWORK

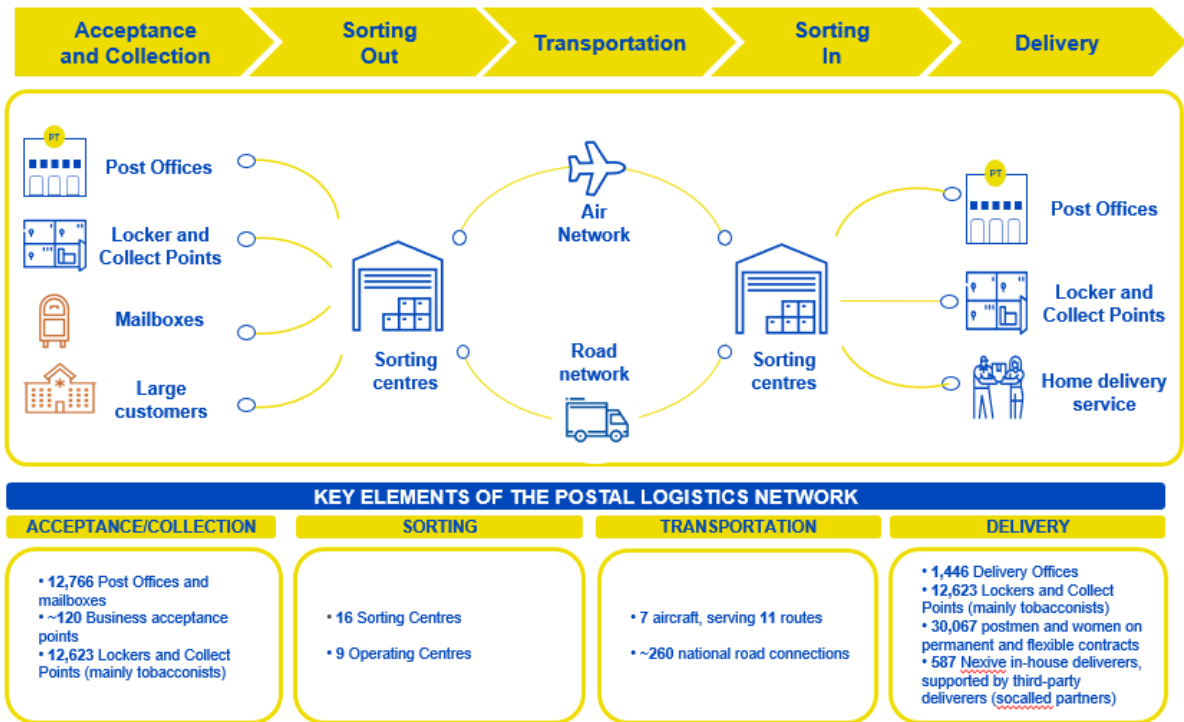
The Group’s mail and parcel services are provided through two integrated and synergistic logistics networks: the **postal logistics network** for the management of mail, now evolved also to allow the management of small parcels and the **parcel logistics network** able to handle all types of parcel.

The integration between the two networks was strengthened in 2020 by increasing the interchange of small parcel volumes (carriable parcels, i.e. under 5 kilos), using cost-effectiveness as the discriminating 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 “**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 during the first quarter of 2021 and the corporate reorganisation carried out in the subsequent months, an additional delivery network was added consisting of Nexive’s current external delivery partners. As of 1 October 2021 this network is managed by Nexive Network, which has taken on the role of an operating company. It will increasingly focus on the delivery of packages and mail which require signature.

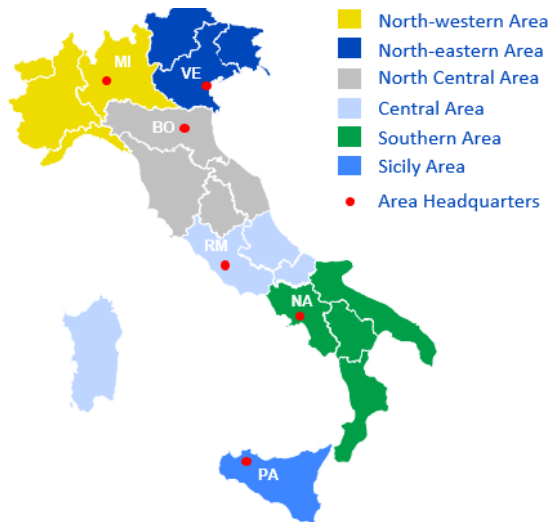
POSTAL LOGISTICS NETWORK ACTIVITIES

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.



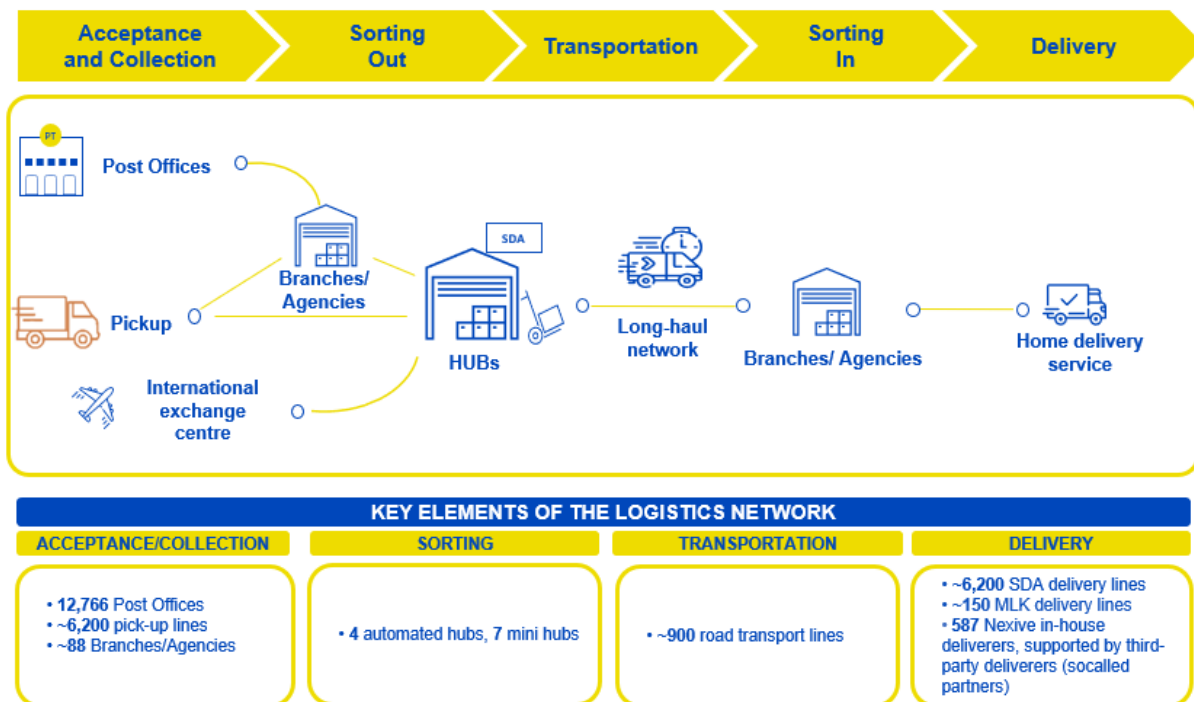
The organisational model for the postal logistics network consists of 6 Logistics Macro Areas which, coordinated centrally, internally handle all stages of the value chain: acceptance and collection, outbound sorting, transport, inbound sorting and delivery. At the same time, this model makes it possible 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.



3.4.2 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 nine months 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.

In the economic bulletin no. 6 of 23 September 2021 issued by the European Central Bank a slight slowdown in the rate of expansion was seen, in particular in emerging economies.

The slowdown in the global economy during the third quarter of 2021, after the rapid growth seen in the second quarter will impact, to a limited degree, expected GDP growth for 2021. The Organisation for Economic Cooperation and Development (OECD), in its Interim Outlook of September 2021, predicts global growth of +5.7%⁶ for the current year, slightly below the forecast in May 2021.

The **Eurozone economy**, after a slight decline in the first quarter of 2021 (-0.3%), grew strongly in the second quarter demonstrating a significant increase in GDP (+2.2%) and in employment (+0.7%), supported by the gradual

⁶ OECD Economic Outlook - Interim Report September 2021: Keeping the Recovery on Track - September 2021

reopening of businesses⁷. In the third quarter of 2021 economic signals continued to be positive, but the peak of growth has already been reached. In September 2021, consistent with the strengthening of the economic recovery, inflation accelerated ⁸ (3.4% compared to 3.0% in August), driven by the energy component (+17.4%). Prospects as a whole remain favourable, featuring continued positive signals from industry and the intensity of the recovery of services.

The [Italian economy](#) showed signs of recovery, with GDP growth of 0.1% in the first quarter of 2021 and 2.7% in the second quarter, thanks to the continued elimination of restrictions on mobility and an increase in industrial activities and in the services sector.

This made it possible to achieve a predicted acquired change in GDP for the full year of 4.7%⁹.

GDP growth for 2021 as forecast in the update to the Economy and Finance Document (DEF) is¹⁰ +6%, an improvement with respect to the +4.5% hypothesised in the April 2021 update. The higher GDP level and lower deficit (9.4% of GDP compared to the 11.8% forecast in April 2021) will make it possible to reduce the ratio between public debt and GDP to 155.6% in 2020 to 153.5% in 2021.

These forecasts are in line with those of the OECD which, in its Interim Report of September 2021, predicts a +5.9% change in GDP for the year¹¹.

The increase in prices of raw materials is leading to upward pressure on prices in Italy as well. In September, the preliminary estimate of consumer inflation rose to 2.6% on an annual basis¹² from +2% in August¹³, reaching a level not seen since October 2012. Additionally, in August 2021 industrial production costs increased by 0.5% on a monthly basis and 11.6% on an annual basis¹⁴.

With reference to the [postal market](#) in particular, it is undergoing a period of radical change, mainly due to the digital transformation, which has influenced volumes of mail and packages in circulation. In terms of macro-trends, the continuous structural decrease in volumes of traditional mail, replaced by digital forms of communication (email, instant messaging, etc.), has been accompanied by a significant increase in the volume of parcels shipped. More specifically, for the mail market, after the significant drop in volume in 2020 (-18% with respect to 2019), substantial stability is expected for 2021¹⁵.

In the parcel market, e-commerce continues to be the main driver of growth: in recent years online commerce has seen notable growth and is beginning to establish itself as a new habit for purchases/sales, in part thanks to new choices caused by the health emergency. These include: greater digital consumer education, overcoming of barriers to online purchases, increase in web shoppers, digitalisation of traditional retailers and a tendency to develop e-commerce channels integrated with the physical experience. For the Italian parcel segment:

- the volume of parcels per capita increased in 2020, rising to 6 units from 4 in 2019¹⁶. Moreover, the percentage of retail purchases made online went from 4% in 2015 to over 7% in 2019, reaching about 9%

⁷ Teleborsa.it - Eurozone, 2nd quarter GDP revised up to +2,2% - 7 September 2021

⁸ Ansa.it - EU-19: inflation boom continues, rate at 3.4% in September - 1 October 2021

⁹ ISTAT - Monthly note on the performance of the Italian economy - August 2021

¹⁰ Radio24.it - Updating note to the DEF approved - 29 September 2021

¹¹ OECD Economic Outlook - Interim Report September 2021: Coronavirus - September 2021

¹² LumsaNew.it - Istat inflation data jumped to 2.6% in September the highest recorded between October 2012 and 30 September 2021

¹³ RaiNews.it - ISTAT, in August inflation rises to 2%: record since 2013 - 15 September 2021

¹⁴ ISTAT - Industrial and construction production prices - 29 September 2021

¹⁵ Source: Processing of internal forecasts

¹⁶ Source: Internal processing of historical *Cerved Databank* data and forecasts, Netcomm

in 2020¹⁷;; with additional growth margins compared with the double-digit growth rates registered in the main European countries

- in 2021 the positive trend for e-commerce has continued, although with a natural decline in the growth rate with respect to 2020¹⁸; in fact, forecasts for 2021 indicate more contained growth in the sector with respect to that seen in 2020, but still higher than the pre-pandemic period, due to the continued demand for e-commerce deliveries at higher levels than those seen in the past;
- Poste Italiane is currently one of the main operators in the market with a market share (B2C) that exceeds 30%¹⁹.

Regulatory context



¹⁷ Source: Osservatorio eCommerce B2C - Politecnico Milano/Netcomm data

¹⁸ Internal processing of *Cerved Databank* data, Netcomm

¹⁹ Source: Internal processing of historical *Cerved Databank* data and figures, Netcomm

Evolution of the regulatory scenario

Competition on 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.

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 request was duly recognised by the Company on 3 June 2021.

Following the preliminary analyses initiated with AGCom Resolution 212/20/CONS, on 27 August 2021 the **Resolution no. 255/21/CONS ("Public consultation on the regulatory obligations in the parcel delivery services market")** was published, with which the Authority submits for public consultation the proposal to adopt a number of regulatory obligations in order to increase the level of surveillance over the conditions for providing services, over the contractual conditions governing relations between the companies performing the various phases of the service and over working conditions, which also include a number of specific obligations pertaining to Amazon.

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

AGCOM Identification of Relevant Markets for Mail

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. With **Resolution 217/21/CONS** published on **14 July 2021**, the AGCom extended the deadline for completing the procedure until 11 October 2021. On 17 September 2021, the Authority requested that Poste Italiane send its proposal for remodelling the pricing criteria and the maximum tariffs relating to the universal services. The Company sent this proposal on 8 October 2021.

Repeatability of the offers (EU2 areas)

The procedure is under way 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. On **28 September 2021**, additional information requested by the Authority was sent by the Company; the final measure is pending.

AGCOM Health emergency

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	<p>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.</p>
Mailboxes	<p>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.</p>
Digital notification of PA acts – new platform	<p>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.</p>
Guidelines for the award of public contracts for postal services	<p>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.</p> <p>The Antitrust Authority (AGCM) 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. In particular, the AGCM expressed a negative opinion with particular reference to the regulation of notification services via post, with regard to which the limitations on the use of temporary consortia (RTI) and subcontracting set out by the guidelines are criticised. Subsequently, the opinion of the Council of State was published (requested by ANAC), which agrees in many points with the position of Poste Italiane, opposed to that of AGCM. Such opinion must be taken into consideration by ANAC and AGCom for the purposes of defining the final measure, publication of which is pending.</p>

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
	<p>The two new parcel hubs  in Northern and Central Italy* are now fully operational, with the hub in Landriano (prov. Pavia) in Northern Italy inaugurated in June. This is the largest logistics centre in Italy (80 thousand square metres), capable over 300 thousand parcels a day advanced technological standards.</p> <div style="background-color: #FFD700; padding: 5px; text-align: center; margin: 10px 0;"> Inaugurated in Landriano (PV) the largest Logistics Centre in Italy </div> <p>*The hub in Passo Corese (prov. Rieti) was inaugurated in November 2020 and covers 52 thousand square metres.</p>

Parcels

The **Poste Deliverybox Express**²⁰ product sales service was launched at Collection Points of the Federazione Italiana Tabaccari (FIT) network, which is part of the PuntoPoste network²¹. Over 10,000 points were activated on the service during the first nine months of 2021.



During the first nine months, the extension of **home delivery of medicines** continued in large cities and medium/small municipalities, in cooperation with Pharmap. This is offered in instant mode (within 90 minutes of purchase), scheduled (at the desired time) and next day (day after purchase). The service is currently active in 152 municipalities (major cities and medium-small towns).

As part of last mile services, **Poste Delivery Now**²² was launched.



The new **Reverse Paperless** feature for Poste Delivery Business was released, a new solution that allows e-shoppers to return online purchases without having to print any paper documents²³.

The online **Poste Delivery Web**²⁴ service (which makes it possible to ship parcels of up to 30 Kg throughout Italy and the world) was enhanced with the new Instant Delivery²⁵. The service is currently available in Rome and as of October also in Milan. It will gradually be extended to all major Italian cities.

²⁰Poste 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.

²¹ The Punto Poste Network consists of collection points (sales points which offer parcel collection and shipping services) and lockers (self-service locations with extended hours of operation).

²²A 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.

²³The 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.

²⁴ Poste Delivery Web is a service used to ship online packages from home without hassles, using either the website or the Post Office App. Shipments of up to 30 kg can be purchased throughout Italy or abroad with free at-home collection or, alternatively, they can be shipped from the post office or the Punto Poste Network.

²⁵ The new services allow users who have registered with the poste.it website to make local shipments in just a few hours, with three options available: *instant* (collection and delivery of the parcel within 90 minutes), *today* (same day collection and delivery in a time range chosen by the customer) and *tomorrow* (collection and delivery on the day after purchase in a time range chosen by the customer).

The project “**Smart Letter Boxes**”²⁶ continued. During the first nine months, 57 boxes with screens were installed (21 in Milan, 33 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 of a majority shareholding in **Sengi Express Limited** was finalised. The company is a reference point for Chinese e-commerce merchants  in the Italian market and a leader in the creation and management of cross-border logistics solutions.

Acquisition of
Sengi Express Limited



The logistic support to the **vaccination campaign** for the delivery of Covid-19 vaccine doses continued, with over 20 million doses delivered throughout Italy. Vaccine appointments made on the Poste Italiane online platform continued, made available to the regions free of charge, as did distribution of Personal Protective Equipment (PPE) throughout the country.

Over 20 million
vaccines delivered to
support the **vaccination campaign**

Mail



In January 2021, the acquisition of the entire share capital of **Nexive** was completed, to rationalise the value chain in the logistics sector. Integration activities within the Group continued, necessary to achieve the pre-established economic synergies and operating efficiency and as of 1 October 2021 Nexive Network operates as an Operating Company, managing and coordinating the Group’s new delivery network.



²⁶This 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.

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 September 2021:

- there have been no post office closures
- a central office now provides dedicated support for small municipalities
- 1,506 new ATMs  have been installed in 1,483 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
- 601 POS  have been activated in 368 municipalities
- 303 smart post boxes have been installed in 232 municipalities
- 2,645 municipalities were served by the new green fleet.

3.4.3 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 saw the continuation of “reflation trade”  for the main global assets.

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). In the third quarter of 2021, shares reached new heights thanks to satisfactory growth in expected profit and the caution used by the central banks in reducing monetary support measures.

The Italian equity index (FTSE MIB 📖 which grew by +9.26% during the nine month period) benefited from the improvement in economic prospects and the effects of the significant reduction in the BTP-Bund spread on bank prices, exceeding the levels reached before the health emergency.

In this improved macroeconomic situation, which led to an upward revision in GDP and inflation forecasts, the ECB implemented a downward “recalibration” in the rhythm of monthly purchases in the Pandemic Emergency Purchase Programme - PEPP - (the securities purchase programme implemented to deal with the pandemic emergency which is set to end in March 2022), maintaining favourable financial conditions while also contributing to maintaining stability on the bond markets.

The 10-year BTP-Bund spread 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 swaps²⁷.

	Sep 2020	Dec 2020	Mar 2021	June 2021	Sep 2021
BTP 10Y	0.87	0.54	0.67	0.82	0.86
SWAP 10Y	(0.23)	(0.26)	0.07	0.10	0.16
BTP 15Y	1.23	0.92	1.06	1.29	1.32
SWAP 15Y	(0.05)	(0.08)	0.34	0.36	0.40
BTP 30Y	1.75	1.42	1.65	1.84	1.82
SWAP 30Y	(0.01)	(0.03)	0.48	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 September 2021.



²⁷ Source: Bloomberg

Banking system


On the basis of estimates provided by the Italian Banking Association (ABI), at 30 September 2021²⁸, 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 5.4% annually to approximately €2,012 billion (+€54 billion compared to 31 December 2020). The growth in the first nine months of 2021 stems from the significant increase in deposits from resident customers, which amounts to approximately €41 billion (+8.9% 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 30 September 2021 showed total assets of about €2,540 billion, compared to about €2,422 billion at the end of December 2020 (+4.9%, as a result of the positive contribution of inflows of +2.8% and performance of +2.1%). With regard to Portfolio Management, assets totalled approximately € 1,233 billion, up with respect to the amounts at the end of December 2020 (€ 1,220 billion, +1.1%, substantially due to the positive contribution of funding). With regard to Collective asset management, assets went from about €1,202 billion at the end of December 2020 to about €1,307 billion at the end of September 2021 (+8.8%). With regard to open-ended mutual investment funds  alone, customer assets at the end of September 2021 amounted to approximately €1,233 billion (approximately €1,133 billion at the end of December 2020, +8.8%, as a result of the positive contribution of inflows of +4.5% and performance of +4.3%). In terms of net inflows, the asset management industry recorded a total positive balance of about €67.1 billion in the first nine months of 2021 (about +14.3 billion in the same period of the previous year).

Regulatory context

CONSOB
Amendments
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.

²⁸ABI - Economy and Financial & Credit Markets - October 2021

- Circular no.285 of 17 December 2013 of the 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. On 30 June 2021 and 20 July 2021, the Bank of Italy published the **35th and 36th update** of said Circular relating to the **loans to company representatives (35th) and the regulations for evaluating properties used as guarantee of exposure (36th)**; neither topic is of particular significance for BancoPosta.
- Discipline of websites for the comparison of offers relating to payment accounts**

On **18 March 2021**, the Decree of the Ministry of Economy and Finance (MEF) of 22 December 2020 was published in the Official Journal, containing the "**Discipline of websites for the comparison of offers relating to payment accounts**" 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 **IBAN-equipped PostePay** card dedicated to consumer customers, will join one or more comparison websites, providing the website owners with the data needed to compare offers.

* A payment account is an account held in the name of one or more customers, used exclusively for the execution of payment transactions.
- MIFID II-ESMA**

New guidelines on the requirements of the compliance control function

On 6 June 2021, the "**ESMA Guidance on certain aspects of MIFID II** requirements relating to the **compliance control function**" 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 "**culture of compliance**" 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 compliant with the new Guidelines, is defining initiatives in order to promote the culture of compliance and the methodology to be adopted for the correct qualitative and quantitative definition of the Compliance function staff.
- Bank of Italy**

Guidelines on governance and control mechanisms for retail banking products

On 1 April 2021, the **Bank of Italy** published the document "**Guidelines for intermediaries on governance and control mechanisms for retail banking products (POG)**", which, in including good practices, as well as critical issues found both by the European Banking Authority (EBA), 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 **raise the level of compliance** with regulations and **the quality of customer relations**. The Company is finalising the assessments and related actions to be implemented.
- Covid-19**

Urgent measures to support businesses and households in difficulty

In relation to the **Covid-19** epidemic, the issuance of legislative provisions* aimed at extending the **urgent measures** adopted to **support businesses in difficulty** or to introduce **facilities for access to credit**, 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.

* 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.
- Bank of Italy**

Requirements of the company representatives of banks and financial intermediaries

On 5 May 2021, the Bank of Italy published the "**Provisions on the procedure for assessing the suitability of officers of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes**" 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.
- ESMA**

Guidelines on outsourcing to cloud service providers

On 10 May 2021, ESMA published "**Guidelines on outsourcing to cloud service providers**", 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.
- Delegated Regulation 2021/923**

Identification of material risk takers

On 9 June 2021, **Delegated Regulation 2021/923** 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>Bank of Italy Payment services (Directive PSD2)</p>	<p>On 30 June 2021 the Bank of Italy issued the measure that amended the Provisions on transparency of banking and financial operations and services, in order to implement art. 106 of Directive 2015/2366/EU ("PSD2"), which sets out the obligation for payment services providers to provide, in an easily accessible manner on websites and in paper copy, the European Commission's brochure describing the rights of consumers in the context of payment systems in the European Union. On 26 July 2021, the Authority published the new Guide on payments in electronic business to be published on the website of intermediaries, which provides all users with a map of the tools to use for online purchases. BancoPosta, alongside PostePay, has completed all the activities necessary for the publication of the brochure and the Guide, by the adjustment deadlines provided (October 2021).</p>
<p>BancoPosta Equity Use of individual savings</p>	<p>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 has expanded 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.</p>
<p>MiFID II Delegated acts of the European Commission on sustainability</p>	<p>On 2 August 2021 the delegated acts of the European Commission were published in the EU Official Journal, which integrate the regulatory framework of the MiFID II Directive, in accordance with a number of existing regulations*, in order to include therein the aspects linked to sustainability, in both the provision of the consulting service and the related organisational requirements, as well as the product governance process. The acts came into force on 22 August 2021 (applicable from 2 August 2022 and 22 November 2022 respectively). The company has addressed a number of initiatives and planned others, in order to implement the aforementioned provisions.</p> <p><small>*Regulation 2019/2088, Guidelines on MiFID II product governance requirements and Guidelines on certain aspects of the MiFID II suitability requirements.</small></p>

Operating review

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

Segment	Operating review
Current accounts	<p>The tax credit acquisition service aimed at BancoPosta current account holders was extended to other credit categories.</p> <div style="float: right; background-color: #FFD700; padding: 5px; font-weight: bold; font-size: 0.9em;"> € 3.9 billion in tax credits acquired with 87% of requests coming from the web </div> <p style="text-align: right; margin-top: 10px;"><i>For further information</i> </p>
Assets under Administration	<p>In the area of Business and PA current accounts, the new current account BancoPosta Business Link was launched on the market, aimed at the Small Business segment, offering a modular range²⁹ which can be accessed from the revamped online Internet Banking platform and a new app.</p> <p>Poste Italiane took part in the placement of the third issue of the Futura Multi-Year Treasury Bond (BTP), a security linked to Italy's GDP performance and launched as </p>

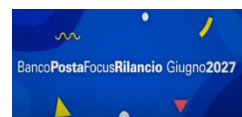
²⁹Upon request, the customer can activate two modules, each available in two versions ("Operation Module", which includes, in addition to one free chequebook, also 5 or 10 free transactions per month, depending on the version, and "Utilities Module" which, depending on the version chosen, includes respectively up to 3 or 5 utilities additional to the first one included in the Basic Module fee).

part of the Government's measures to tackle the health emergency, in particular to support economic recovery and the vaccination campaign.

Distribution of the following mutual funds began:

Asset management

- **“BancoPosta Focus Rilancio 2026”** e **“BancoPosta Focus Rilancio Giugno 2027”** focusing on 6 current megatrends (technology, public health, consumption, climate change, infrastructure and smart cities), for which Anima SGR is the  managing agent;



- **“BancoPosta Universo 40”** and **“BancoPosta Universo 60”**, flexible, multimanager³⁰ and sustainable³¹ products;




- **“BancoPosta Focus Ambiente 2027”**³², a balanced bond product that focusses on the potential growth of 5 economic sectors linked to environmental protection: climate change prevention, clean energy, circular economy, water and sustainable management of water resources, protection of the oceans.



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.

Together with the Partners for whom the **financing products** are distributed, the initiatives continued in the first nine months 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.

³⁰ Selection of the best actively managed ETF  and third-party funds, to take advantage of the best solutions for each asset class.

³¹ Selection of investment instruments is done taking sustainable finance criteria into account. In fact, the funds promote environmental, social and corporate governance characteristics into account (ESG factors), pursuant to article 8 of Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019.

³² The fund combines investments in bonds, accounting for at least 50% of the portfolio, with a portion invested in flexible instruments and shares. In the context of the latter component, exposure focuses on companies that contribute to building a more efficient and sustainable society in environmental terms.

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.



Distribution of third-party products

The **Green³³** promotion on BancoPosta loans was launched, supporting energy efficiency projects.



Tax credit acquisition

During the first nine months of 2021, the tax credit acquisition 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 acquired was that relating to restructuring for the recovery of the building stock.

At 30 September 2021, the portfolio of tax credits acquired by Poste Italiane is worth around €3.9 billion in liquidated terms.

Receivables acquired from customers have the following characteristics:

- approximately 76% were acquired by legal entities and 24% by individuals;
- around 87% were requested by customers via the web channel, around 3% on the dedicated Large Customer channel and around 10% at post offices;
- approximately 75% were made up of credits relating to “ordinary” building bonuses (e.g. restructuring recovery of the building stock, ordinary ecobonus, façade bonus, ordinary earthquake bonus), while the 110% superbonus represents approximately 24% of the total.

Other information

With reference to the main procedures pending and relations with the Authorities, please see the disclosure found in paragraph 7.6 “Proceedings pending and main relations with Authorities”. *For further information*



³³Loan useful for financing green house renovations (e.g. photovoltaic system) or for the purchase of a hybrid or electric car.

3.4.4 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 €58 billion at the end of August 2021, recorded an increase of 19.1% 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%).

Analysing the figures by class of insurance, **Class I** premiums amount to € 34.8 billion at the end of August 2021, up 3.1% compared to the same period of the previous year. The performance of **Class III** products  (in the exclusive unit-linked form) was up sharply (+59.2%) compared to the figure for the same period in 2020, with inflows of € 22.8 billion. Residual inflows came from capitalisation products (€0.4 billion), which recorded a significant decrease at the end of August 2021 (-41.8%) 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 €34 million), a significant increase (+81.5%) compared to the same period in 2020.

New contributions relating to the management of  **pension funds** in the first eight months of 2021 recorded inflows of €82.1 million, an increase (+31.1%) compared to the same period in 2020.

Single premiums continued to be the preferred form of payment for policyholders, representing 95.2% of total premiums written and 59.7% of policies by number.

With regard, finally, to the **distribution channel**, 63.8% of new business was obtained through banks and post offices until the end of August 2021, with premium revenue of €37 billion, an increase (+11.6%) 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 eight months of 2021 reached €9.6 billion, a significant increase (+18.2%) compared to the figure for the same period in 2020 and with an incidence on total brokered business of 16.6%.

The performance of new business obtained through authorised financial advisors was €10.4 billion, up (+51.5%) compared with the figure for the previous year and with an incidence compared to the total of brokered premiums equal to 17.9%.

Finally, the broker and distance sales channel recorded an increase at the end of August 2021 of 75.9% compared to the same period in 2020, with a volume of premiums placed of €1 billion (or 1.7% of the total brokered).

New life individual business by class ^(*)

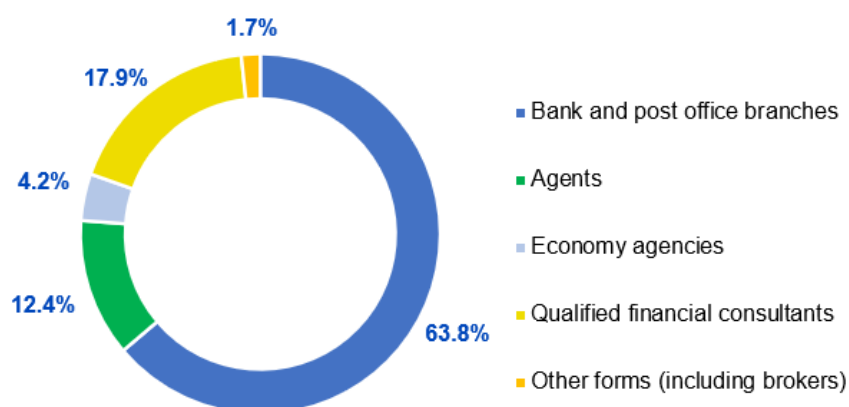
(data updated to August 2021 in €m)

Premiums by class/product	Premiums YTD	% change 08 2021 vs 08 2020
Life - class I	34,778	3.1%
Unit-Linked - class III	22,771	59.2%
Capitalisations - class V	373	-41.8%
Pension funds class VI	82	31.1%
Illness class IV	34	81.5%
Italian insurers - non-EU	58,038	19.1%
EU insurers ^(**)	10,986	72.0%
Total	69,024	25.2%

^(*) Source: ANIA

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

New Life individual business by distribution channel



Source: ANIA

P&C business

Relative to the P&C insurance market, total direct Italian premiums, also including policies sold in Italy by Italian companies and by overseas undertakings, based on the most recently available official data (source: ANIA) amounted to € 19.2 billion at the end of the first half of 2021, up by 3.2% with respect to the same period in 2020 thanks to the recovery in the non-Auto sector (+5.9%) and a lower decrease (-0.1%) in premiums in the Auto sector. In particular, the **motor TPL class** reported a 3.3% decrease in premium income, while premiums from the **land vehicles class** grew by 13% in the first half of 2021.

The **Non-motor class** grew by 5.9% in the first half of 2021. In particular, the **health class** grew 6.3% to €1,652 million, the **accident insurance class** increased 4.4% to €1,820 million, the **general liability class** grew 4.6% to €2,215 million, and the fire insurance business grew 5% to €1,373 million.

As regards the **distribution channels**, the agency one is confirmed as the leader with a market share of 73.4% substantially in line with the figure recorded in the same period of 2020 of 74.2%. Brokers represent the second P&C premium distribution channel with a market share of 8.6% (9.1% at the end of June 2020), while bank and post office branches recorded a market share of 8% (7% in the first six months of 2020).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of June 2021, there was an incidence of 9.6% (9.4% in the corresponding period of 2020). The remaining 0.4% (0.3% at the end of June 2020) refers to premiums brokered by qualified financial advisors.

Direct P&C premiums by class ^(*)

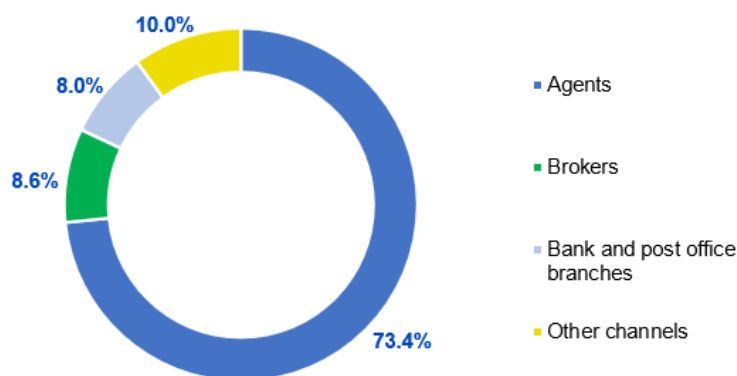
(figures updated to June 2021 in €m)

Premiums by class ^(**)	Premiums	% change 2Q 2021 vs
	YTD	2Q 2020
Total motor segment	8,272	-0.1%
Other P&C classes	10,964	5.9%
Total P&C classes	19,236	3.2%

^(*) 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.

Regulatory context



Operating review

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

Segment	Operating review
	<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"> the Multi-class  policies “Poste Progetto Dinamico” and “Poste Progetto Dinamico Più”³⁴. Benefits are linked to the Separately  Managed Account “Posta Valore Più”³⁵ and the value of the units in one of two available Internal Insurance Funds (of which one is ESG). These policies provide the possibility of accessing the opportunities offered by the financial markets through a gradual approach, and the service of gradual reallocation of risk as the product maturity date approaches; the “Poste Soluzione Valore” policy, a multi-class life insurance contract the benefits of which are linked to the “Posta Valore Più” separate account and to the value of the units in one of the two available Internal Insurance Funds (one of which is ESG). The duration is 10 years. <p>“Poste Domani Per Te Plus” was launched, a 10-year Class I product with a guarantee at maturity on the premium invested, net of any partial surrenders and coupons already liquidated. </p>
Life	
	<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 integrated Life/P&C offer was launched during the period, whereby subscribers to specific Life policies are offered a P&C policy free of charge.</p>
P&C	<p>The new motor liability offer, “Poste Guidare Sicuri”, was launched on the market, following a gradual approach to sales by the distribution network (over 4,100 authorised post offices).  </p>

³⁴Dedicated 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.

³⁵Poste Vita SpA 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.

Improvements were also made to the terms and conditions of the modular product³⁶, “**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 5 July 2021, IVASS, in cooperation with the European Insurance and Occupational Pensions Authority (EIOPA), began a Thematic Review with the objective of identifying the main sources of consumer damages and risks associated with Credit Protection Insurance (CPI). This initiative was launched in the European Union to assess a sample of insurance companies and banks representing each individual domestic market. Poste Italiane was selected to participate. The feedback was provided on 15 October 2021.

For the main procedures pending and relations with the Authorities, please see the disclosure found in paragraph 7.6 “Proceedings pending and principal relations with Authorities”.

For further information 

³⁶The 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.

3.4.5 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 most recently available figures³⁷ for the Italian **payment card** market show growth in total domestic transactions which in June 2021 amounted to around € 142 billion (+23% with respect to June 2020), exceeding pre-pandemic levels.


The total number of transactions increased by 39% with respect to the same period the previous year thanks to greater adoption of payment cards (e-commerce payments and contactless ) and amounted to nearly € 3 billion, with a notable reduction in average tickets.

Debit card transactions increased by 51% with respect to the first half of 2020, representing over one half of total transactions, amounting to more than € 80 billion in June 2021, up by 32% with respect to the same period in 2020. Prepaid cards continue to growth at a rapid pace with transaction volumes up by 35% and transactions up by 25% with respect to the first half of 2020, for a total of € 25 billion, in part thanks to the constant growth of e-commerce.

An increase was also seen in transactions and volumes involving credit cards  with a positive change of 16% and 6.9%, respectively, compared to the first half of 2020.

At 30 June 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 32.6 million, up 2.1% on December 2020. There was also a slight increase for debit cards (+1.4% vs December 2020) with 47 million active cards and for credit cards (+0.5% vs December 2020) with 15.4 million active cards at 30 June 2021.

³⁷ Source: <https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021>

Based on the latest available figures³⁸, **mobile telephony** market penetration shows total mobile lines representing around 174.8% of the population, with virtual mobile operators (MVNO)³⁹ representing 17.5%⁴⁰. The total number of lines at 30 September 2021 amounted to 105.2 million, including approximately 27.5 million Machine to Machine  (M2M) SIM cards. PosteMobile, with a total market share of approximately 4.3%, accounts for around 43.2% of the total customers of mobile virtual network operators.

€ 142 billion in transaction volume and approximately **€ 3 billion** in transactions in the first half of 2021 involving cards in Italy (+23% and +39% with respect to the first half of 2020)

Regulatory context



³⁸ Source: Agcom Osservatorio sulle Comunicazioni n. 3/2021, Report Operatori.

³⁹ Mobile Virtual Network Operator

⁴⁰ Source: Internal Estimate PostePay Administration, Planning and Control.

TLC
Donations via
telephone credit

With **Resolution 85/21/CIR** of 2 August 2021, the **AGCom** introduced amendments and integrations to the **National Numbering Plan** set out by resolution no. 8/15/CIR in relation to the use of **455 codes***. The resolution **amends** the regulation of **donations made in favour of third sector organisations via telephone credit** and introduces the so-called "Recurring Donations". It was also envisaged that the operators, within 90 days from the date of publication of said resolution, would send to the Authority, for the relevant checks and subsequent publication, a **new version of the "Self-governance code for the management of numberings used for non-profit telephone fundraising"** signed in 2017.

*Numbering used for fundraising for social benefit purposes by not-for-profit bodies, organisations and associations and public administrations via SMS or phone calls from a landline.

TLC
Exemptions for
Electronic
Communication
Operators

On the basis of Directive (EU) 2015/2366 (PSD2) and Legislative Decree no.218/2017, it is envisaged that the providers of electronic communication networks or services, operating under an **exemption** from the full application of the **PSD2**, can offer end customers **electronic communication services** that facilitate payment transactions with a **charge to access the services or charged to a bill** (post-paid electronic communication services) **or on the so-called pre-paid telephone account** (pre-paid/top-up electronic communication services).

The payment transactions benefiting from an exemption are permitted for the purchase of digital content and voice-based technology services (regardless of the device used); the functioning of charitable activities or purchase of tickets (made by or using an electronic device), provided that, per individual customer (post-paid or top-up):




- the value of each individual payment transaction is no greater than €50;
- the total value of the payment transactions is no greater than €300 per month.

Operators must also **notify the competent Authorities** that they are benefiting from an **exemption**, so that the authorities can assess whether or not the envisaged requirements are met (art.37, Directive 2015/2366).

In line with the aforesaid regulatory framework, on 5 August 2021 PostePay sent the notification to the Bank of Italy with the figures relating to the year 2020, which demonstrate compliance with the exemption requisites.



Operating review


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

Segment	Operating review
	<div style="display: flex; align-items: center;">  <div style="flex-grow: 1;"> <p>Marketing of Postepay Connect continued, the offer that integrates the Postepay Evolution prepaid card  and the PosteMobile SIM in a single app, focussing on the Postepay Connect Back offer which allows users to receive cash back on their Postepay Evolution card for gigabytes not consumed.</p> </div>  </div>
<p>Monetics</p>	<div style="display: flex; align-items: center;"> <div style="flex-grow: 1;"> <p>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 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.</p> </div> <div style="background-color: #ffff00; padding: 10px; margin-left: 10px; text-align: center;"> <p>Launch of Postepay Green: the sustainable prepaid card</p> </div> </div>

The new **Postepay debit card** was launched. The card is valid for BancoPosta retail and business current accounts and will gradually replace the current BancoPosta debit card, guaranteeing account holders all the services currently available on the BancoPosta card, as well as the additional and differentiating elements offered in 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.



Enabling of **Lottomatica** points of sale to accept bill payments  through the **Postepay Code**⁴¹  has been completed.

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 PA⁴² **postal account slip** on the **LIS PAY**⁴³ and **ENI** acceptance network was extended.


Collections and Payments

A pilot project was begun to accept **innovative payments** using the **Alipay**⁴⁴ circuit in post offices in areas with high numbers of Chinese residents (Rome, Milan, Prato and Florence).

⁴¹ 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.


⁴² Bollettino Postale (Postal Slip) integrated in pagoPA payment notices that allows payments to be made to Public Administrations through standardised payment methods.

⁴³ 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).


⁴⁴ In partnership with Alipay, Postepay has developed new payment options, to allow users who have an Alipay wallet  to make payments using the App with a QR code. Clients who choose to pay with an Alipay wallet can scan the QR generated on the PAD display at the branch, authorising payment with the App by inserting their PIN or with biometric recognition.

Telecommunications

PostePay enters the fibre market

Entry into the ultra broadband  market, supplying 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.



Migration to the new **Mobile Host Operator**  began in June and is continuing. The project to gradually migrate SIMs which are already active on the previous platform (which does not require changing the SIM) will be completed in the fourth quarter of 2021.

4. RISK MANAGEMENT



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

[RISK MANAGEMENT MODEL AND RISK ASSESSMENT](#)

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

4.1 POSTE ITALIANE'S 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 MODEL 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 makes it possible to analyse and manage operational risks, pursuant to 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	<p>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.</p> <p>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).</p>

Operational	<p>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 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.</p>
Compliance	<p>Risk of violating rules or regulations, such as risks relative to Legislative Decree 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).</p>
Reputational	<p>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.</p>
ESG	<p>Risks arising from factors related to environmental, social and governance issues (in particular, linked to human rights, climate change and sustainable finance).</p>
Financial and Insurance	<p>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 RFC⁴⁵ and PostePay's ring-fenced EMI⁴⁶ (the active</p>

⁴⁵On 14/04/2011, Poste Italiane SpA'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.

⁴⁶Following 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 SpA 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

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.

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 total nominal value of these securities at 30 September 2021 amounts to €135 billion (€163 billion in terms of total bonds). As regards the evolution of relevant risks, the first nine months of 2021 were characterised by a slight increase in the yields on Italian government securities, from 0.54% at the end of December 2020 to 0.86% at the end of September 2021. The trend in yields on Italian government bonds, combined with the increase in risk free rates, led to a slight drop in valuation gains⁴⁷.

The decrease in the spread had a positive effect on the Poste Vita Group Solvency II Ratio, which stood at 289% at 30 September 2021, compared with 288% at 30 June 2021 and 267% at December 2020.


Spread


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 317% at the end of September 2021 (316% at the end of June 2021). On 26 July, the Parent Company further increased the capital of the Company through the subscription of a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to € 300 million, calculated within Restricted Tier 1 capital. As of 2019, the Company has made use of Ancillary Own Funds (AOF), which are non-equity elements represented by guarantees or signature commitments that can be included within own fund items.

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 SpA'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

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 SpA, via the transfer of the "Debit Business" to the latter, as well as making the debit cards linked to BancoPosta accounts a PostePay SpA 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 SpA was formalised on 23 September 2021 and took effect on 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.

⁴⁷ 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 September 2021 of €38 billion. Fixed income securities measured at amortised cost relating entirely to BancoPosta RFC amounted to € 32.9 billion at 30 September 2021 (with a fair value of € 34.4 billion). With regard to the Poste Vita Group, on the other hand, the portfolio exposed to this form of risk at 30 September 2021 amounts to a total of €116.2 billion and primarily consists of financial assets at FVTOCI.

	<p>commitment letter signed by the Parent Company in favour of Compagnia Poste Vita SpA is counted among the elements of Tier 2 (AOF) ancillary funds, together with the subordinated loan, the value of which was €0.6 billion at 30 September 2021. Therefore, in accordance with the Solvency II 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 September 2021.</p>
Price	<p>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.</p>
Credit	<p>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.</p>
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	<p>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 rises with the duration  of the financial instrument.</p>
Cash flow interest rate	<p>This is defined as the uncertainty related to the generation of future cash flows, due to fluctuations in market interest rates. It may derive from misalignment - in terms of rate types, indexing methods and maturities - of financial asset and liability items that tend to be destined to remain until their contractual or expected maturity (so-called banking book) which, as such, generate economic effects in terms of net interest income, reflected in the revenue results of future periods.</p>
Cash flow inflation	<p>This is defined as the uncertainty related to future cash flows due to changes in the rate of inflation observed in the market.</p>
Foreign exchange risk	<p>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. 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.</p>

Risk of downgrading the Rating assigned to Poste Italiane. A possible downgrading due to a significant deterioration in Poste Italiane's creditworthiness, above all if it fell to below investment grade, could have an impact  on Poste Italiane's cost of funding and potentially restrict its 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	POSITIVE	26/10/2021
MOODY'S	Baa3	STABLE	14/06/2021
ITALIAN REPUBLIC	RATING	OUTLOOK	RATING ACTION
STANDARD & POORS	BBB	POSITIVE	22/10/2021
MOODY'S	Baa3	STABLE	06/11/2020

4.3 COVID-19 RISK MANAGEMENT AT POSTE ITALIANE

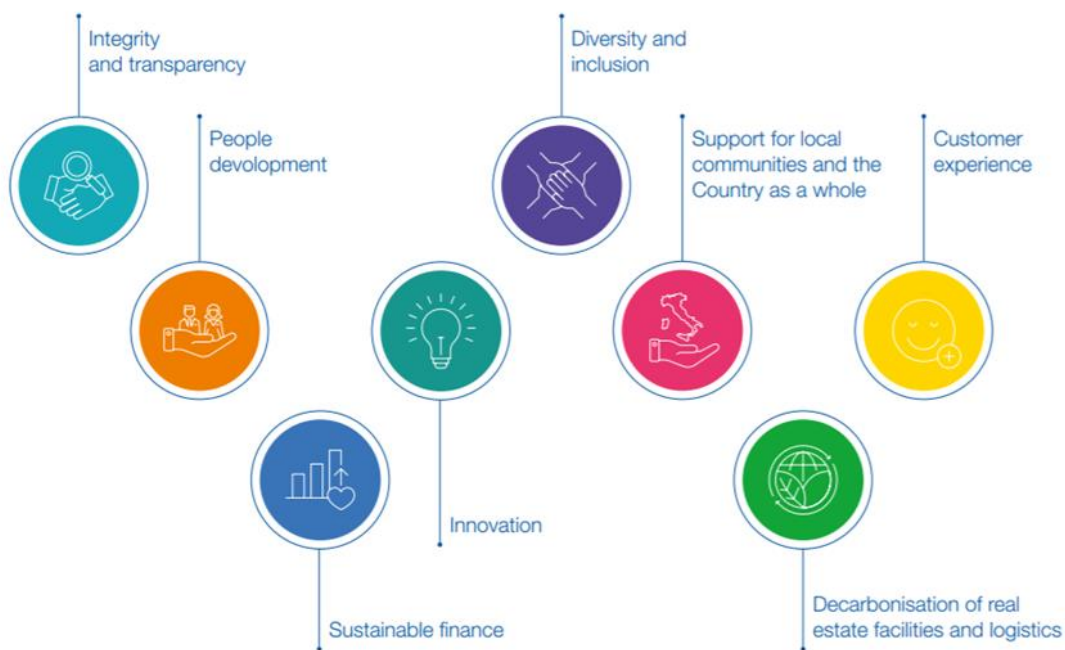


Poste Italiane is unique in Italy in terms of its size, recognition, capillarity and customer trust, and is an integral part of the economic, social and productive fabric of the country. Its role in relation to the entire nation makes the Group responsible for the well-being of the communities in which 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 revised 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 protect health and its 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. In relation to the improvement in the epidemiological situation during the third quarter and taking into account the health protection measures adopted, the Company determine it was possible to slowly return to in office activities and, in fact, asked all personnel making use of remote work to return to the office for at least two days a week, starting on 4 October.



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 SDGs⁴⁸:










⁴⁸ "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. Since October, in office work has begun again, alternating at least two days a week with smart working. Internal company coffee shops and canteens reopened as of 20 October 2021. To ensure proper distancing between employees when eating, the number of spots available in the canteens has fallen significantly (from around 600 to around 140 at the Eur canteen and from around 160 to around 80 at the Tor Pagnotta canteen).</p>	

<p>Constant distribution of PPE to exposed personnel protective masks (about 7.09 million pieces), fabric/surgical masks (about 76.37 million pieces), hand gel (2.15 million litres), disinfectant kit (648,119 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>Continuation of smart work: the Poste Italiane Group, to continue to limit the spread of the Covid-19 virus, has extended smart working for staff personnel through 31 December 2021, with scheduled on site work for a minimum of two days per week.</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>	
<p>The Company decided to reimburse employees for swabs done during the time between the first dose of the vaccine (also in the case of single-dose vaccines) and the effective validity of their Green Pass which, based on instructions from the Ministry, is achieved on the fifteenth day after inoculation.</p>	
<p>Organisation of checks on compliance with that established under Law Decree 127 of 21/09/2021, specifically the requirement for all those who exercise their work by accessing Poste Italiane workplaces to possess a valid Covid-19 certificate (known as the Green Pass). At Poste Italiane workplaces these checks involve: i) first level checks performed by assigned staff with a company mobile device able to carry out checks in compliance with current regulations; ii) second level checks performed by a Task Force, with employees from various company departments; iii) checks performed by those offering gatehouse/guardian services. The checks were carried out on a significant sample of the working population, both when entering the workplace and within the same.</p> <p>A significant sample of the working population means a sample consisting of at least 20% of the working population at each Productive Unit, distributed equally across the reference area, so as to guarantee uniform mapping throughout Italy. The requirement to carry out these</p>	










checks applies also to external personnel who, to carry out their work responsibilities, access workplaces that fall under their responsibility/management (maintenance workers, consultants, interns, temporary workers, teachers, cleaners, canteen and coffee shop employees - if internal to the company, security workers, suppliers, etc.). Note that only external personnel who have received and accepted the document "Disclosure for external personnel to manage and reduce the risk of SARS-CoV-2 virus contagion in Poste Italiane workplaces" can access Poste Italiane workplaces which, among other things, informs them of the requirement to possess a Green Pass and display it upon request, for all those who wish to access company buildings.	
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CUSTOMERS

Continuity in the opening of POs. Continuity in the provision of services (e.g. delivery, collection of pensions, etc.).	
Suspension of mortgages and loans continues (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).	
Adoption of measures to ensure spacing in the PO (e.g. safety strips on the floor at each counter, regulation of entrances, etc.).	
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.).	
Chatbot reinforcement:  addition to the Digital Mail Assistant chat channel (chatbot) and the voice channel (voicebot), which answers numerous standardised and repetitive requests for assistance, giving valuable time to "human co-workers" to manage more complex and emergent situations.	 
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).	
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>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 of around 29,400 sustainable plexiglass barriers (polymethylmethacrylate PMMA) as of 30 September 2021, 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 renovation of existing ones. Additional barriers are installed in acceptance centres dedicated to business customers, medical centres and swab areas.</p>	 

INTERNATIONAL, NATIONAL AND LOCAL AUTHORITIES

<p>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 continuous presence of Poste Italiane on the Civil Protection Operations committee), Prefectures and law enforcement (Management of relations with Prefectures and law enforcement involved at the local level), CODISE and COBAN (Poste Italiane participates at all CODISE and COBAN meetings as the central operator of the country's economic and financial system). Daily monitoring of rules and regulations relating to measures adopted by the authorities.</p>	
<p>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</p>	
<p>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, 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.</p>	
<p>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.</p>	
<p>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.</p>	
<p>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.</p>	 
<p>Logistical support for the delivery of vaccines: special vehicles, equipped with cold rooms, proceed with the delivery of vaccines to the appropriate locations.</p>	
<p>Continuous communication activities to national and local institutions aimed at raising awareness</p>	

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.	
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 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.	
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.	

SUPPLIERS

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.	
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.	
Respect for payment methods and times towards suppliers.	
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.	

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 nine months of 2021, Poste Italiane shares increased by 43% on the stock market, from €8.342 at the beginning of the year to €11.93 at the end of September 2021. Over the same period, the FTSEMIB increased 15.1%.

In the period between 1 January 2021 and 30 September 2021, on 8 June 2021, the stock reached an all-time high price since it was listed, of € 12.08.

Subsequently, in October 2021, the share continued to perform successfully, recording closing prices almost double those of the initial listing price in October 2015 (€ 6.75) and another all-time high on 26 October 2021 (€ 12.675).

From the date of listing on the stock exchange (27 October 2015) to 30 September 2021, Poste's share price increased by 76.7% (while the FTSEMIB index increased by 13.5% in the same period), guaranteeing an overall return for shareholders (TSR⁴⁹) of +132% while the main Italian stock exchange index recorded an increase of 27%.

⁴⁹ 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	9M 2021	FY 2020	9M 2020	FY 2019
Closing price at the end of the period (€)	11.930	8.320	7.568	10.120
Minimum price of the period (€)	8.076 (29/01/2021)	6.144 (12/03/2020)	6.144 (12/03/2020)	6.970 (02/01/2019)
Maximum price of the period (€)	12.080 (08/06/2021)	11.510 (19/02/2020)	11.510 (19/02/2020)	11.205 (12/11/2019)
Average price of the period (€)	10.701	8.364	8.451	9.292
Stock exchange capitalisation at the end of the period (€m)	15,582	10,867	9,885	13,218
TSR of the period (%)	47.42	(13.03)	(22.36)	53.94
TSR FTSE MIB of the period (%)	18.18	(3.34)	(17.40)	33.80
Earnings per share (€)	0.903	0.927	0.691	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

Group performance in the first nine months of 2021 showed growth with respect to the levels during the same period in 2020 and with respect to pre-pandemic levels in terms of revenues, operating margins and net profit. These results, achieved in an economic scenario which despite continuous improvement is still impacted by the health emergency, confirms the quality of the strategic guidelines contained in the 24SI Plan and the efficacy of their implementation.

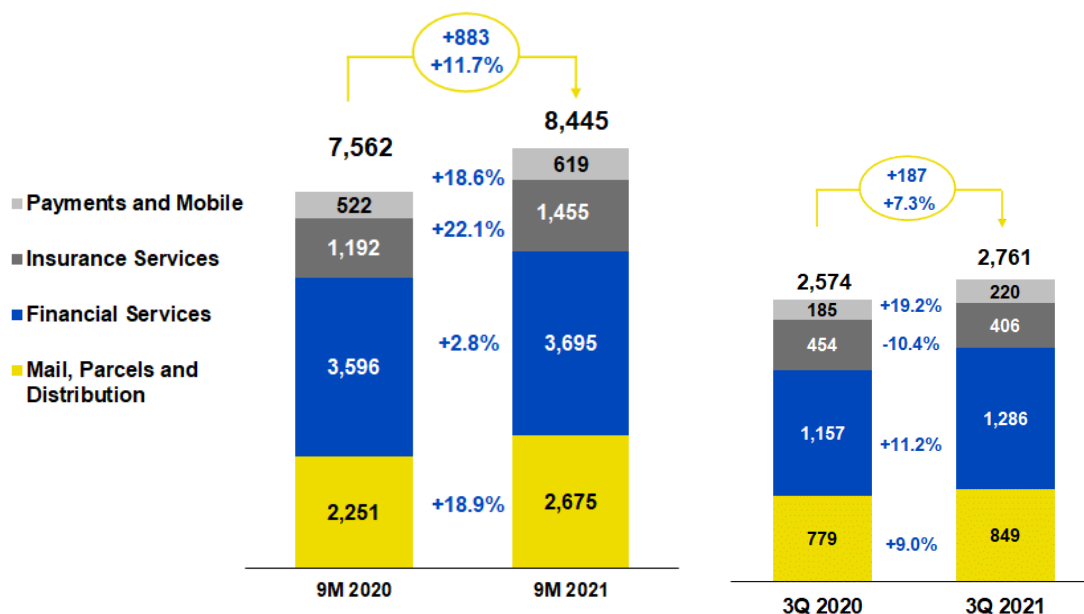
In the first nine months of 2021 Group revenues rose in all segments and operating profit improved, despite the increase in variable costs incurred to grow business, with respect to the same period in 2020.

CONSOLIDATED OPERATING RESULTS

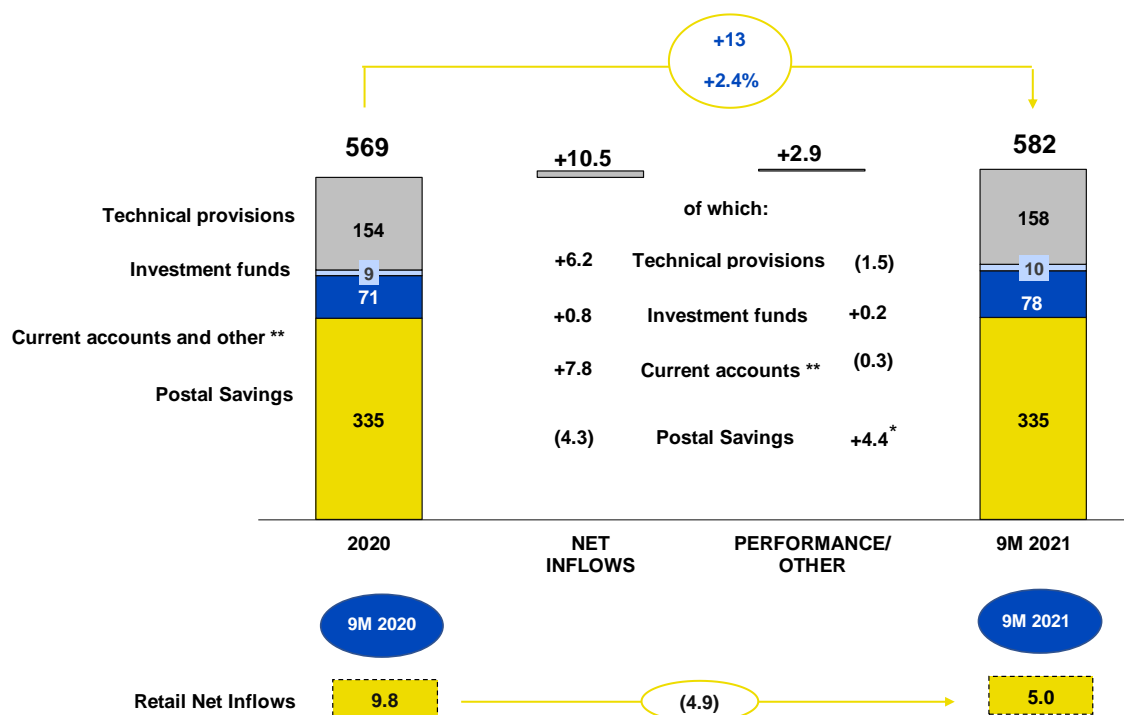
	9M 2021	9M 2020	CHANGES	
(€m)				
EXTERNAL REVENUE	8,445	7,562	+883	+11.7%
TOTAL COSTS	6,830	6,317	+512	+8.1%
EBIT	1,615	1,244	+371	+29.8%
EBIT margin %	19.1%	16.5%		
NET PROFIT	1,174	898	+276	+30.7%
NET EARNINGS PER SHARE	0.90	0.69	+0.21	+30.7%
CAPEX	455	370	+85	+22.9%
% of revenue	5.4%	4.9%		

Group revenues totalled € 8.4 billion, an increase of € 883 million with respect to the first nine months of 2020 (+11.7%), with a positive contribution from all the Strategic Business Units: Mail, Parcels and Distribution (+€424 million, +18.9%), Insurance Services (+€263 million, +22.1%), Financial Services (+€99 million, +2.8%) and Payments and Mobile (+€97 million, +18.6%). Performance in the third quarter of 2021 was again robust with revenues up compared to the same period of 2020 and to pre-pandemic levels. With respect to the same quarter of 2020, growth was concentrated in the Strategic Business Units of Financial Services, Mail, Parcels and Distribution and Payments and Mobile.

EXTERNAL REVENUE (€m)



TOTAL FINANCIAL ASSETS (€bn)

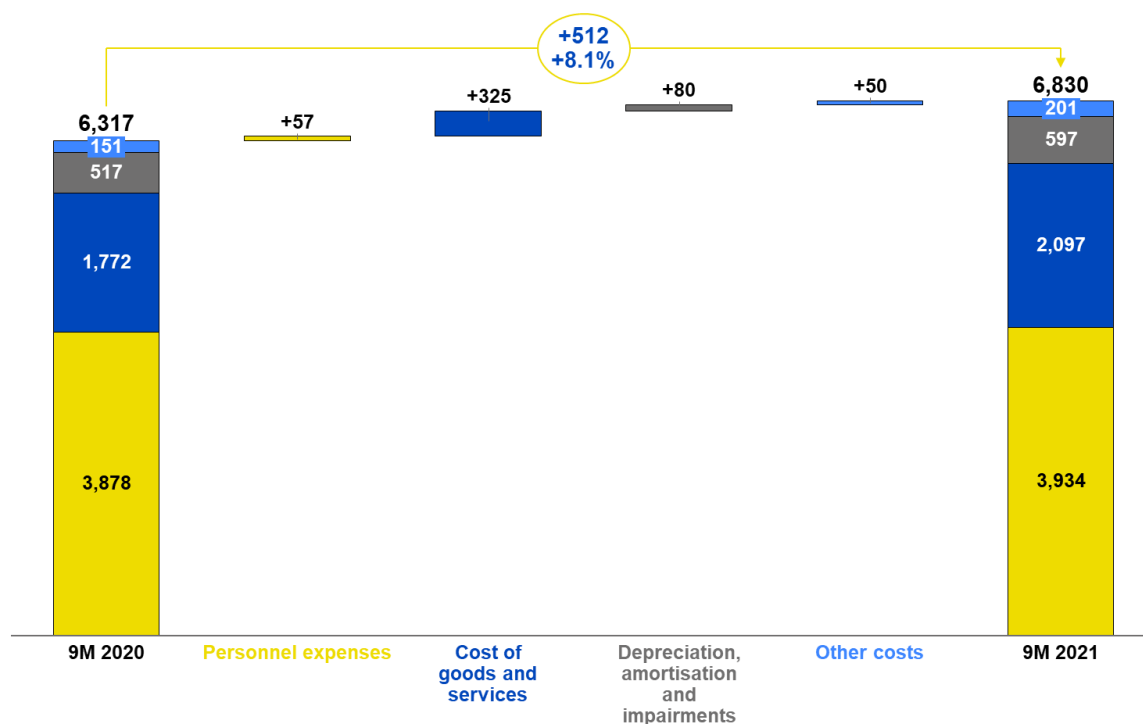


Total financial assets at 30 September 2021 amounted to € 582 billion and were up by € 13 billion with respect to 31 December 2020, thanks to the positive performance recorded mainly in net inflows on current accounts (+€7.8 billion) and the increase in Technical Provisions (+€6.2 billion).

Net retail inflows during the first nine months of 2021 were positive at € 5 billion, down by 4.9 billion with respect to the same period of 2020, mainly due to greater liquidity in savings books and current accounts in the first nine months of 2020, linked to the market context in that period which was dominated by the pandemic and the relative lockdowns, a situation which led customers to prefer highly liquid products.

TOTAL COSTS

(€m)



Total costs amounted to €6,830 million, an increase compared to the €6,317 million of the first nine months of 2020 (+€512 million), essentially due to higher costs for goods and services (+€325 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 September 2021 for goods and services also includes expenses incurred to deal with the health emergency, which at 30 September 2021 amounted to € 62 million (€ 81 million in the same period of 2020).

Also contributing to the growth in total costs were the components of depreciation and amortisation, personnel expenses and an increase in other operating expenses. Greater amortisation and depreciation were correlated with higher investments made or entering into operation compared to the same period of 2020, mainly in the ICT segment. The change in personnel expenses is mainly due to the one time savings seen during the first nine months of 2020 linked to the emergency situation described in detail in the following paragraph. Other costs include, among other things, higher provisioning carried out to deal with estimated liabilities, mainly relative to the Financial

Services Strategic Business Unit. For more information, please see that reported in paragraph 5.2.3 “Economic performance of the Financial Services Strategic Business Unit”.

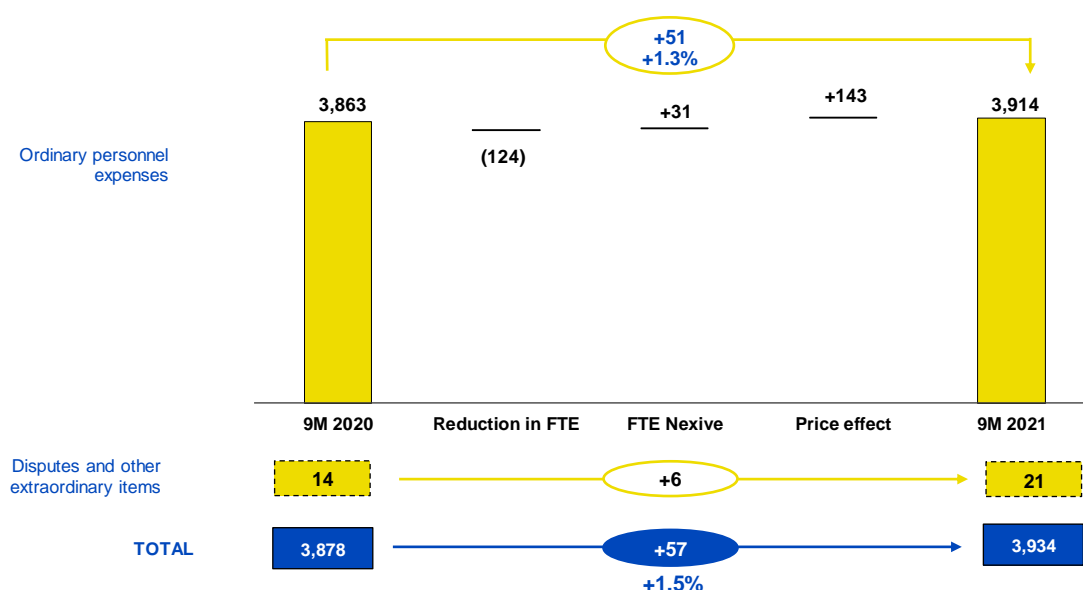
For further information



PERSONNEL EXPENSES

(€m)

Total personnel expenses increased by € 57 million with respect to the first nine months of 2020. This change is attributable to growth in the ordinary component, which rose from € 3,863 million in the first nine months of 2020 to € 3,914 million in the same period of 2021 (+1.3%).



The change in the ordinary component compared to the first nine months of 2020 mainly derives from minor costs recorded in 2020 during the health emergency (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 2,900 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 paragraph 7.3 “Industrial Relations”.

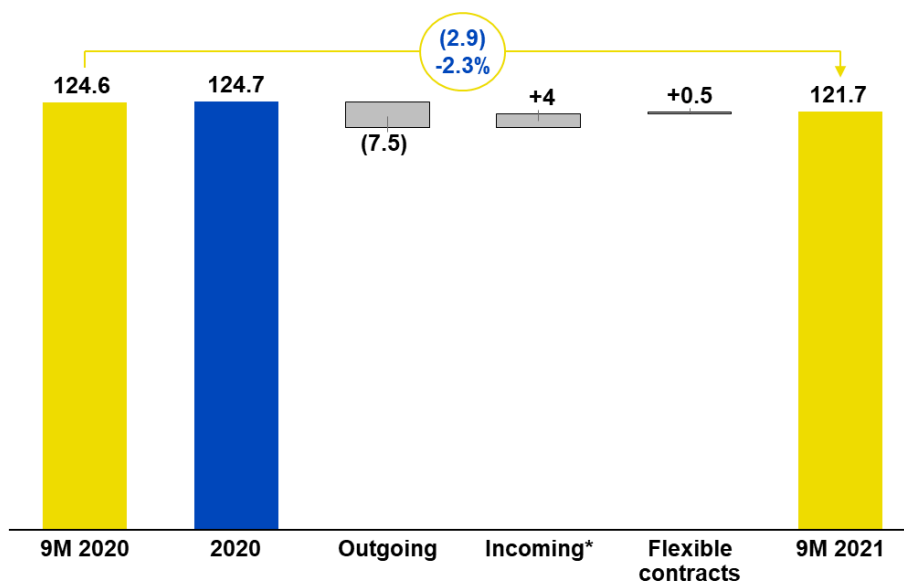
For further information



WORKFORCE

(average Full Time Equivalent in thousands)

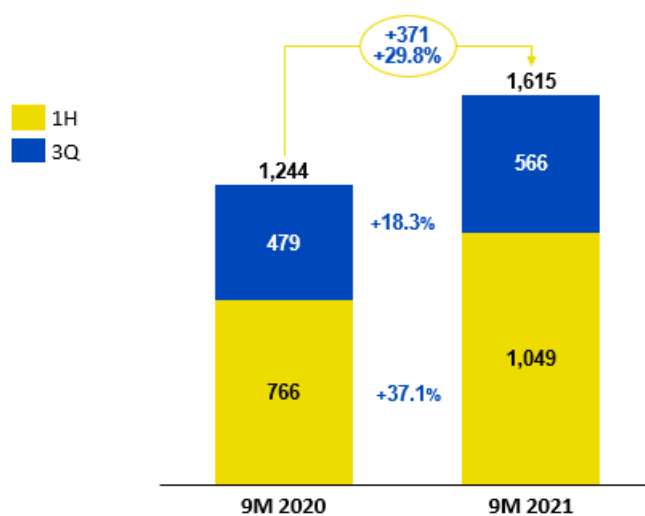
The reorganisation and rationalisation of internal processes continued in the current year through incentive-based redundancies; exits in the first nine months of 2021 were 7.5 thousand FTE against entries of 3.9 thousand FTE on permanent contracts and approximately 500 FTE on fixed-term contracts.



* Including approximately 1,200 FTE incoming from Nexive Group

EBIT

(€m)



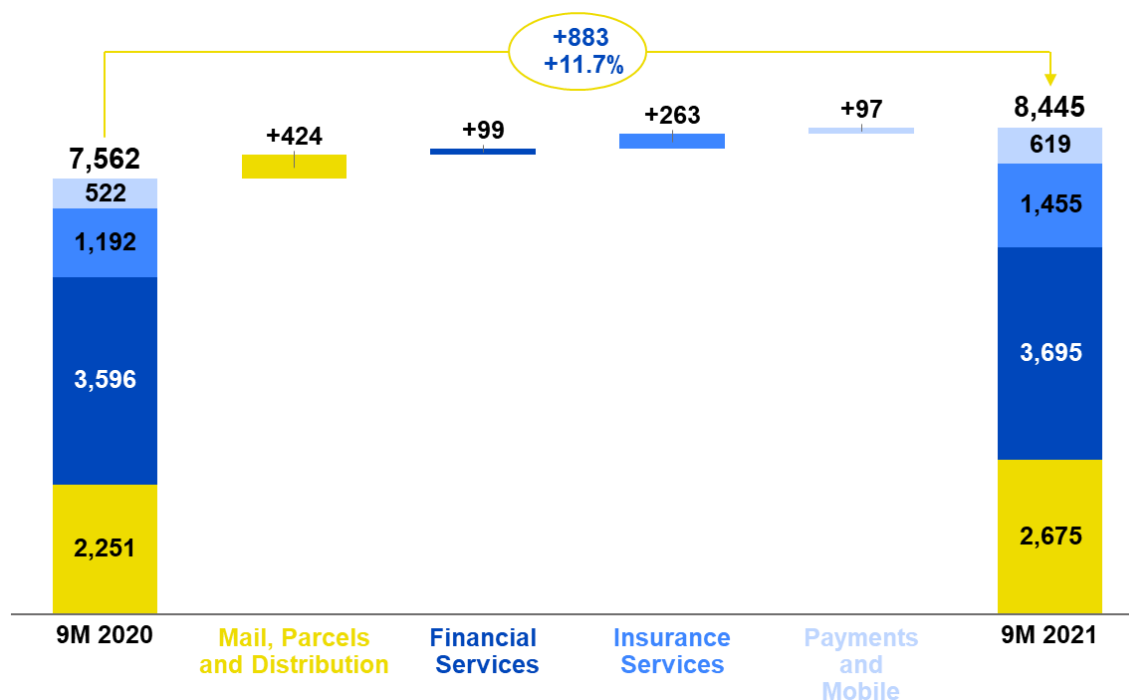
Consolidated EBIT at 30 September 2021 amounted to € 1,615 million, an increase of € 371 million (+29.8%) with respect to the same period of the previous year (€ 1,244 million).

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 € 2,675 million, an increase of € 424 million compared to the first nine months of 2020, thanks to significant growth in the parcels business, the increase in revenue from traditional mail (+€141 million, +10.3% compared to the first nine months of 2020) and thanks also to consolidation of the revenues of the Nexive Group (€ 119 million in the first nine months of 2021).

The **Financial Services Strategic Business Unit** contributed € 3,695 million to Group revenues, an increase of € 99 million with respect to the first nine months of 2020, benefiting from the contribution made by capital gains realised through active management of the securities portfolio. The lower returns expected from the securities portfolio, linked to the decrease in market rates, were in part counterbalanced by the increase in total customer deposits and interest deriving from tax credit acquisitions.

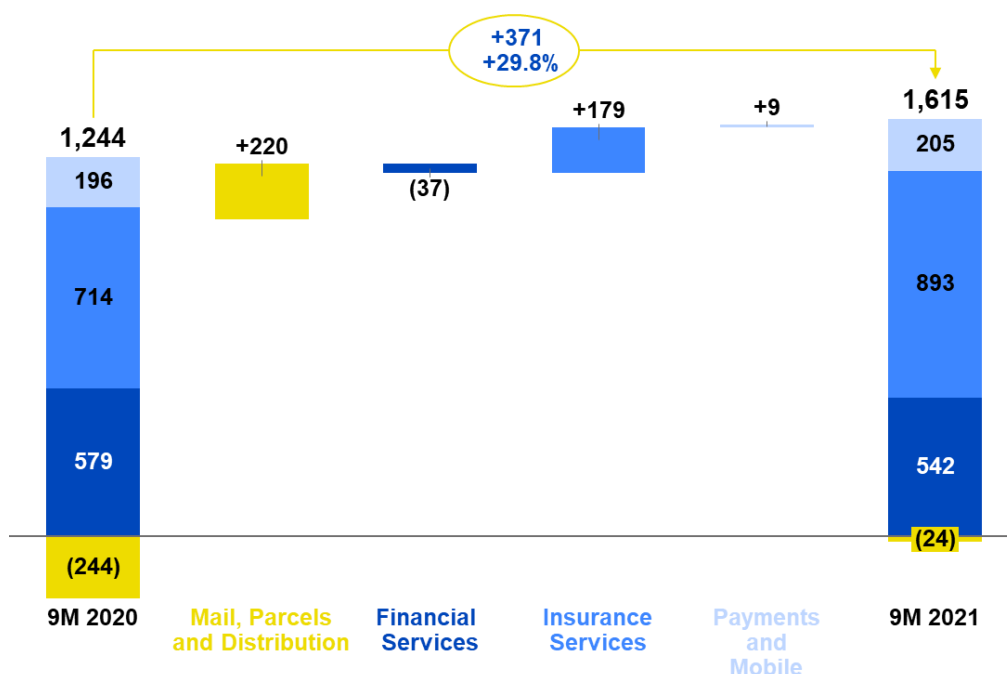
The **Insurance Services Strategic Business Unit** recorded external revenue of € 1,455 million and an positive change of € 263 with respect to the first nine months of 2020. More specifically, net life revenue amounted to € 1,351 million, an increase of € 269 million with respect to the first nine months of 2020, mainly due to the volume effect correlated with the increase in average assets under management and growth in profits due to the increase in multi-class policies among offerings.

P&C net revenue amounted to € 104 million, down slightly (-€6 million) compared to the first nine months of 2020, penalised during the first nine months by a one time negative component (around € 14 million, mainly due to Covid-19 guarantees for Poste Italiane employee health policies).

The **Payments and Mobile Strategic Business Unit** contributed to total revenue with €619 million (+€97 million, compared to the same period in 2020), recording growth in all segments.

EBIT

(€m)

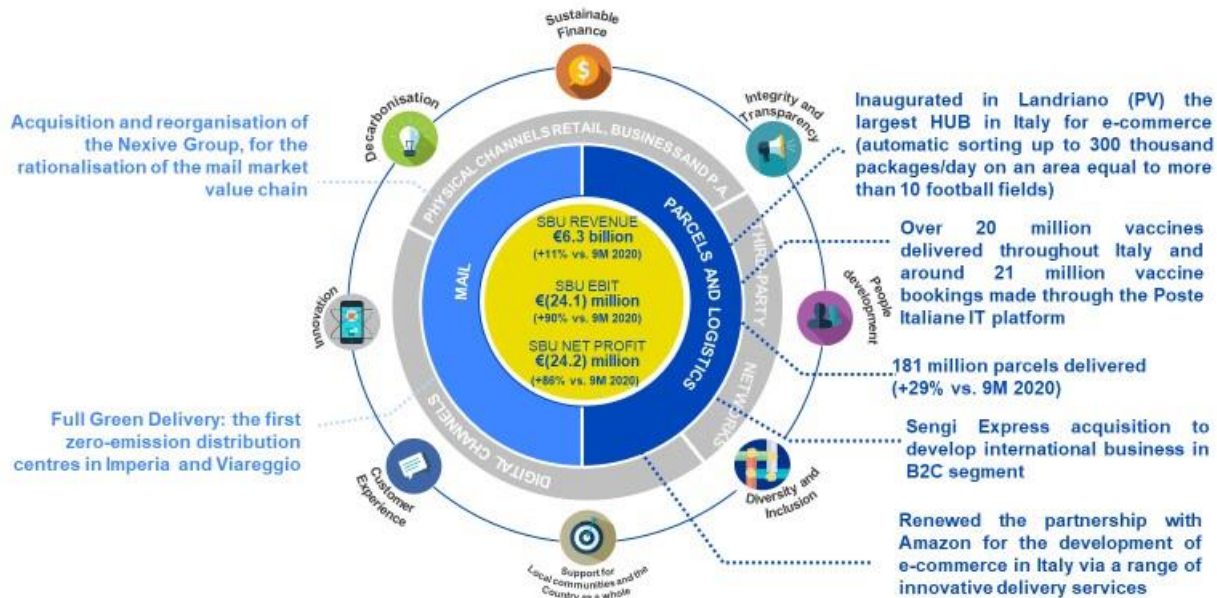


The operating profit of the **Mail, Parcels and Distribution Strategic Business Unit** was negative for € 24 million, an improvement (+€220 million) with respect to the loss seen in the first nine months of 2020 (-€244 million).

Performance also improved for the **Insurance Services** and **Payments and Mobile Strategic Business Units**, which respectively recorded, at 30 September 2021, operating profit of € 893 million (+€179 million compared to the same period in 2020) and € 205 million (+€9 million compared to 30 September 2020).

The **Financial Services Strategic Business Unit** contributed EBIT of € 542 million to the Group's operating results, a decrease of € 37 million with respect to the same period the previous year.

5.2.2 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT



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

MAIL, PARCELS AND DISTRIBUTION	9M 2021	9M 2020	CHANGES	
(€m)				
External revenue	2,675	2,251	+424	+18.9%
Revenue from other sectors	3,583	3,380	+203	+6.0%
Total revenue	6,258	5,630	+628	+11.1%
Costs	6,223	5,820	+402	+6.9%
Costs vs other sectors	60	54	+6	+10.6%
Total costs	6,282	5,874	+408	+6.9%
EBIT	(24)	(244)	+220	+90.1%
EBIT margin %	-0.4%	-4.3%		
NET RESULT	(24)	(177)	+153	+86.3%

Main KPIs	9M 2021	9M 2020	CHANGES	
Mail and parcels				
Revenue/FTE (€k)	52	46	+6	+13.7%
Parcels that can be delivered as standard mail (volumes in m)	55	53	+2	+3.9%
New Punto Poste Network (number of lockers and alternative collection points)*	12,623	10,799	+1,824	+16.9%
Incidence of parcels delivered using alternative channels ¹ (%)	2.1%	1.0%		
Distribution				
Number of customers (m)	35.2	34.7	+0.5	+1.3%
Number of Post Offices*	12,766	12,765	+1	+0.0%
Rooms dedicated to consultancy	6,950	6,752	+198	+2.9%
Postamat ATM network	8,072	7,757	+315	+4.1%
ESG				
Green fleet (electric vehicles)*	1,737	1,319	+418	+31.7%
Charging points installed*	1,302	952	+350	+36.8%
Smart post boxes*	403	347	+56	+16.1%
No. of buildings involved in the Smart Building project ²	401	45	+356	n/s

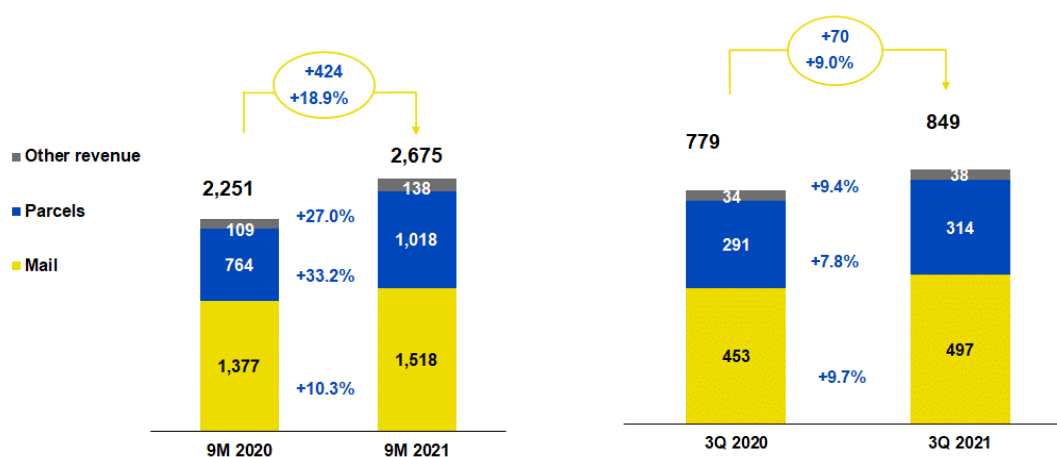
* The figure indicated in column 9M 2020 refers to 31 December 2020

¹Third-party networks. Calculated as volumes of packages delivered on Punto Poste Network (lockers, tobacconists and other collect points) of the total volumes of B2C parcels

² Automated and remote management of buildings to achieve energy efficiencies

EXTERNAL REVENUE

(€m)

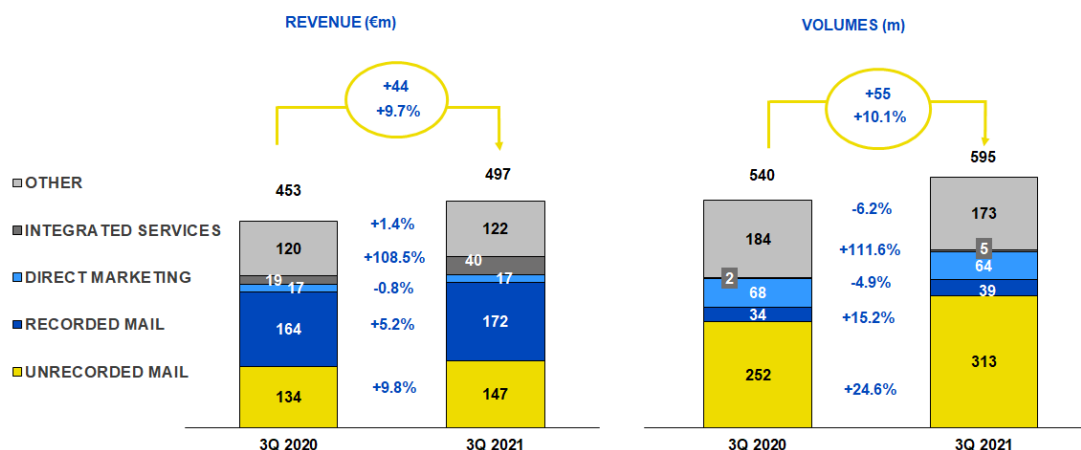
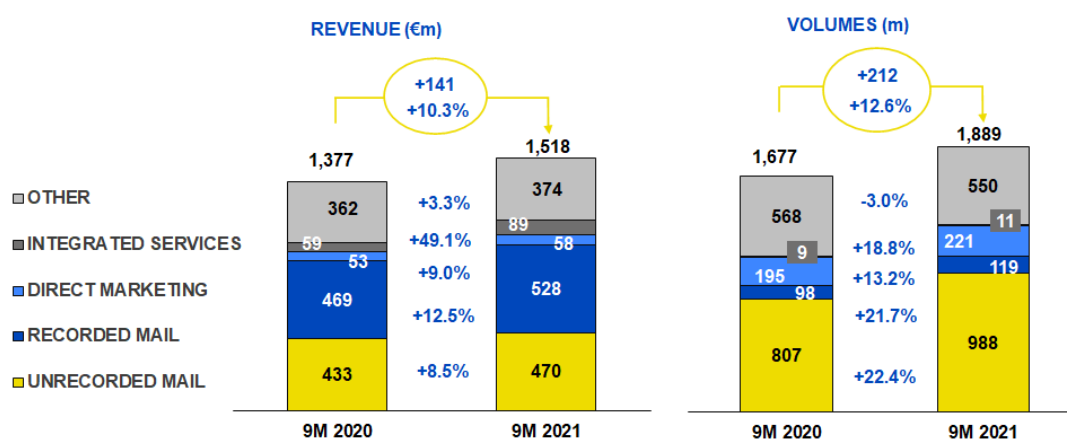


Segment revenue for the first nine months rose from € 2,251 million in 2020 to € 2,675 million in 2021 (+€424 million, +18.9%), continuing to confirm in the third quarter of 2021 the growth seen in the first and second quarters of the year.

The positive change seen in the first nine months of 2021 is due to increased revenues from traditional mail (+€141 million, +10.3% compared to 2020), thanks to the recovery of activities that had been impacted by the restrictive lockdown measures in the first nine months of 2020, as well as the positive contribution coming from the Nexive Group (+€88 million) relative to business mail.

Revenues also benefited from the particularly strong performance of the parcel segment (+€254 million in revenues, +33.2% with respect to the same period the previous year). The growth in the parcels segment was distributed throughout all segments and driven by the B2C segment and development of international business relative to inbound flows (+€19 million, +43.1% over the same period in 2020), thanks in part to the acquisition of the Chinese operator Sengi Express. The parcels segment also benefited from the contribution of the contract to provide delivery of personal protective equipment to public administrations.

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 that allows companies and Public Administration communication bodies to send 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 nine months of 2021 show growth in both volumes and revenue of +12.6% (+212 million items) and +10.3% (+€141 million respectively) compared to the same period of the previous year.

Recorded Mail registered 21.7% growth in volumes (+21 million items) during the first nine months, accompanied by a 12.5% increase in revenues (+€59 million), mainly concentrated in the second quarter. In the third quarter, growth continued to be attributable to the recovery in registered mail and court documents compared to the same period in 2020.

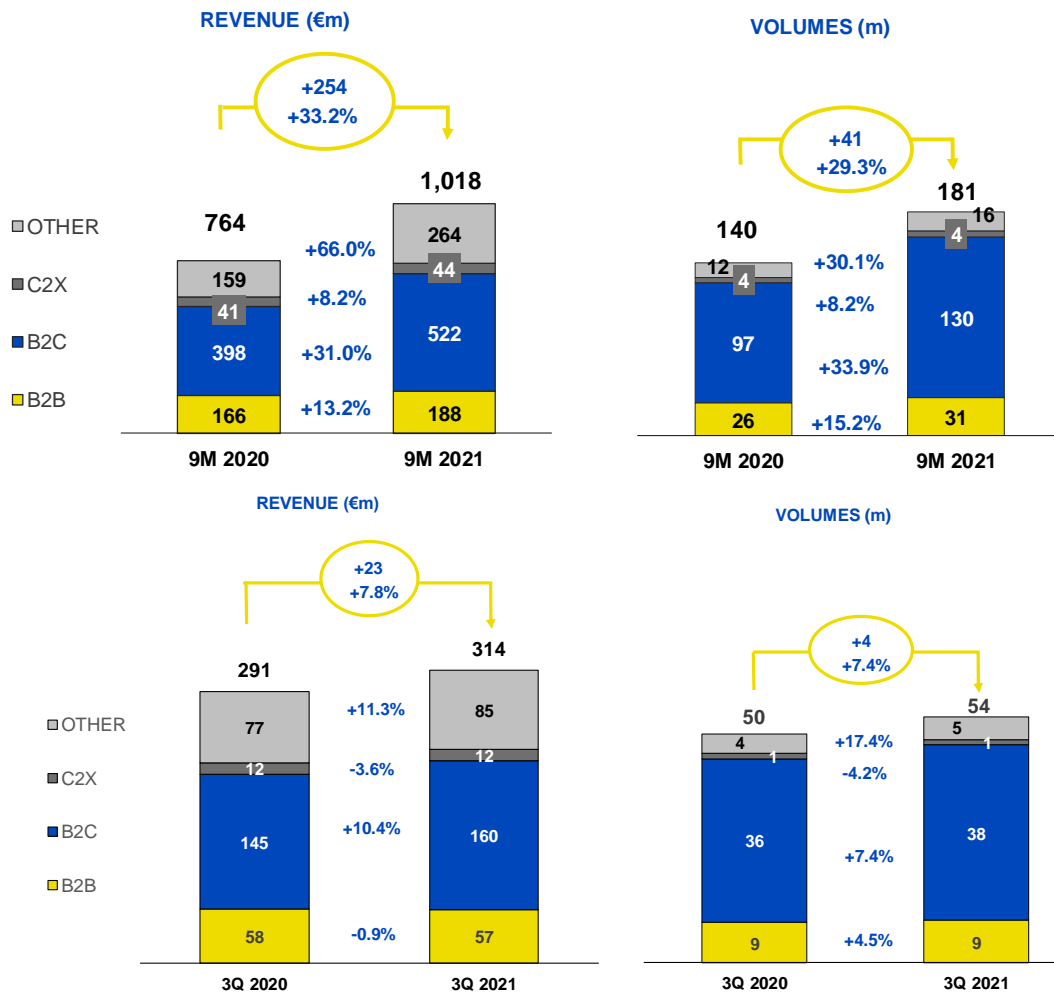
The encouraging recovery in volumes for Unrecorded Mail seen in the first two quarters of 2021 continued in the third quarter of the year, resulting in an increase in both volumes and revenues, respectively of +22.4% (+180 million items) and +8.5% (+€37 million) compared to the same period in 2020.

Integrated Services also saw volumes and revenues grow with respect to the same period of 2020, respectively by +18.8% (+2 million items) and +49.1% (+€29 million), thanks to the positive contribution coming from the recovery of notification activities, including products such as administrative and court documents and, during the third quarter, a recovery in tax collection notices.

During the first nine months of 2021, Direct Marketing saw a 13.2% increase in volumes (+26 million items), leading to a positive change in revenues of around € 5 million (+9%). 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 3% (-17 million items) compared to the same period of 2020, despite a significant improvement in performance in the second quarter. The item also includes the fee for the Universal Service Compensation (€197 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 revenues and shipments, partnerships with other logistics operators. This item also includes revenues from dedicated services (highly customised services designed for the specific requirements of banks, insurance companies, public administrations or customers with the same technical/operational features), from integrated logistics services (warehouse management), included as part of the fee for the contract awarded by the Ministry of the Interior for distribution of personal protective equipment and the long-haul road transport service (operated by Sendder Italia).

In the first nine months of 2021, the parcels business continued to show significant development of performance, with a positive change in both volumes and revenue respectively of +29.3% (+41 million items) and +33.2% (+€254 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 reopen. In particular, in the first nine months of the year, the B2C sector generated revenue of € 522 million, up 31% (+€123 million) with respect to same period of 2020, against 130 million shipments (+33.9%, +33 million items).

Positive performance also for the B2B segment, which achieved revenue of €188 million in the first nine months of 2021, up 13.2% (+€22 million compared to the same period of 2020), against 31 million shipments handled (+4 million items, +15.2%).

The performance of the Other item, which registered an increase of € 105 million (+66%) in the first nine months of 2021, compared to the same period in 2020, was mainly the consequence of the integrate logistics contract awarded to Poste Italiane in May 2020 for the delivery of personal protective equipment to Public Administrations (+€70 million compared to 2020) and development of international business (+€19 million, +43.1%), which benefited from the integration of the Chinese operator, Sengi, into the Group as of March 2021.

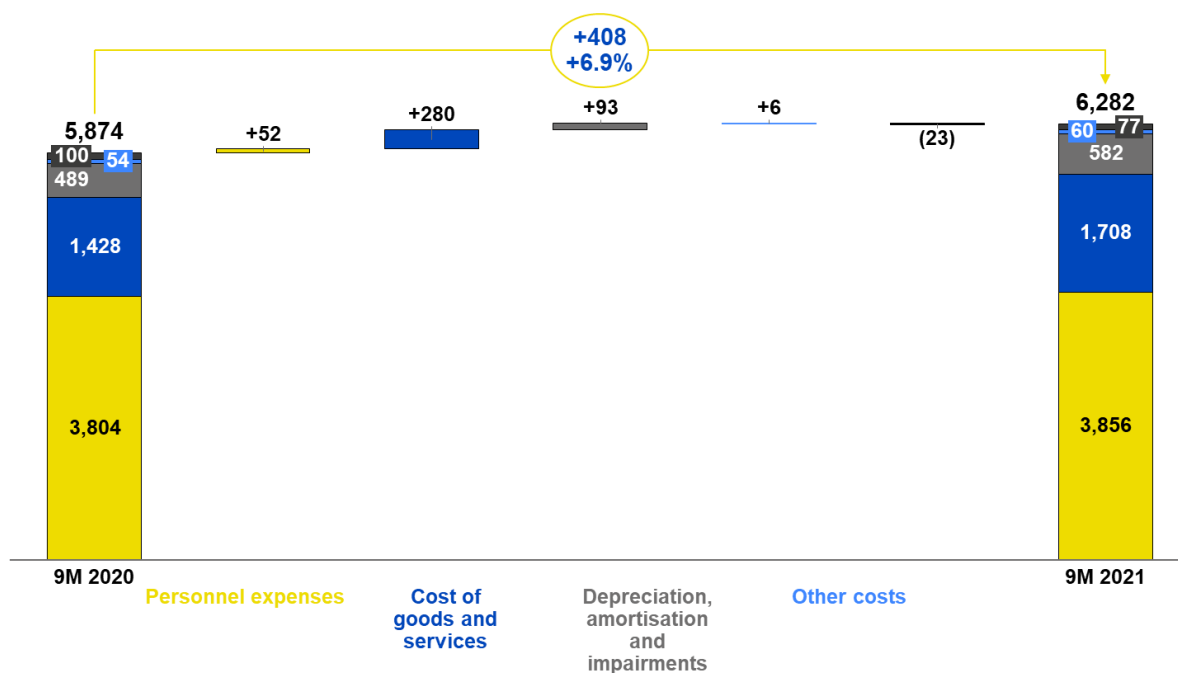
In the third quarter of 2021, parcel volumes slowed from the growth trend begun in the first half of the year compared to the same period in 2020 trending towards a “new normal” level, post-pandemic. The slowdown in the growth of volumes coming from China contributed to this trend, after the European Directive “Low Value Consignment” took effect on 1 July 2021. For more information, please see that found in the paragraph “Group Financial Position and Cash Flow”, in the section on Mail, Parcels and Distribution Strategic Business Unit Investments.

For further information



TOTAL COSTS

(€m)



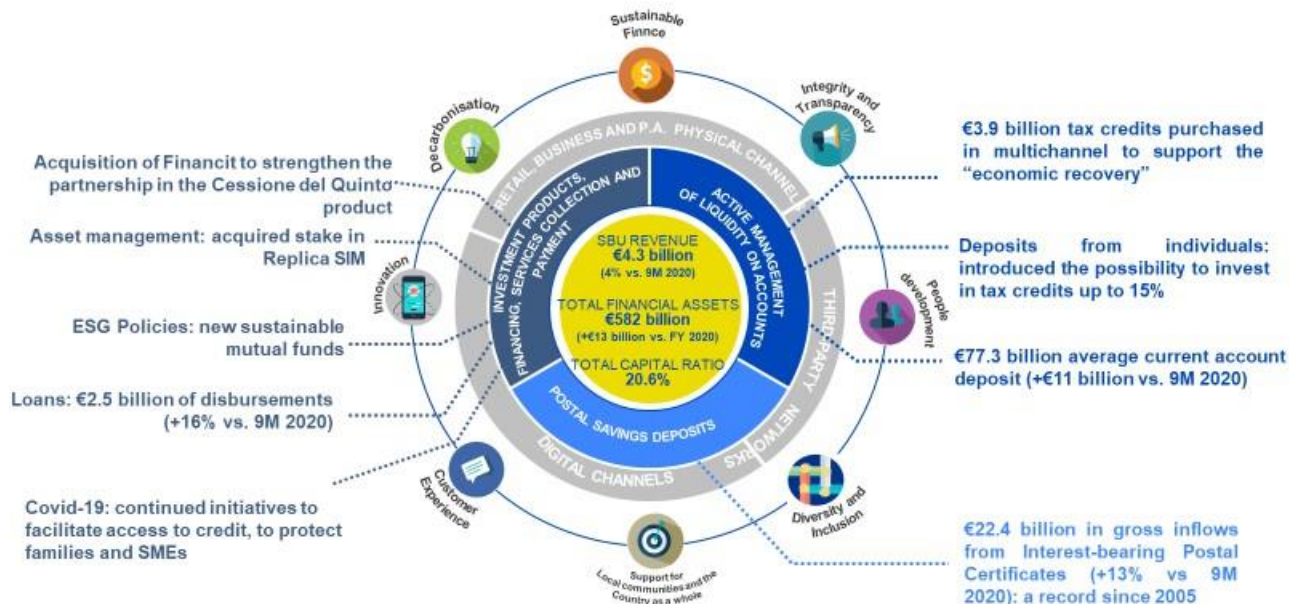
Costs, including depreciation, amortisation and impairment for the first nine months of 2021 amounted to € 6,282 million, an increase of € 408 million (+6.9%) with respect to the same period in 2020. This performance is essentially attributable to the €280 million (+19.6%) increase in the cost of goods 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 €58 million (€81 million in the same period of 2020 incurred for the health emergency).

Personnel expenses amounted to €3,856 million, up €52 million compared with the same period last year, due mainly to an increase in ordinary personnel expenses (+€46 million, +1.2%), mainly as a result of lower costs related to the health emergency recorded in the first nine months 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 was only partially mitigated by the reduction in average staff during the first nine months of 2021 (approximately 2,800 FTE less than in the first half of 2020).

The item of depreciation, amortisation and impairment increased by € 93 million (+19% compared to the same period in 2020), mainly due to higher investments in the period compared to the first nine months of 2020.

In the light of the above, the Mail, Parcels and Distribution Strategic Business Unit reported negative EBIT of € 24 million for the first nine months of 2021, an improvement of € 220 million compared to the same period in 2020 (+90.1%).

5.2.3 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT



The economic results of the Strategic Business Unit in the first nine months of 2021 show total revenue up due to the joint effect of greater external revenue, mainly due to capital gains realised through proactive portfolio management and greater volumes disbursed in the financing segment, as well as higher revenues contributed by other segments achieved by the insurance segment due the growth in its business.

EBIT, which fell in comparison with the first nine months of 2020, suffered from higher fees paid to the Mail, Parcels and Distribution Business Unit for placement of products, as well as higher provisioning carried out in the face of probable liabilities.

In September 2021, the Total Capital Ratio amounted to 20.6%, confirming the financial 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"). This equity increase brought the leverage ratio to 3% as of 30 September 2021.

FINANCIAL SERVICES	9M 2021	9M 2020	CHANGES	
(€m)				
External revenue	3,695	3,596	+99	+2.8%
Revenue from other sectors	560	479	+81	+16.8%
Total revenue	4,255	4,076	+180	+4.4%
Costs	157	89	+68	+76.6%
Costs vs other sectors	3,556	3,408	+149	+4.4%
Total costs	3,713	3,496	+217	+6.2%
EBIT	542	579	(37)	-6.4%
EBIT margin %	12.7%	14.2%		
NET PROFIT	393	407	(13)	-3.3%

Main KPIs	9M 2021	9M 2020	CHANGES	
Total financial assets (€bn)*	582.0	568.6	+13.4	+2.4%
Net inflows (€m)	10,527	11,207	(680)	-6.1%
Unrealized capital gains/losses (€m)	4,146	2,067	+2,079	+100.6%
Current accounts (average deposits for the period in €bn)	77.3	66.4	+10.9	+16.5%
Inflows total return ¹	1.9%	2.4%		
Postal savings (average deposits in €bn)	318.8	316.1	+2.7	+0.9%
Loans (disbursed in €m)	2,527	2,181	+346	+15.9%
Tax credits acquired at the end of the period (in billions of euro) ²	3.9	n/a	n/s	n/s

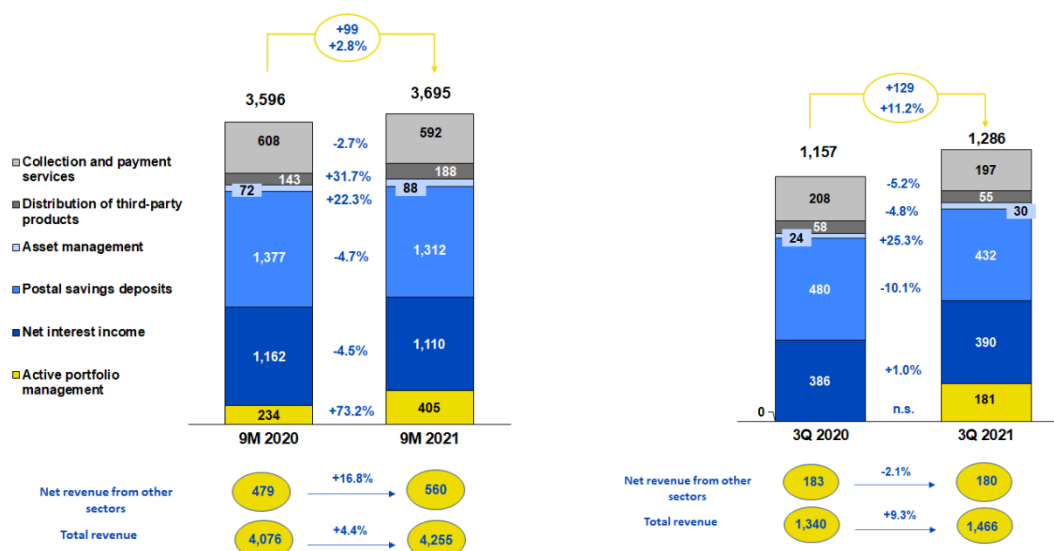
¹ The figure indicated in column 9M 2020 refers to 31 December 2020

¹ Excluding capital gains

² Acquired value

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 nine months of 2021 amounted to € 3,695 million and saw an increase of € 99 million (+2.8%) compared to the € 3,596 million realised in the same period of the previous year.

More specifically, the period in question shows: (i) Net interest income down compared to the same period in 2020 (-€53 million, -4.5%), essentially due to the expected lower returns caused by continuing low market rates, only partially mitigated by the increase in loans consequent to greater stocks of customer deposits; (ii) Capital gains realised through proactive portfolio management totalling € 405 million, an increase of € 171 million (+73.2%) with respect to the € 234 million realised in the same period in 2020.

Revenue from the Postal Savings collection and management service amounted to € 1,312 million (down by € 65 million, -4.7% compared to the same period in 2020). While awaiting the signing of a new agreement with Cassa Depositi e Prestiti S.p.A., these revenues reflect services rendered between January - September 2021 measured in line with the essential provisions of the agreement which governed the service between 2018 and 2020. Revenues from collection and payment services amounted to € 592 million, a 2.7% decrease (-€16 million) with respect to the same period the previous year, mainly attributable to lower volumes of payslips.

With reference to revenue from the distribution of third-party products, which amounted to € 188 million, up € 45 million (+31.7%) compared to the same period in 2020 (€ 143 million). The change is mainly attributable to higher volumes of personal loans and salary-backed loans, which were significantly impacted in the first nine months of 2020 by lower operations due to the lockdown.

Revenue from Asset Management saw growth of € 16 million (+22.3%) compared to the same period of the previous year, mainly due to management fees  for mutual funds and new funding associated with ESG funds.

Revenue from other sectors amounted to € 560 million (+16.8% compared to the same period in 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.

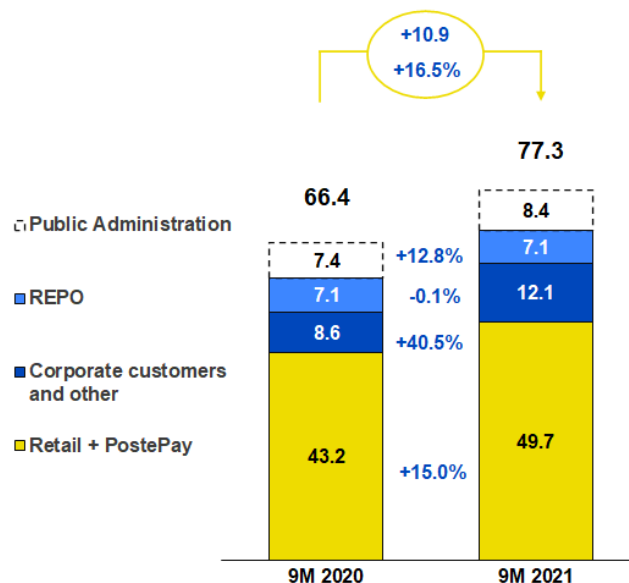
For further information



The third quarter of the year saw external revenues up by € 129 million (+11%) with respect to the same period in 2020, mainly driven by the increase in revenues derived from capital gains realised through proactive portfolio management (+€181 million). This change was partially offset by lower revenues from Postal Savings (-€48 million, -10.1%) and from collection and payment services (-€11 million, -5.2%).

AVERAGE CURRENT ACCOUNT DEPOSIT

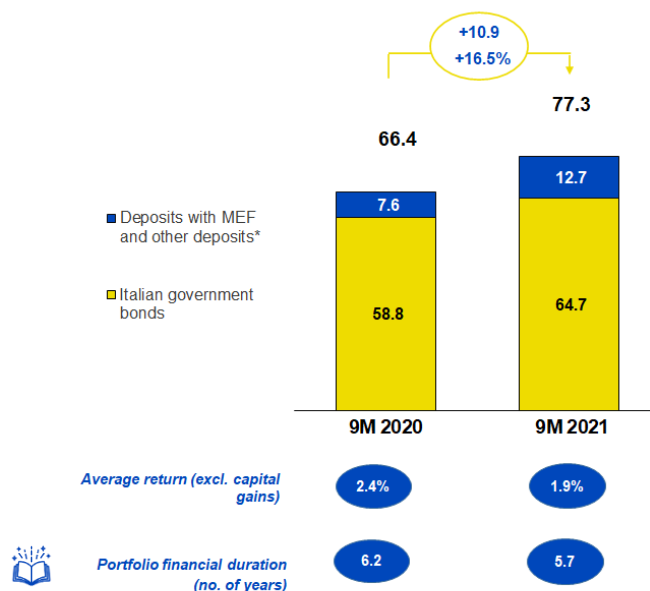
(€bn)



At 30 September 2021, the average current account deposit increased from €66.4 billion to €77.3 billion. This increase, of € 10.9 billion, can be traced to the growth seen in all business segments and mainly to the positive contribution coming from Retail customers and Postepay (+€6.5 billion, +15.0%), as well as from Corporate customers (+€3.5 billion, +40.5%).

COMPOSITION OF INVESTMENT PORTFOLIO


(AVERAGE BALANCE in €bn)



*Includes liquidity on the Buffer, deposits with other financial institutions, additional short-term lending (< 12 months), average deposit used to acquire tax credits and excludes Poste Italiane liquidity.

The average balance 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 €64.7 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (approximately €8.4 billion) represented by funding from postal current accounts belonging to public customers.


The investment portfolio also includes average deposits used by BancoPosta to acquire tax credits which, at 30 September 2021, amounted to around € 0.5 billion.

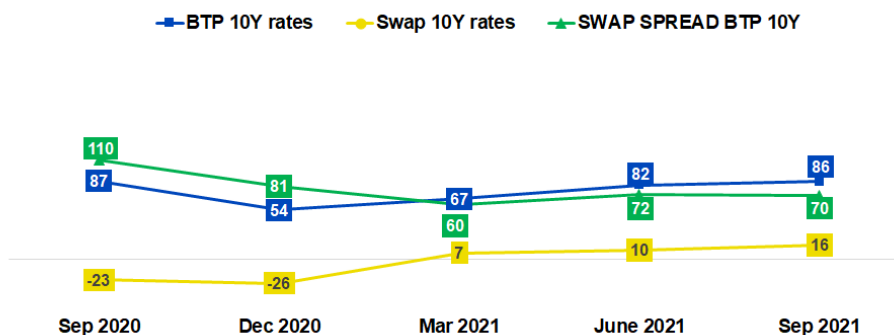
For further information 

In the first quarter of 2021, the financial market 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.

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 situation, management of the Bancoposta portfolio featured the purchase and renewal of securities maturing in 2021 (during the period in which the spread increased).

As of June 2021, the BTP-Bund spread began to narrow towards a range of 100-110 bps. During this period, a securities repurchase programme was begun, with capital gains expected to be realised in 2022 and the completion of those for 2021.

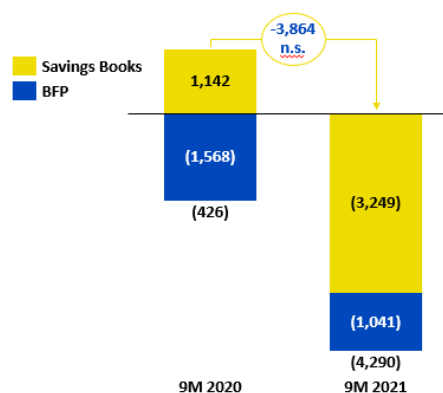
In May and June 2021, funding operations were carried out for the early renewal of a portion of the RE.PO. portfolio to finance structural leverage, in view of favourable funding conditions. 



During the third 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

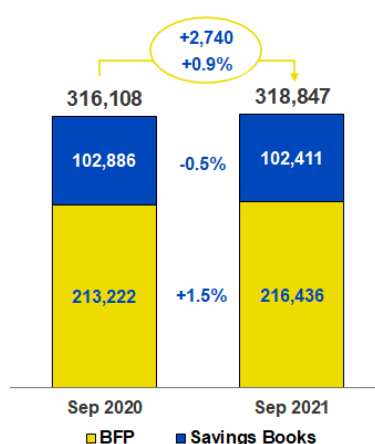
(€m)



At 30 September 2021, postal savings net inflows amounted to -€4,290 million, about €3,864 million less compared to the same period of the previous year. However, this negative change did not involve both products in the segment. There was a decrease of approximately € 4,391 million in savings books compared with the first nine months 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 nine months 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 € 2,551 million. Relative to interest-bearing Postal Certificates (BFP), the change with respect to the figure at 30 September 2020 was positive for around € 527 million. This change benefited from new subscriptions of € 22.4 billion, up by 13% with respect to the amount during the same period of 2020 and correlated with a higher number of BFPs maturing during the first nine months of 2021 compared to the same period in the previous year.

POSTAL SAVINGS AVERAGE DEPOSIT*

(€m)

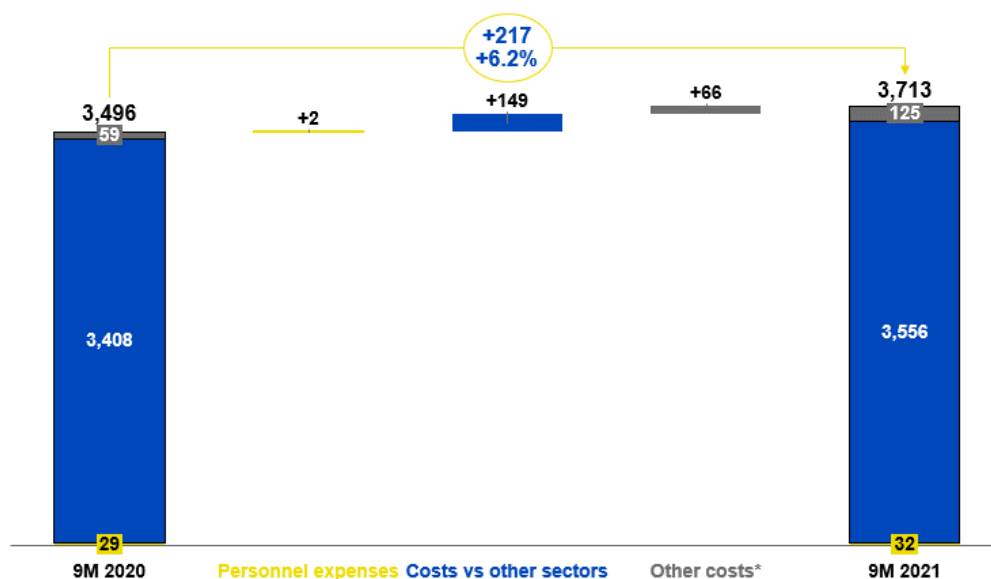


* Calculation of interest is done at the beginning of the year relative to interest maturing the previous year. Average deposit value excludes both capitalisation of interest for the period and interest accrued, but not yet due, on Interest-bearing Postal Certificates that have not expired at the reporting date.

The Postal Savings Average Deposit saw an increase of over € 2.7 billion with respect to 30 September 2020. The amount for Savings Books is linked to the lower preference for liquidity in the face of a more favourable macroeconomic situation and the switch towards investment products. Growth in the Average Deposit for Interest-bearing Postal Certificates (BFP) during the first nine months of 2021 is mainly due to capitalisation of interest.

TOTAL COSTS

(€m)



* This item includes costs for goods and services, adjustments/reversals and other costs and expenses

Total costs for the sector amounted to € 3,713 million, up by € 217 million (+6.2%) with respect to the € 3,496 million in the first nine months of 2020, mainly due to greater fees relative to Operating Guidelines⁵⁰ in relation to activities assigned to Mail, Parcels and Distribution and the relative growth in volumes.

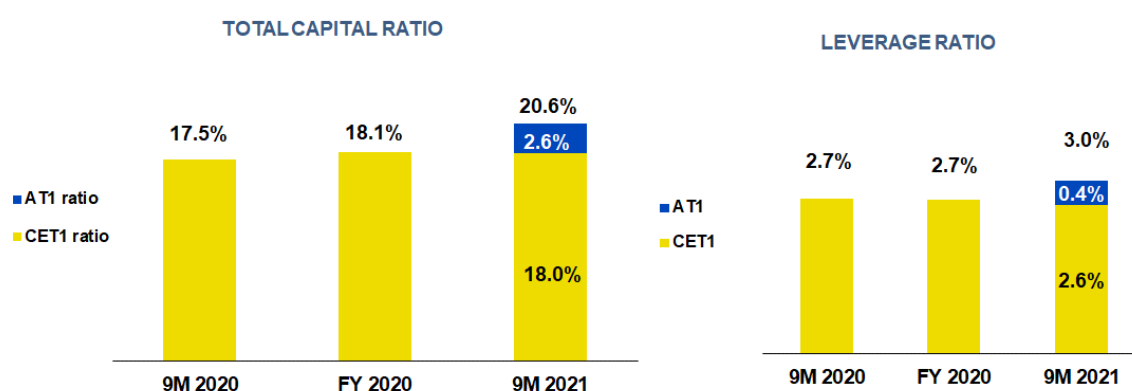
The item Other costs saw an increase with respect to the same period in 2020, mainly due to higher provisions for risks deriving from operational risks linked to BancoPosta's operations and the release of provisions for risks recorded in the same period of 2020, linked to protection initiatives promoted to support subscribers of real estate funds.

Operating profit (EBIT for the sector in the first nine months of 2021 amounted to € 542 million, down by 6.4% with respect to the same period the previous year (-€37 million).

⁵⁰The provision of services to BancoPosta RFC by Poste Italiane SpA functions is governed by the specific Regulation governing BancoPosta RFC's contracting out and outsourcing process, approved by Poste Italiane SpA'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 SpA's functions. The Operating Guidelines set out, inter alia, service levels and transfer prices.

Taking into account financial management (positive for € 9 million) and taxes for the period (€ 158 million), the sector closed the first nine months of 2021 with net profit of € 393 million, down by € 13 million with respect to € 407 million in the first nine months of 2020 (-3.3%).

€m	9M 2020	FY 2020	9M 2021
CET1 CAPITAL	2,383	2,449	2,442
TOTAL CAPITAL	2,383	2,449	2,792
TOTAL ASSETS	99,100	103,981	106,200
RWA - Risk Weighted Assets	13,635	13,502	13,538



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 3.0% at 30 September 2021. The CET 1 Ratio at 30 September 2021 was 18.0%, while the Total Capital Ratio including Additional Tier 1 was 20.6%, confirming the financial solidity of BancoPosta.

5.2.4 INSURANCE SERVICES STRATEGIC BUSINESS UNIT



Positive performance from 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. The P&C segment saw growth in business accompanied by greater diversification in favour of Welfare business.

The Solvency ratio at 289% confirms the Group's capital strength.

INSURANCE SERVICES		9M 2021	9M 2020	CHANGES	
(€m)					
External revenue		1,455	1,192	+263	+22.1%
Revenue from other sectors		2	0	+2	n/s
Total revenue		1,457	1,192	+265	+22.2%
Costs		108	99	+9	+9.0%
Costs vs other sectors		456	380	+76	+20.1%
Total costs		564	479	+85	+17.8%
EBIT		893	714	+179	+25.1%
EBIT margin %		61.3%	59.9%		
NET PROFIT		655	523	+132	+25.2%

Main KPIs	30 September 2021	31 December 2020	CHANGES	
Net technical provisions Poste Vita Group (€bn)	158.5	153.7	+4.8	+3.1%
Solvency Ratio	289%	267%		
Life business	9M 2021	9M 2020	CHANGES	
Gross premium revenue - Life (€m) ¹	13,907	12,239	+1,668	+13.6%
of which: Classes I-IV-V	10,938	10,784	+154	+1.4%
of which: Class III	2,969	1,455	+1,514	+104.0%
Incidence of Multi-class premiums on total	57%	34%		
Unrealized capital gains (€bn)	15.1	14.4	+0.7	+5.0%
Lapse rate	3.0%	2.5%		
% of ESG products on investment products ²	43.0%	14.0%		
P&C business	9M 2021	9M 2020	CHANGES	
Gross premium revenue - Non-Life (€m) ³	247	185	+62	+33.6%
Average daily premiums - Modular offer (€t)	207	94	+113	+119.8%
Intermediated premiums on motor (€t)	3,690	n/a	n/s	n/s
Combined ratio (net reinsurance) ⁴	88.3%	76.5%		

¹ Includes gross premium revenue before outward reinsurance premiums and intra-group portions.

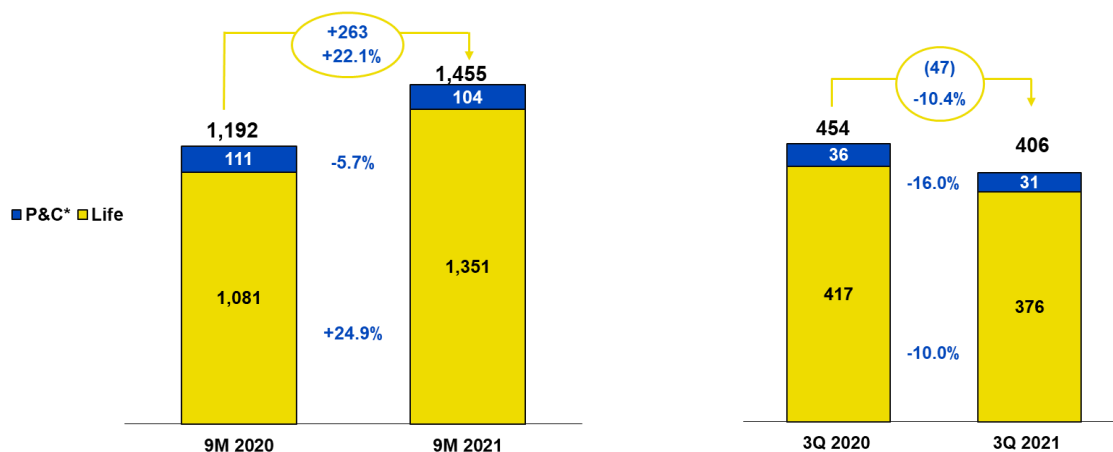
² For products being placed, the presence of an ESG component is enhanced. Product campaigns are excluded with gross annual inflows that are less than €100 million.

Includes gross premium revenue before the premium reserve, outward reinsurance premiums and intra-group portions.

⁴ 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)



* Includes Poste Welfare Servizi, Poste Insurance Broker and other revenue

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 € 1,192 million in the first nine months of 2020 to € 1,455 million in 2021 (+22.1%), essentially due to the performance of the Life business, which contributed € 1,351 million, whilst non-life business contributed € 104 million.

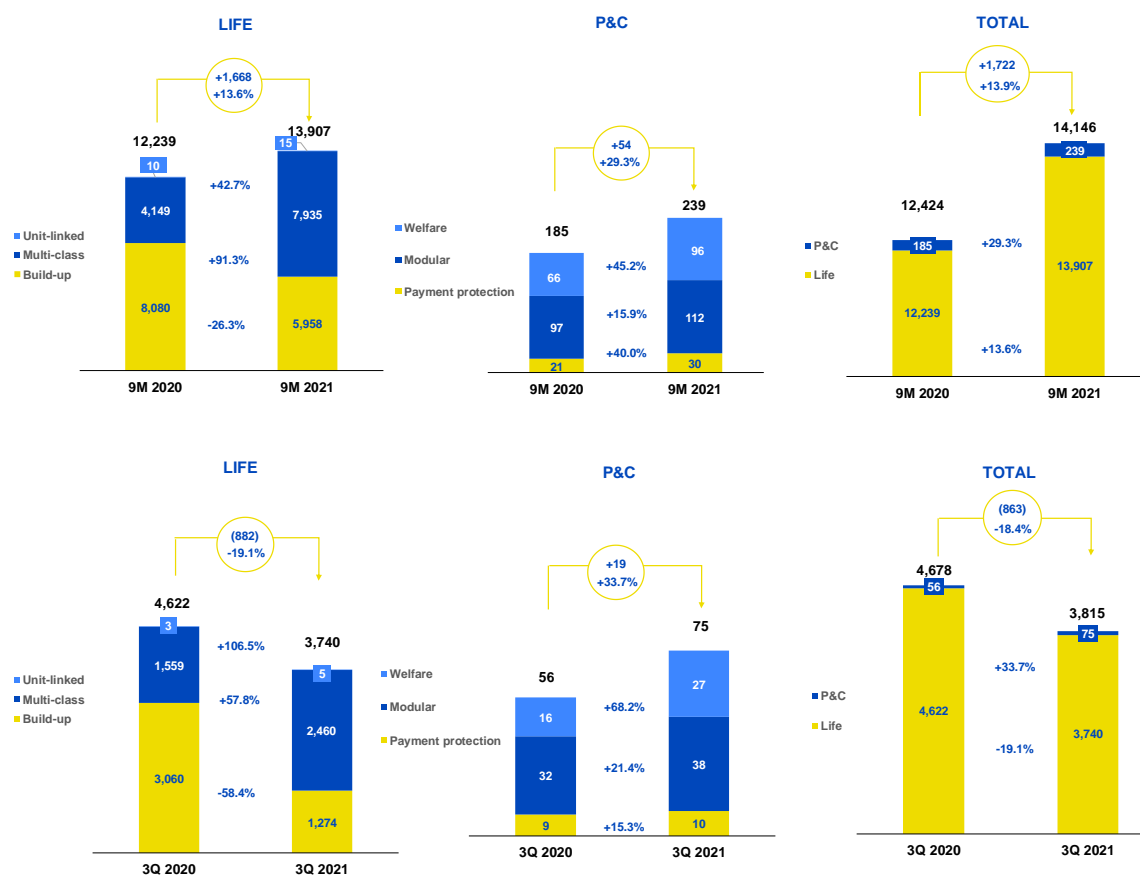
Specifically, Life net revenue increased by 24.9% (+€269 million) with respect to 30 September 2020, mainly due to the positive contribution of the financial margin (which rose from € 830 million in the first nine months of 2020 to € 1,099 million in 2021, up +€269 million); the latter benefited from both an increase in profitability, due to offerings focussed on multi-segment products, and a volume effect related to the increase in average assets under management (higher total average reserves up by € 8.4 billion with respect to the first nine months of 2020).

P&C net revenue amounted to € 104 million, a slight decrease compared to the same period of 2020 (-€6 million, -5.7%). More specifically, gross premium revenue grew by € 54 million (+29.3%) with respect to the first nine months of 2020, while claims were influenced by the greater impact coming from Welfare business (with associated premiums accounting for 40% compared to 36% in the first nine months of 2020) as well as non-recurring components (e.g. Covid-19 guarantees for Poste Italiane employee health policies). The Combined Ratio, net of reinsurance, was 88%, up 12 p.p. compared to the corresponding figure for the corresponding period in 2020.

The third quarter saw a € 42 million (-10%) decrease in Life revenue with respect to the same period the previous year, mainly due to lower inflows coming from the Life segment (-€0.9 billion). A slight decrease in the amount of € 6 million was seen in revenue coming from the P&C segment with respect to the third quarter of 2020, despite growth of € 19 million in gross premium revenue.

GROSS PREMIUM REVENUE

(€m)

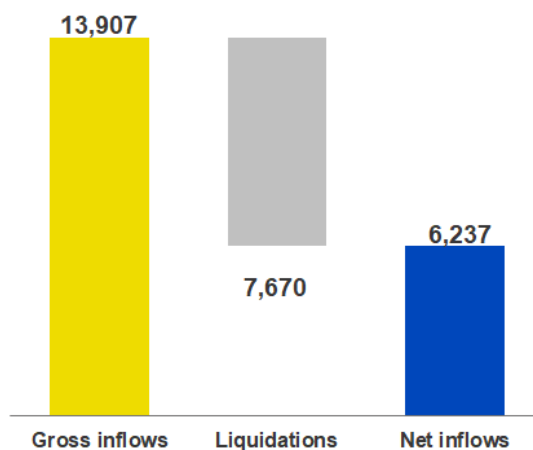


Gross revenue from the Life business amounted to € 13.9 billion, up 13.6% compared to the first nine months of 2020 with a product mix supported by inflows from Multi-class products, which accounted for 57% of total volumes (34% in the same period of the previous year).

Gross premium revenue for P&C business amounted to € 239 million, up by € 54 million (+29.3%) compared with the first nine months of 2020, mainly thanks to the contribution of the Welfare segment and the Modular offer (respectively, +€30 million, +45.2% and +€15 million, +15.9%). During the period, the new integrated Life/ P&C offer was successfully launched, generating €5.7 million in revenue in line with expectations.

LIFE NET INFLOWS AT 30 SEPTEMBER 2021

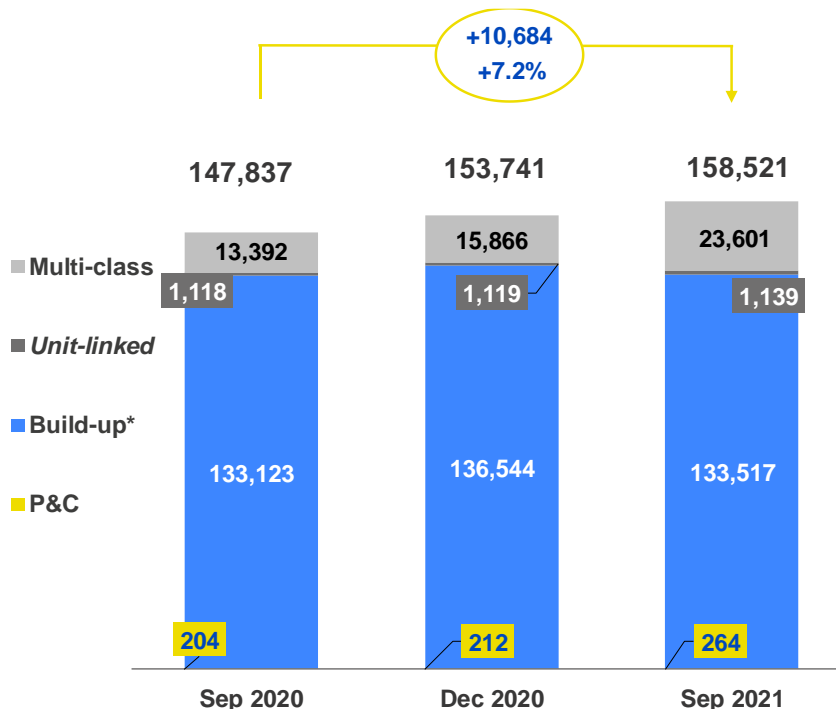
(€m)



Life net inflows amounted to €6.2 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 average⁵¹.

NET TECHNICAL PROVISIONS

(€m)



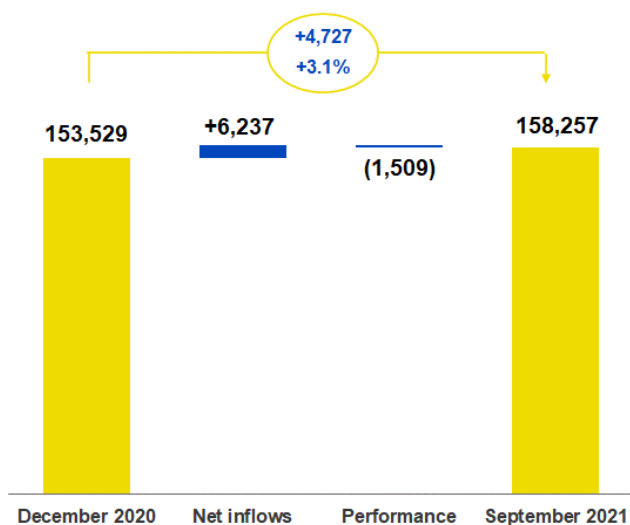
*Includes Protection and Welfare.

⁵¹ Source: Ania (6.19%: second quarter 2021).

Life business technical provisions amounted to € 158.3 billion and increased by € 4.7 billion compared to 31 December 2020, mainly as a result of growth in mathematical provisions (+€7.4 billion), supported by positive net inflows, partially offset by the trend seen in Deferred Policyholder Liabilities (-€2.8 billion), which includes fair value changes in financial instruments used to hedge policies issued. Technical provisions for the P&C business, net of the portion ceded to reinsurers, amount to €264 million at the end of the period, up compared to 31 December 2020 (€212 million).

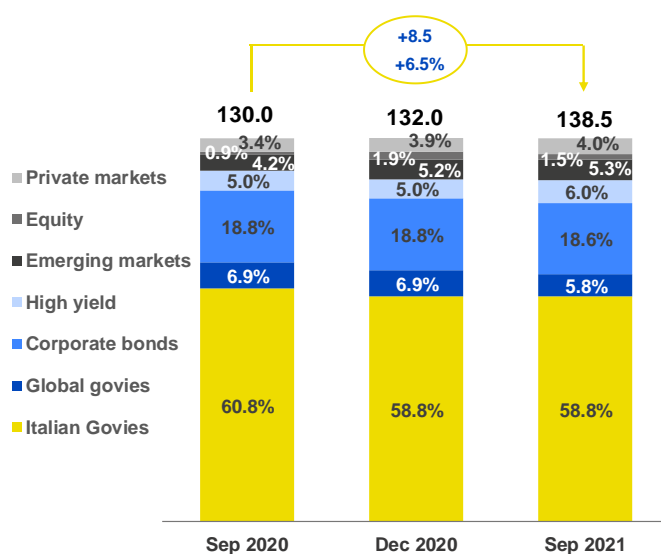
CHANGES IN NET TECHNICAL PROVISIONS FOR LIFE BUSINESS

(€m)






BREAKDOWN OF THE INVESTMENT PORTFOLIO*

(€bn)



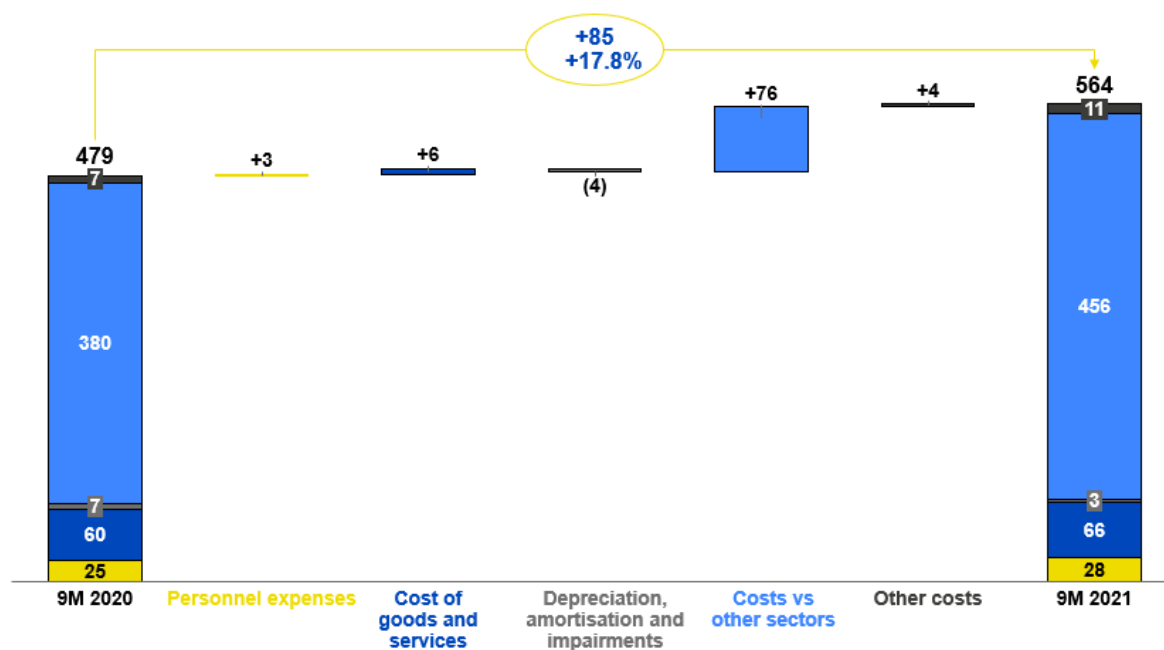
*Includes financial asset covering Class I technical provisions and free surplus investments according to local GAAP

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

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

TOTAL COSTS

(€m)

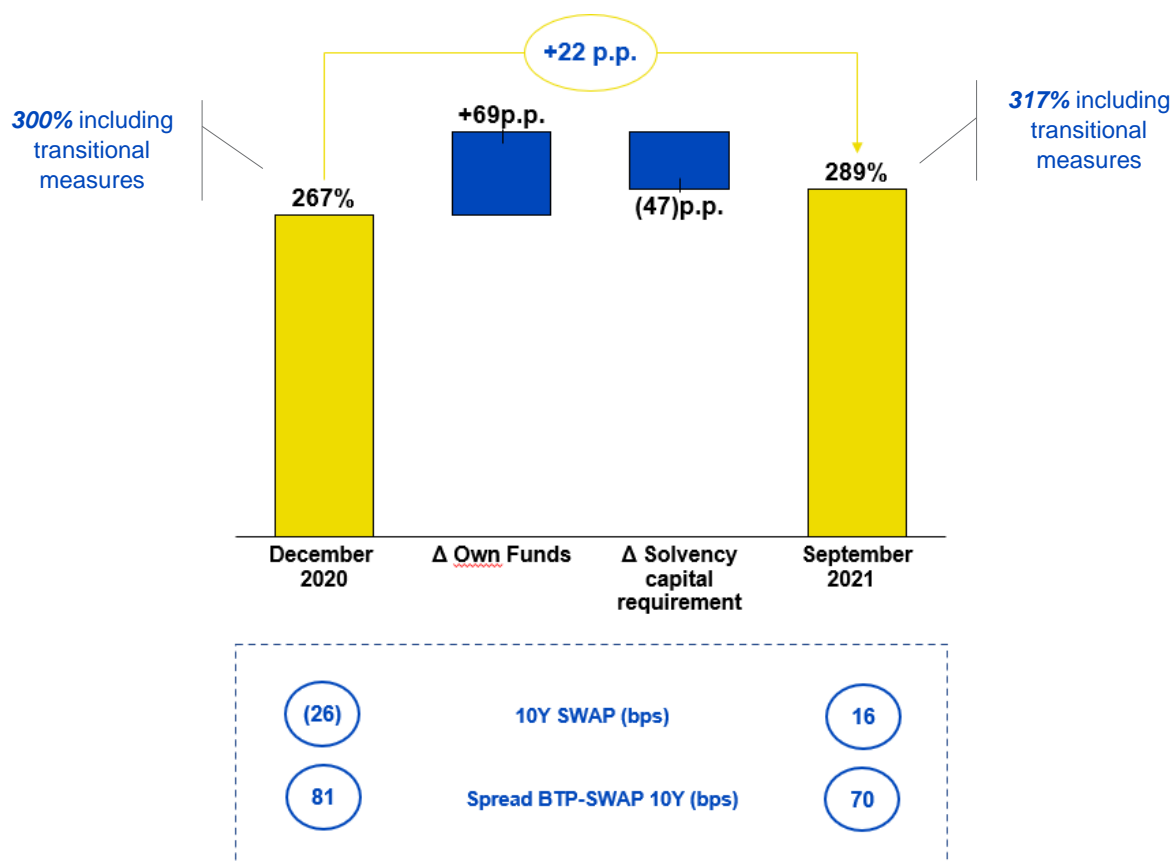


Total costs amount to €564 million, up €85 million on the first nine months of 2020, primarily due to the increase in inter-segment costs (up €76 million on 2020), primarily due to higher commissions paid to the Financial Services Strategic Business Unit (up €61 million) for distribution, collection and maintenance activities as a result of growth in gross inflows, as well as higher services provided by the Parent Company (up €14 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 € 893 million in the first nine months of 2021, an increase of 25.1% (+€179 million) compared to the same period in 2020 (€ 714 million).


Taking financial management into account (positive for € 40 million), as well as taxes for the period (€ 279 million), the Insurance Services Strategic Business Unit registered a net result € 655 million at 30 September 2021, up 25.2% (+€132 million) compared to the same period of 2020.

SOLVENCY RATIO



The Poste Vita Group's Solvency Ratio stood at 289% at 30 September 2021, up on the 267% reported at December 2020 (+22 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 (+69 p.p.) following the positive dynamics of the interest rate trend (+42 bps 10-year swap rate) and the BTP-Swap spread (-11 bps 10-year spread) partially offset by an increase in the capital requirement. The increase in the capital requirement (-47 p.p.) is due to higher underwriting, counterparty, market and operational risks, not offset by the increase in diversification between risks⁵².

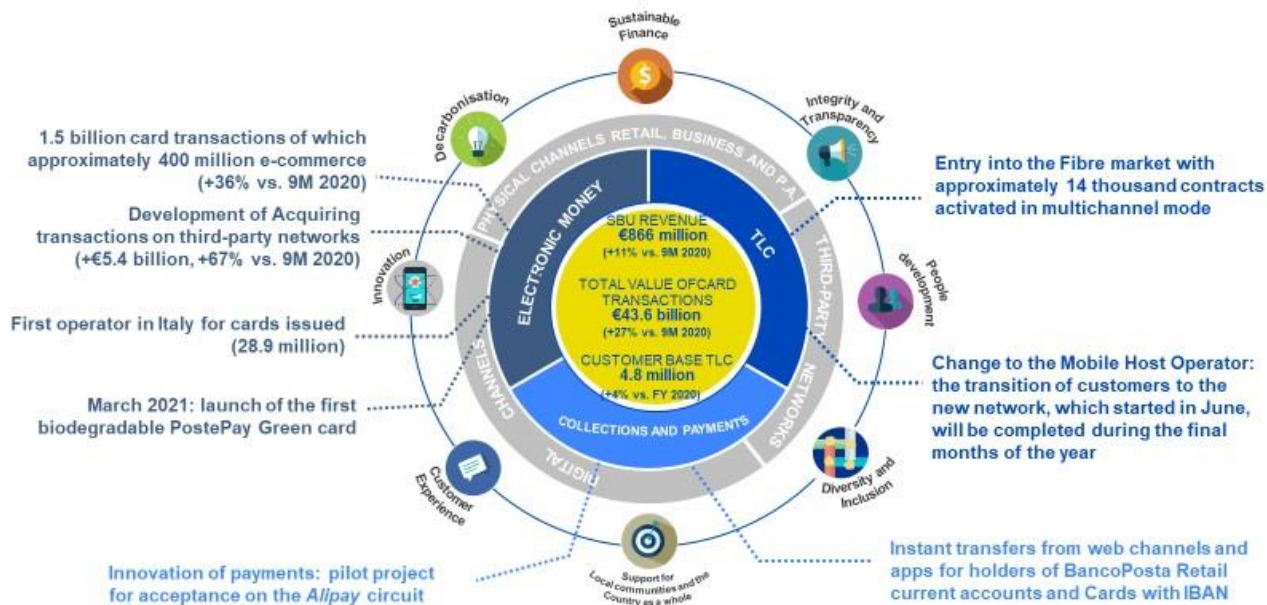
The inclusion of the transitional measures  on technical provisions approved in 2019 has resulted in an increase in eligible own funds bringing the Solvency Ratio to 317% at 30 September 2021 (300% at 31 December 2020).

On 26 July 2021, the Parent Company further increased the capital provided to Poste Vita by subscribing 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

⁵²The standard formula provides for a diversification among the risks considered in the capital requirement (SCR) that allows for a reduction in the requirement.

designed to support the future development of the Poste Vita Group's business by taking advantage of the current favourable market conditions.

5.2.5 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT



The performance of the Strategic Business Unit in the first nine months 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.

PAYMENTS AND MOBILE	9M 2021	9M 2020	CHANGES	
(€m)				
External revenue	619	522	+97	+18.6%
Revenue from other sectors	246	260	(14)	-5.5%
Total revenue	866	783	+83	+10.6%
Costs	343	310	+33	+10.7%
Costs vs other sectors	318	278	+40	+14.6%
Total costs	661	587	+74	+12.5%
EBIT	205	196	+9	+4.7%
EBIT margin %	23.7%	25.0%		
NET PROFIT	150	145	+5	+3.5%

Main KPIs	9M 2021	9M 2020	CHANGES	
Electronic Money				
Total value of card transactions ("on us" and "off us") (€m) ¹	43,636	34,412	+9,223	+26.8%
Total value of card transactions ("off us") (€m) ²	35,374	27,256	+8,117	+29.8%
Number of cards (m) ³	28.9	28.9	(0.0)	-0.1%
of which Postepay cards (m)*	21.5	21.7	(0.2)	-1.0%
of which Postepay Evolution cards (m) ⁴	8.4	7.7	+0.7	+9.2%
of which Postepay Green (thousands)	23	n/a	n/s	n/s
of which Postepay Connect (thousands)*	401	273	+128	+47.1%
Number of card transactions (m)	1,454	1,112	+342	+30.8%
of which number of e-commerce transactions (m) ⁵	374	275	+99	+36.1%
Instances of payments slips accepted on alternative channels**(%)	40%	33%		
Instances of Postepay top-ups made on alternative channels**(%)	80%	75%		
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)*	4,816	4,623	+193	+4.2%
of which mobile Sim (stock in thousands)*	4,531	4,380	+151	+3.4%
of which Casa Sim (stock in thousands)*	285	243	+42	+17.3%
MNP (Mobile Number Portability) terminations (in thousands)	328	404	(76)	-18.8%
DATA usage (GB per active SIM per month)	7.9	5.3	+2.6	+49.9%
VOICE usage (min per active SIM per month)	453.7	437.1	+16.6	+3.8%
Fibre contracts (activations in thousands) ⁶	13.9	n/a	n/s	n/s

n.a.: not applicable.

n.s.: not significant.

*The figure indicated in column 9M 2020 refers to 31 December 2020.

** Includes transactions made on Poste Italiane Retail and Business properties and on other digital channels.

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.

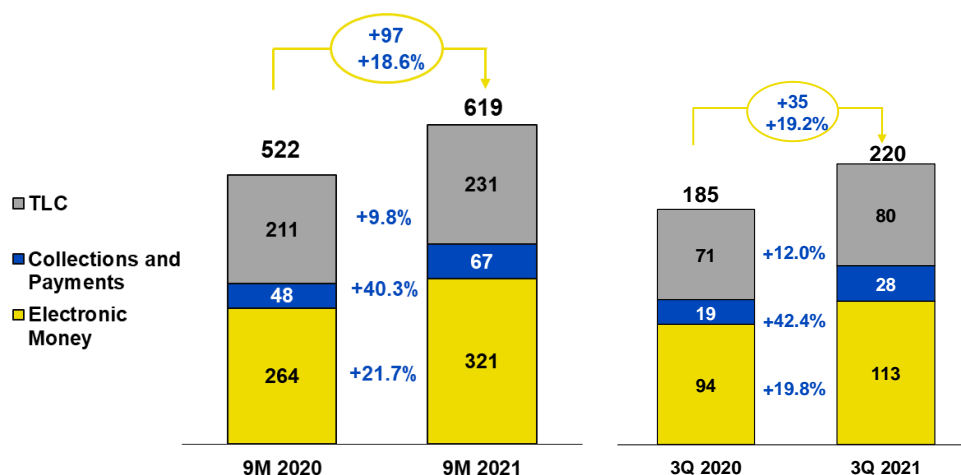
⁴ Includes business customers and Postepay Connect cards

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

⁶ Customer base Fibre

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, issuing), debit cards (postamat - interchange fee on card transactions); acquiring services (fee on transactions, fees and services) related to the provision of POS (mobile, physical and 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 nine months of 2021 amounted to € 619 million, an increase of € 97 million compared to the same period of 2020 (+18.6%) thanks to positive contributions from all segments.

In detail, revenue from the electronic money market show growth of € 57 million (+21.7%), going from € 264 million in the first nine months of 2020 to € 321 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 amounted to € 67 million and showed 40.3% growth (+€19 million) compared to the first nine months of 2020, essentially attributable to the higher revenue from F23/F24, the positive contribution of the PagoPA payment service provided to the Public Administration (service launched in May 2020) and higher revenue from Postepay Evolution bank transfers.

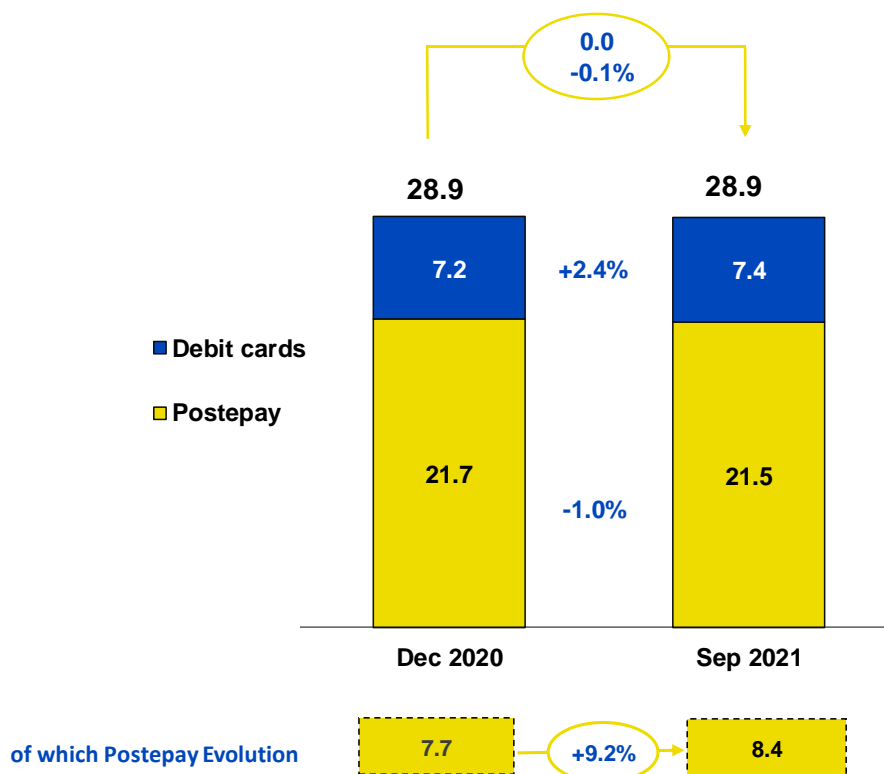
The telecommunications sector recorded an increase in external revenue, going from € 211 million in the first nine months of 2020 to € 231 million (+9.8%) in 2021. The positive result was due to the increase in both mobile and fixed telephony revenue, mainly due to a greater customer base active in both segments.

Third quarter performance recorded revenues of € 220 million, up by € 35 million with respect to the same period of 2020 (+19.2%), demonstrating the positive contribution coming from all segments: revenues from electronic money totalled 113 million, a positive change of € 19 million with respect to the third quarter of 2020, mainly thanks to greater revenue generated by payment card transactions; revenues from collection and payment services came to € 28 million, an increase of € 8 million with respect to the same period in 2020, driven by the positive contribution coming from the PagoPA payment service provided to the Public Administration; revenues coming from the telecommunications sector grew by € 9 million compared to the third quarter of 2020, reaching € 80 million, thanks

to positive contributions from both areas: fixed telephony (+€3.6 million) and mobile telephony (+€4.8 million), thanks to growth in the relative customer bases.

CARDS STOCK

(in millions)



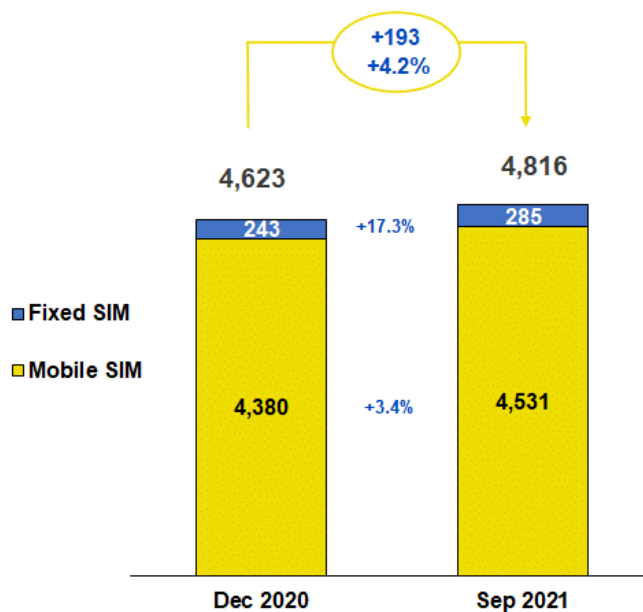
At 30 September 2021, the total stock of prepaid cards and debit cards amounted to 28.9 million (28.9 million at 31 December 2020), with payment transactions on off-us and on-us circuits in the first nine months of 2021 equal to € 43.6 billion, up by approximately € 9.2 billion (+26.8%) compared to the first nine months of 2020.

Postepay cards amounted to 21.5 million at 30 September 2021 (-1.0% with respect to 31 December 2020) and of these 8.4 million are represented by Postepay Evolution cards, with stock up by 9.2% at 30 September 2021 (+0.7 million) compared to 31 December 2020.

During the first nine months of 2021, there was an increase in payment card transactions of 30.8% (equal to +342 million transactions) compared to the same period of 2020, driven by the strong impulse of e-commerce and online transactions (+36.1%).

In the Acquiring area, against a number of POS installed at 30 September 2021 of approximately 243 thousand (+77% with respect to the same period in 2020, an increase of 105 thousand POS installed), transactions amounted to € 16.8 billion (+€3.6 billion, +28% with respect to the first nine months of 2020).

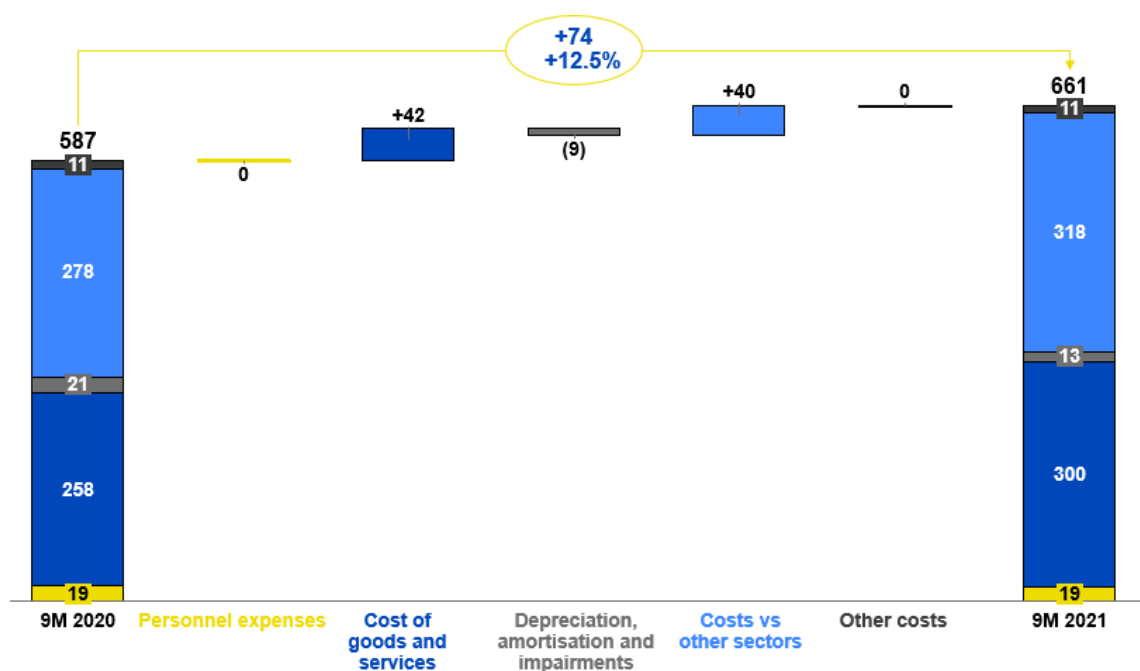
SIM STOCK
(in thousands)



In Telecommunications, the customer base related to mobile telephony, at 30 September 2021, is represented by approximately 4.5 million lines, up 3.4% 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 17.3% (285 thousand lines in September 2021 compared to 243 thousand lines at 31 December 2020). With reference to the Group’s entry into the fibre optic market, at 30 September 2021, the related customer base amounts to approximately 13,900.

TOTAL COSTS

(€m)



Total costs, including amortisation, depreciation and impairments, amounted to €661 million, an increase of €74 million (+12.5%), compared to the first nine months of 2020. In particular, costs for goods and services recorded an increase of € 42 million compared to the same period of the previous year mainly due to the higher costs associated with card operations and acquiring services, as well as higher variable costs from traffic relative to telecommunications services.

Telecommunications services recorded a decrease in the third quarter of 2021, due to efficiencies achieved after migration to the new Mobile Host Operator network.

The cost of services provided by Poste Italiane's other functions has increased by €40 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 €9 million due to the aforementioned sale of the ICT business unit.

In the light of the above, the Payments and Mobile Strategic Business Unit reported EBIT of € 205 million for the first nine months of 2021, a 4.7% increase (+€9 million) compared to the same period of the previous year.



Taking into account financial management (positive for €3 million) and income taxes for the period of €57 million, the net profit for the period amounted to €150 million, an increase of €5 million (+3.5%) 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.

A technology engine was implemented to support digitalisation, based on hybrid cloud,  open API and exponential  technology, applied to all Group activities and infrastructure.

The Group’s transformation towards an “ecosystemic” and multichannel platform model therefore continued during the first nine months 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 contribution made by physical networks other than post offices to the providing the Group’s services increased in the first nine months 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 385 thousand +17% vs 9M 2020

With reference to third-party networks, customers’ preference for paying slips through this channel increased (year-on-year growth of 15% in volumes). Similarly, PostePay top-ups carried out at tobacconists and other authorised locations grew by around 19%. Finally, the number of parcels delivered on the alternative networks is also gradually increasing, although the volumes are still small.

DIGITAL PROPERTIES

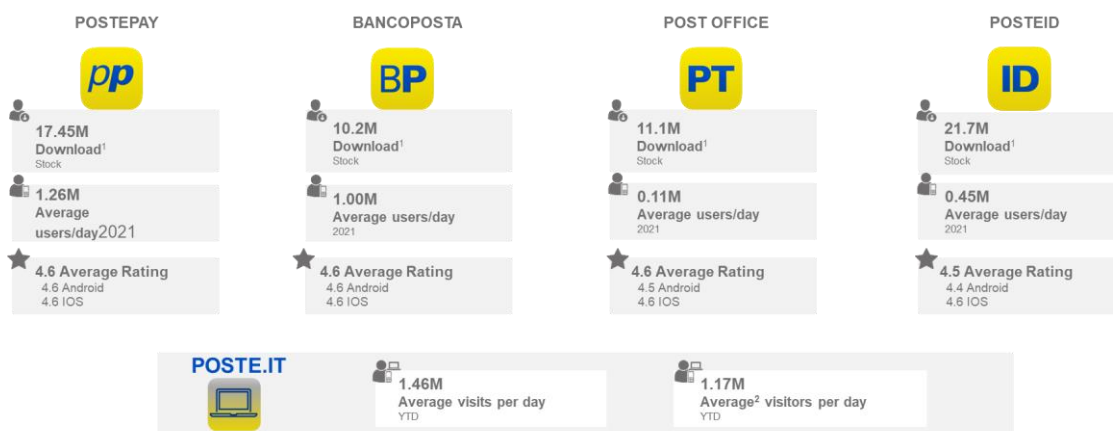
The Group has implemented a programme of “digital transformation” of all its service and offer models in order to guarantee its customers full digital contact experiences. This programme was significantly accelerated in 2020, in view of the effects of the current health emergency, in order to make the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

6.2 million daily visits to the Group’s digital channels (+48% vs 9M 2020)

Digital Market – In Italy more than 50 million people have access to the internet (over 1 million connected to the internet for the first time in 2020, a 2.2% increase with respect to 2019) and 41 million are present and active on social channels (over 2 million new users, an increase of almost 6% with respect to 2019). 97% of Italians use a smartphone and 74% use either a desktop or laptop computer, while penetration of smart home devices almost doubled their penetration in Italian residences (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 32.5 million retail users (24.6 million at 30 September 2020) and operate as both direct sales and after-sales channels. The daily average of web and app users for the first nine months of 2021 was 4 million (2.7 million average daily users in the first nine months of 2020). Digital channel transactions also grew, amounting to 89.5 million in the first nine months of 2021, for a transacted value of € 23.1 billion (62.8 million transactions in the first nine months of 2020, for a transacted value of € 15.2 billion).

MAIN KPIs

In the first nine months of 2021, the increasingly significant impact of the new channels (digital channels and third-party networks) was confirmed in terms of Group customer interactions (52.6% occurred on the new channels) and in terms of total transactions (from 27% in 2020 to 32% in the first nine months of 2021).

Main KPIs Digital and Third-Party Networks (B2B2C)	9M 2021	9M 2020	CHANGES	
KPIs Digital + B2B2C				
Digital+contact center+B2B2C interactions/Total daily interactions*	52.6%	50.0%		
Digital transactions + B2B2C/Total transactions*	32%	27%		
KPIs Digital				
Customers registered on Poste Italiane's digital channels (websites and apps)	32.5	27.1	+5.4	+19.9%
Daily users (website and apps) (m) ¹	4.0	2.7	+1.3	+46.2%
Number of digital - consumer transactions (m)	89.4	62.8	+26.6	+42.3%
App downloads (m)*	65.2	48.1	+17.1	+35.6%
Poste Italiane Digital e-Wallets (m)*	8.8	7.4	+1.4	+19.2%
Digital identities (m)*	19.5	12.2	+7.3	+60.1%
Private digital identities (m)*	10.7	6.6	+4.1	+62.1%
Digitally enabled customers (%) ²	65.7%	n.a.		
Customers who use Poste services digitally (%) ³	17.9%	n.a.		
PO ticket booking through App	19.03	4.26	+14.8	n/s
KPIs Third-Party Networks (B2B2C)				
Payslip volumes (m)	53.1	46.1	+7.0	+15.3%
Postepay top-ups (m)	40.0	33.7	+6.3	+18.6%
Postemobile top-ups (m)	8.1	7.9	+0.3	+3.4%
Parcels delivered (m)	2.8	1.0	+1.8	+176.0%

n.a. not available

n/s: not significant.

* The figure indicated in 9H 2020 refers to 31 December 2020.

¹ Average daily values during reference period.

² Customers who have access credentials to digital channels.

³ 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 4.2 million average daily visits in the first nine months of 2020 to 6.2 million average daily visits in September 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 1.17 million visitors in the first nine months of 2021; for the same period, apps also saw growth from 2.06 million to 2.83 million daily visitors. The average number of transactions carried out on digital channels was approximately 9.9 million monthly transactions (+42% compared to the first nine months of 2020) with transactions of approximately € 2.56 billion monthly (+52% compared to the first nine months of 2020).

poste.it Website

Around **17 million** visitors in September 2021 (+57% vs 2020)

in the first nine months of 2020 to 6.2 million average daily visits in September 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 1.17 million visitors in the first nine months of 2021; for the same period, apps also saw growth from 2.06 million to 2.83 million daily visitors. The average number

of transactions carried out on digital channels was approximately 9.9 million monthly transactions (+42% compared to the first nine months of 2020) with transactions of approximately € 2.56 billion monthly (+52% compared to the first nine months of 2020).








At 30 September 2021, there are more than 10.7 million active Private Digital Identities (Poste Italiane accounts). 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 20.6 million public Digital Identities issued, of which 19.5 million active, against an additional 7.6 million new activations during the current year.

Poste Italiane continues to be the largest Digital Identity manager, with over **20 million SPID** issued 



Strengthening of digital channels

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

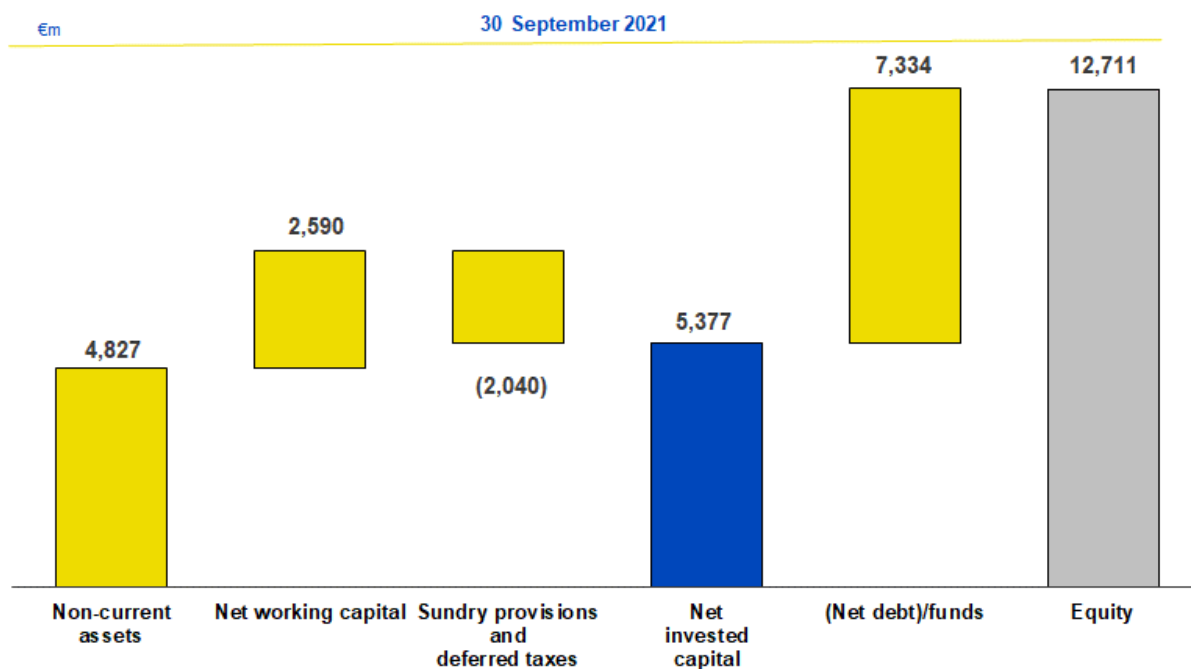
- on the BancoPosta and PostePay apps, as well as the website in the reserved area, users can now easily consult and manage their **residential utility bills** (Sepa Direct Debit or SDD  mandates) active on their account or PostePay Evolution, and can also make use of **instant bank transfers** (SCT-SEPA  Credit Transfer-Instant);
- 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.
- in July 2021, the possibility to **activate financial products in app**⁵³ (current accounts, smart savings books, Postepay cards) directly at the post office was added, with operator assistance and activating a  QR Code on the PAD  ;
- 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 4.6 in June 2021.

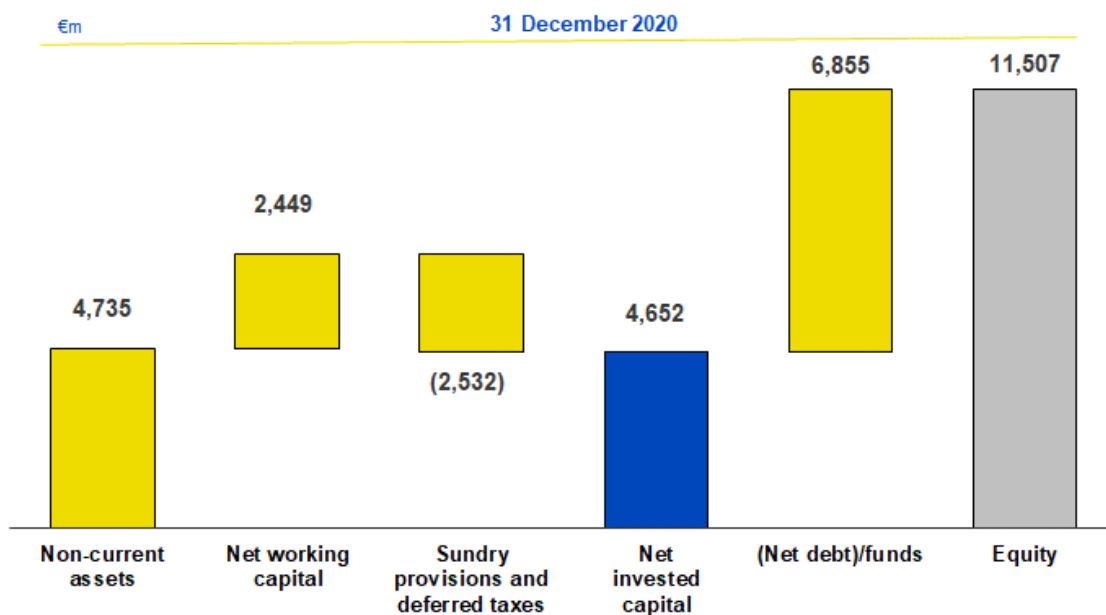
⁵³ The customer scans the QR Code seen on the PAD display at the post office (corner, branch and/or consulting office) and can download the app (if they haven't already) and enable the products they own in the "wallet", making it possible to carry out transactions using the app (consulting and orders).



5.4 GROUP FINANCIAL POSITION AND CASH FLOW

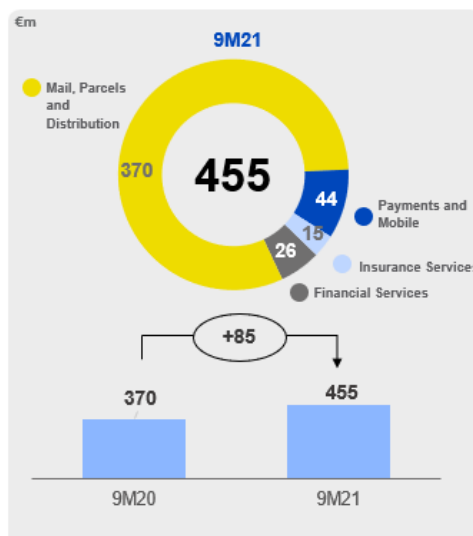
€m	30 September 2021	31 December 2020	CHANGES	
NON-CURRENT ASSETS	4,827	4,735	+92	+2%
NET WORKING CAPITAL	2,590	2,449	+141	+6%
GROSS INVESTED CAPITAL	7,417	7,184	+233	+3%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(2,040)	(2,532)	+492	+19%
NET INVESTED CAPITAL	5,377	4,652	+725	+16%
EQUITY	12,711	11,507	+1,204	+10%
NET DEBT/(FUNDS)	(7,334)	(6,855)	(479)	-7%
Net debt/(funds) of the Mail, Parcels and Distribution SBU	1,809	1,839	(30)	-2%





The Poste Italiane Group's **non-current assets** at 30 September 2021 amount to €4,827 million, an increase of €92 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 €455 million and an increase of €136 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 €597 million. The balance of the item also includes investments accounted for using the equity method totalling € 677 million, relative to the equity investments held in Anima Holding S.p.A., FSIA Investimenti S.r.l. and new investments in Financit S.p.A. finalised by Poste Italiane (previously known as BNL Finance S.p.A.), relative to which a stake equal to 40% of the company was acquired for € 40 million, and investments in Replica SIM S.p.A., in which a 45% stake is now held, acquired for € 10 million.


The Group's **investments** in the first nine months of 2021 amounted to € 455 million, a 23% increase with respect to 30 September 2020 (+€85 million). Investments classified as ESG, i.e. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent approximately 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 2021-2024, designed to support the objectives of the new 24SI Strategic Plan, around 81% of the Group's investments (€ 370 million) focused on the automation and modernisation of the [Mail, Parcels and Distribution Strategic Business Unit](#). More specifically, renewal of the new delivery fleet continued, with the introduction of more than 4,000 new vehicles, most of which are low-emission endothermic three-wheeled scooters. As part of the green revolution, the first two "full green" sorting 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 September 2021, over 1,700 electric vehicles have been added to the fleet (including three-wheeled and four-wheeled scooters and cars), and zero-emission delivery lines have been implemented in 15 city centres.

On 1 July 2021, the new directive 52⁵⁴ 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.

Relative to Business Innovation, the first nine months of the year saw a series of significant releases relative to the logistical integration of the Poste Italiane and Nexive networks. As of 1 October 2021, the latter took on the role of Operating Company to manage the Group's new delivery network.

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. Through September 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 530 new

⁵⁴Legislative 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.

cameras were installed, replacing more than 560, and 30 new intrusion control panels were installed, replacing more than 500.

Property investments concerned remodelling of post offices and the creation of new spaces for commercial specialists and mobile consultants. With regards to limiting environmental impacts, work continued to replace bulbs with LED technology (over 87,000 in the first nine months of 2021), automation and remote control of plant management (around 360 buildings involved in the first nine months 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 nine months of 2021 saw a major shift from traditional infrastructure to the Hybrid Cloud environment.

In the [Financial Services Strategic Business Unit](#), total investments amounted to €26 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. Additionally, during the period projects were implemented to enable remote sales on digital channels, not just for Postal Savings products but also for insurance products and mutual funds.

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.

The "AIS" (Account Information System) function has been released in the BancoPosta App for BancoPosta account holders. For further details on initiatives aimed at accelerating digitalisation processes, see the section on "Strengthening of digital channels".

For further information



Additional investments were made to make it possible to receive instant bank transfers in ordinary and smart savings books and current accounts, as well as to issue instant bank transfers on current accounts.

With regard to the [Insurance Services Strategic Business Unit](#), design activities continued to support industrial development and the continuous functional/infrastructural improvement of the most important business support systems. Work also continued on upgrading systems to comply with regulatory requirements. Total investments in the period amounted to € 15 million.

Investments in the [Payments and Mobile Strategic Business Unit](#) amounted to €44 million. In TLC, developments continued in support of the fixed and mobile network offer, with the goal of boosting market competitiveness. During the first nine months of 2021, technology releases were completed to support the new PosteCasa Ultraveloce offering both on the web channel and at Post Offices. In the Mobile segment, technology releases were implemented to support the change in the Mobile Host Operator and allow sales of new SIM cards, as well as to finalise the Vodafone migration process for SIMs currently active with the former operator, Wind.

In the Collections segment, activities during the first nine months of 2021 were focussed on fully establishing Poste Italiane's role in the PagoPA system. Activities to create the PAC Platform (Central Public Administration) continued,

to manage spontaneous PAC payments using a public administration slip, as well as projects to adjust the PagoPA acceptance system to handle multi-beneficiary payments, on both the payment service and intermediary sides. These will be released by the end of 2021.

Additionally, the first stage of releases linked to digitalisation of payment slip accounting reports sent to Business and PA clients 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 September 2021 amounted to €2,590 million and increased by €141 million compared to the end of 2020. The following mainly contributed to this change:

- an increase in Other receivables and assets of € 201 million and of € 77 million in Other liabilities, for a total net increase for the items in question of € 124 million. This change can mainly be traced to items associated with personnel for advance payments, in line with that established in the updated National Collective Labour Contract signed on 23 June 2021, a one-time payment made to personnel in July to cover contractual vacation relative to Q4 2021 and the first half of 2022, and lower payables due to social security and insurance institutions.
- an increase in Trade receivables of € 211 million and a decrease in Trade payables of € 87 million;
- Net current tax assets increased by €279 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 September 2021 amounted to € 2,040 million and decreased by € 492 million compared to 31 December 2020, mainly due to decreases in provisions for risks and charges and employee termination benefits of € 265 million and € 130 million, respectively, and lower net deferred tax assets of € 97 million, largely attributable to sales during the period of financial instruments classified in the FVTOCI category, partially offset by effects linked to the fair value change in cash flow hedge derivatives and the negative change in provisions for risks and charges.

The balance of provisions for risks and charges contributed to this item, which amounted to €1,131 million (€1,396 million at the end of December 2020) and includes Provisions for early retirement incentives of €398 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 €183 million (€139 million at 31 December 2020) and the provisions for disputes with third-parties amounting to €275 million (€267 million at 31 December 2020).

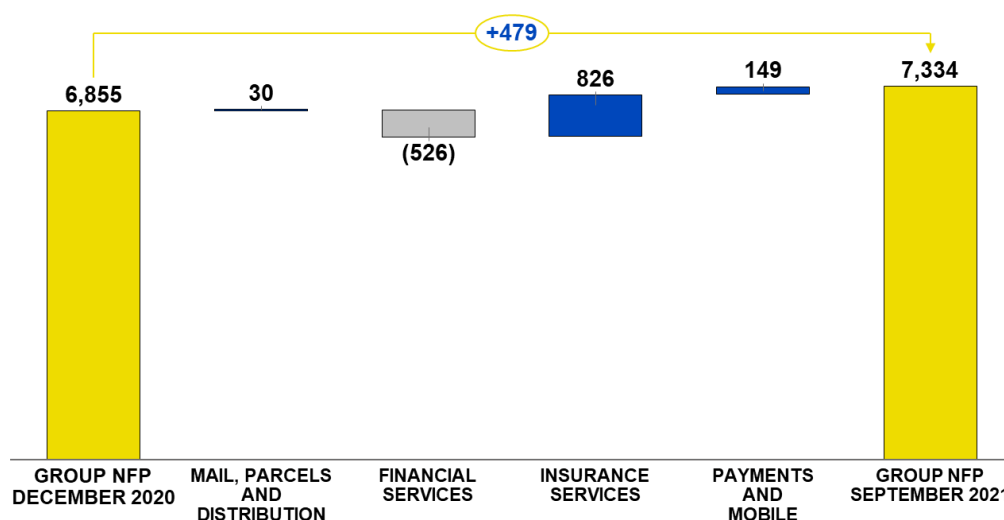
Equity amounted to €12,711 million at 30 September 2021, an increase of €1,204 million compared with 31 December 2020. The change in the period reflects primarily the profit for the period of € 1,174 million and the issuing of the perpetual subordinated hybrid bond with a total nominal value of € 800 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, 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 the distribution of dividends totalling € 421 million, the € 271 million decrease in the fair value reserve and the € 105 million decrease in the cash flow reserve.

Group (net debt)/funds

(€m)



Total (net debt)/funds at 30 September 2021 shows a surplus of € 7,334 million, an increase of € 479 million with respect to the amounts at 31 December 2020 (surplus of € 6,855 million). The following mainly contributed to this change:

- a positive operating result of €1,445 million (of which €1,174 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 €537 million;
- the negative effect of the change in working capital and taxes amounting to approximately €109 million and investments of €455 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 for € 131 million falling under the scope 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 € 3.1 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.

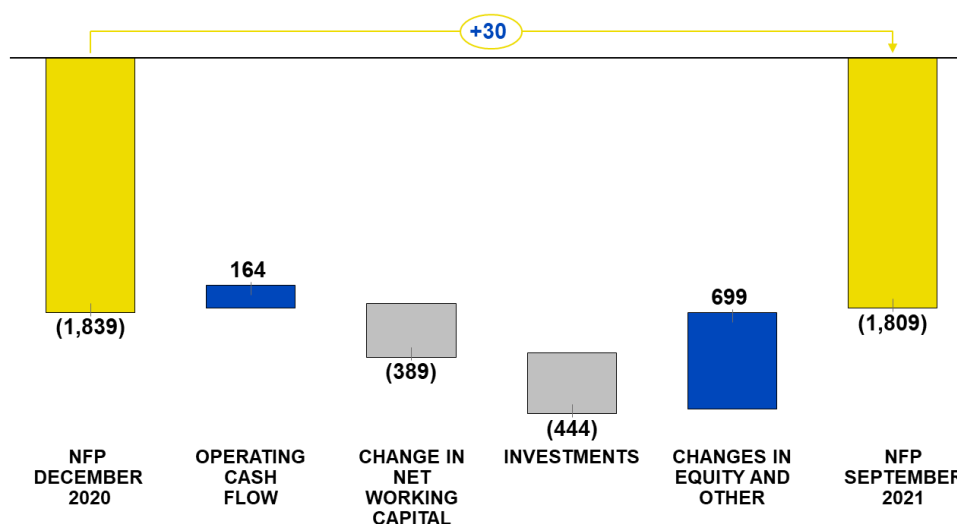
At 30 September 2021, the total balance of derivatives in fair value hedge was negative for €4.1 billion (€8.1 billion at 31 December 2020). In addition, as part of these hedging transactions, as a result of the positive change in derivatives, the Parent Company decreased guarantee deposits in favour of counterparties by approximately €3.2 billion.

At 30 September 2021, the Financial Services Strategic Business Unit financial position also included the following equity changes with regards to 31 December 2020:

- an increase in postal current account deposits of €7.6 billion
- an increase in deposits with the MEF of € 3.6 billion, due to the increase in postal current account deposits made by public customers;
- a decrease in amounts due to financial institutions of € 2.4 billion, largely attributable to the progressive improvement in the fair value of derivatives, which reduced the need for liquidity on the repurchase agreement market to cover guarantee deposits, partially offset by new financing operations to support future investments which had not yet been finalised during the period;
- a net decrease of €0.4 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 €4.6 billion; the total fair value fluctuation of the period was negative for €1.4 billion;
- an increase in tax credits pursuant to Law no. 77/2020 for € 3.4 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 September 2021 showed a debt of € 1,809 million, substantially in line with the amounts at 31 December 2020 (debt of € 1,839

million). Net of the financial lease liabilities provided for by IFRS 16 for €1,177 million, (net debt)/funds showed debt of €632 million (at 31 December 2020, it showed debt of €628 million).

The movement reflects:

- positive operating income of € 164 million, including depreciation and amortisation of € 582 million, offset in part by a negative change of € 330 million in provisions for risks (due mainly to a reduction in the provisions for early retirement incentives and for personnel expenses) and the result for the period, a loss of € 24 million;
- negative effects relative to the change in net working capital of € 389 million, mainly due to the increase in net trade receivables and payables of around € 300 million and the net increase in Other receivables and Other liabilities, due to items associated with personnel for around € 140 million, for the early payment, in line with the updated National Collective Labour Contract signed on 23 June 2021, of a one-time amount paid to personnel in July to cover contractual vacation for Q4 2021 and the first half of 2022, and to lower payables due to social security and insurance companies, net of the positive contribution coming from the change in taxes and other lesser items.
- new investments for €444 million;
- other decreases in debt totalling €699 million, mainly attributable to the following items:
 - 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;
 - monetary outflows due to the recapitalisation of Poste Vita through the subscription of a subordinate non-convertible equity instrument, with a perpetual duration, for € 300 million;
 - a positive cash flow from dividends of € 742 million, which takes into account dividends paid to shareholders (€ 421 million);
 - an increase in financial liabilities for leases which fall under the scope of IFRS 16 for € 133 million;
 - 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 €650 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 September 2021	At 31 December 2020	CHANGES	
A. Cash and cash equivalents	(2,575)	(2,254)	(321)	-14.2%
B. Cash equivalents	-	-	-	n/s
C. Other current financial assets	(36)	(425)	389	91.5%
D. Liquidity (A + B + C)	(2,611)	(2,679)	68	2.5%
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	882	894	(12)	-1.3%
F. Current portion of the non-current financial payable	2	-	2	n/s
G. Current financial debt (E + F)	884	894	(10)	-1.1%
H. Net current financial debt (G + D)	(1,727)	(1,785)	58	3.2%
I. Non-current financial debt (excluding current portion and debt instruments)	1,745	1,873	(128)	-6.8%
J. Debt instruments	1,047	1,046	1	0.1%
K. Trade payables and other non-current payables	25	25	-	0.0%
L. Non-current financial debt (I + J + K)	2,817	2,944	(127)	-4.3%
M. Total financial debt (H + L)	1,090	1,159	(69)	-6.0%

n/s: not significant.

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

(€m)

€m	At 30 September 2021	At 31 December 2020	CHANGES	
M. Total financial debt (H + L)	1,090	1,159	(69)	-6.0%
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	(463)	(35)	(428)	n/s
Net debt/(funds)	526	1,001	(475)	-47.5%
Intersegment financial receivables and payables	1,283	838	445	53.1%
Net debt/(funds) including intersegment transactions	1,809	1,839	(30)	-1.6%

n/s: not significant.

Existing cash and credit lines are amply sufficient to cover expected financial requirements. More specifically, at 30 September 2021, cash and cash equivalents for the Mail, Parcels and Distribution Strategic Business Unit amounted to € 2.6 billion (of which € 2.4 billion relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately € 2.3 billion.

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

Description	(€m)	
	Balance at 30.09.2021	Balance at 31.12.2020
Committed credit lines	1,750	1,750
Short-term loans	1,750	1,750
Uncommitted credit lines	2,158	1,893
Short-term loans	1,215	1,017
Current account overdrafts	145	148
Unsecured loans	798	728
Total	3,908	3,643
Committed uses	-	-
Short-term loans	-	-
Uncommitted uses	1,066	633
Short-term loans	650	250
Unsecured loans	416	383
Total	1,066	633

6. OUTLOOK



In the first nine months of 2021 the macroeconomic scenario, while continuing to improve, nonetheless continued to be impacted by the health emergency. The development of the pandemic, including progress in vaccine campaigns and the continuation of expansive policies adopted by governments allowed for economic recovery and growth which, while in a dishomogeneous manner, affected various domestic economies. In Italy, the Budget Law approved on 28 October 2021 by the Cabinet Office was intended to support growth and competitiveness in the country again in 2022, to support it in the recovery.

During the period, the Group demonstrated its vocation as a systemic operator, moving forward with its commitment to support institutions and playing a primary role in the vaccination campaign. It has in fact made available its IT infrastructure and its logistics network for the booking and distribution of vaccines with over 20 million vaccines delivered throughout the country, as well as having implemented a company vaccination plan for its employees.

The economic and financial results for the first nine months of 2021 are positive and show growth even with respect to pre-pandemic levels. The Group's expected results for the full year 2021 exceed the targets established and communicated to the financial community in the Capital Market Day in March of this year, confirming the validity of the strategic guidelines found in the 24SI Plan and execution of the same, demonstrating the Group's capacity to identify and meet emerging customer requirements such as proximity, flexibility, sustainability and security.

Over the coming months the Group will move forward with its objective of helping the country to achieve responsible growth, inclusive and sustainable, through a process of digital transformation that will leverage significant investments in technology to support the spread of a digital culture among both its employees and its customers, to overcome the geographic and generational digital divide in Italy. The Group will also continue to evolve the offerings associated with its entry into the energy market planned for 2022 and to develop the strategic segments of parcels, e-money and protection. The Group will also support the go to market of new motor liability and ultra broadband offerings, to improve market penetration in the post-launch phase. Further, to support the economic recovery, Poste Italiane will continue to purchase tax credits related to the Law Decree known as "Relaunch".

Poste Italiane aims to support the "restart of the country" by making its multi-channel distribution network available, as well as through involvement in the National Recovery and Resilience Plan, facilitating the digital transition 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 including, by way of example, the energy efficiency of buildings, the reduction of emissions from the company fleet and photovoltaic generation. These actions will accompany the Group towards the carbon neutrality expected by the year 2030.

7. OTHER INFORMATION



[EVENTS AFTER 30 SEPTEMBER 2021](#)

[SIGNIFICANT TRANSACTIONS](#)

[INDUSTRIAL RELATIONS](#)

[WELFARE - DIVERSITY AND INCLUSION](#)

[CORPORATE UNIVERSITY](#)

[PROCEEDINGS IN PROGRESS AND MAIN RELATIONS WITH AUTHORITIES](#)

7.1 EVENTS AFTER 30 SEPTEMBER 2021



The events after the end of the interim reporting period at 30 September 2021 have been described in other sections of the document.

On 10 November 2021, Poste Italiane's Board of Directors, in light of the financial position and results of operations of Poste Italiane SpA at 30 June 2021, the performance for the following months, the business outlook and the related expected economic prospects at 31 December 2021, and in line with the Group's dividend policy approved in 2021, resolved to bring forward, as an interim dividend, part of the ordinary dividend for 2021. To this end, the Company has prepared a Report and Financial Statements pursuant to article 2433-bis of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The opinion of the independent auditors was obtained on these documents.

The interim dividend of €0.185 per share, gross of any legal withholding taxes, will be paid with effect from 24 November 2021, with "ex-dividend date" of coupon no. 9 coinciding with 22 November 2021 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 23 November 2021.

Based on the number of shares outstanding at 10 November 2021, which amounted to 1,300,877,079, the total amount of the interim dividend was €241 million.

7.2 SIGNIFICANT TRANSACTIONS



Within the scope of the transactions with Monte dei Paschi di Siena Capital Services Banca per le Imprese SpA 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 September 2021.

7.3 INDUSTRIAL RELATIONS



Covid-19 Emergency

During the first nine months of 2021, 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 31 December). and monitoring the preventive screening activities carried out by the Company. With reference to that established in the “National protocol for the implementation of company plans intended to activate extraordinary anti SARS-CoV-2/Covid-19 vaccination points at workplaces”, signed on 6 April 2021 by the Government, INAIL and the Social Partners, the company began an employee vaccination plan which initially involved workers residing in Lazio and, subsequently, those residing in the regions of Lombardy, Piedmont, Veneto, Campania and Calabria, at specific hubs located in the capitals of the relevant regions.

Also with the goal of improving the effectiveness of measures to contain the risk of coronavirus infection, the Operational Instruction for the reconstruction of Covid-19 contacts was amended in light of new indications provided by the relevant governmental and health authorities, for the part relating to the resistance of the virus on surfaces and the duration of the incubation period.

In consideration of positive trends in epidemiological diffusion, in part thanks to the Government’s implementation of the vaccination plan, it was decided that as of October employees making use of smart working would return to their offices at least two days per week, without prejudice to the Company’s need to guarantee equipment and safety measures to combat Covid-19 in the workplace; additionally, as established under Italian Law Decree 127/2021, access to and permanence in the workplace is subordinate, as of 15 October 2021, to the possession of a valid Green Pass. To that end, in the context of the OPN Committee, the Company illustrated the re-entry plan prepared for employees currently making use of remote work to the Unions, as well as detailing the operating methods to be used for checks to verify possession of a Green Pass. It was specified that these checks will be carried out on a sample basis by the appropriate employees, or by other personnel specifically delegated to the task. In locations with security guards and controlled access, checks will also be carried out by the personnel of the companies which provide these services. Additionally, specific Safety Operating Instructions were provided to all staff as well as the relevant employees, containing information which explains the methods use to carry out and report on the checks.

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

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

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 was 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 was 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).

A Memorandum of Agreement was signed on 30 September 2021 with regards to the reorganisation of the commercial network, with the aim of adapting it to the new scenario and new market and customer requirements, identifying solutions able to improve efficiency and the capacity to penetrate the market. The projects planned are innovative and experimental and will be implemented gradually starting in October. The relative actions will then undergo initial verification at the national level in December. The main lines set out in the Reorganisation Agreement fall into four categories:

1. strengthening of the network to support sales, especially Front End products/ services and commercial planning;

2. development of the corner sales model (Corner 2.0)⁵⁵ with dual sales shifts to strengthen offerings and take advantage of the new products and services available;
3. development of new models to propose products through the introduction of Remote Specialist Consultants and mixed (on site and remote) consulting for Mobile Specialist Consultants;
4. strengthening of sales representatives dedicated to premium customers.

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 2021⁵⁶, 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, counters⁵⁷, 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.

On 3 August 2021 a three-year agreement (2021-2023) was signed with regards to Active Labour Policies, with the aim of strengthening protection for regional operating structures through a detailed series of management actions which affect Mail, Communication and Logistics, Private Market and Digital, Technology & Operations (Part Time/Full Time conversion, creation of counters, external hiring, mobility).

In particular, the details of the individual projects planned for 2021 were outlined by organisational area and type of project.

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

⁵⁵ Evolution of the current post office Corner, in terms of:

- extending current offers provided through corners;
- increasing the number of corners at post offices with greater foot traffic;
- evolution of Corner Operators to establish a figure with greater relational content.

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

⁵⁷ Mobility for internal personnel to develop individuals assigned to counter work at post offices.

holiday. The signing of Agreements to demonetise Patron Saint holidays falling on Sundays was delegated to the regional level.

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 University⁵⁸, 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 SpA 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 model⁵⁹ 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.

On 16 July 2021, following that previously agreed upon between the Parties with regards to the relationship process associated with the evolution of the Mail, Communication and Logistics department, the Company, Unions and the trade union representation National Coordination (RSU) signed the memorandum of understanding on the extension of the Joint Delivery model to the municipalities of Rome, Milan and Naples. This memorandum calls for a series of implementation steps and specific moments for verification both nationally and regionally.

⁵⁸ The Corporate University supports the development of all Poste Italiane Group personnel with the aim of strengthening and updating their skills, based on a highly innovative training model. Established in 2014 in the context of Human Resources and Organisation, the Corporate University is structured into various Academies, each of which is dedicated to specific business aspects and cross-functional skills. It offers innovative didactic solutions and new learning environments, taking advantage of the opportunities offered by digital and technological evolution: open learning, on-site learning, remote learning and on-demand training content.

⁵⁹ The “Joint Delivery” delivery model involves a new system for mail and parcels that switches from a single network structure to a structure with two integrated networks, differentiated by method, delivery frequency and type of product handled. The organisation is innovative: it takes into account the population density of each municipality as well as the varying volumes to be managed; it redefines delivery zones to improve service efficiency and optimise delivery flow; it calls for investments in new distribution and automation technology and to train delivery personnel.

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 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 Srl

In the minutes of the meeting of 7 April 2021, the Company and the Trade Unions discussed the acquisition of Nexive Group Srl, 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 functions of Nexive Group Srl within the Poste Group and, on the other hand, the establishment of an Operating Company (Op.Co.) focused on the management and coordination of the new delivery network, to support the “last mile” phase of the delivery process for postal products and small parcels in favour of Poste Italiane. The Parties met on 23 September 2021 to sign the Memorandum of Understanding, which identifies the rules for integrating Nexive personnel who as of 1 October 2021 are employees of Poste Italiane S.p.A. or Postel S.p.A., as well as for personnel from the newly established operating company which is a full member of the Poste Italiane S.p.A. Group. With this memorandum, regulatory and economic treatment for employees was harmonised, aligning them with the provisions of the current CCNL as at 23 June 2021 for Poste Italiane S.p.A. employees. Additionally, objective criteria for reassignment of former Nexive personnel within the structures of Poste Italiane S.p.A. were defined based on province.

Integration of Postel S.p.A. Information Technology BU

After completion of the procedures called for under article 47 of Italian Law 428/1990, successfully completed with the Report of 3 May 2021, the process to transfer the Postel S.p.A. “Information Technology” business unit to Poste Italiane S.p.A. began. The Memorandum of Understanding was signed on 25 June 2021, regarding the regulatory and economic treatment which will be applied to personnel within the Postel Information Technology area transferred to Poste Italiane S.p.A., as of 1 July 2021. The transfer of the business unit is intended to maximise integration and concentration of processes, as well as achieving greater engineering of IT operational activities.

Performance Bonus

On 30 July 2021, performance bonus agreement was signed by the Company, the Unions and the trade union representation National Coordination (RSU) for Poste Italiane and the Companies of the Poste Vita Group, Poste Assicura, EGI, BancoPosta Fondi SGR, Poste Welfare e Servizi and PostePay. The agreement, which has a one-year validity, allows to further emphasise the contribution made by staff towards the achievement of corporate objectives in 2021. The agreement confirmed the option for employees to allocate all or part of their performance-related bonus to the Open-end Fund for Supplementary Assistance Poste Vita, Fondo Poste or other

supplementary pension funds or opt for welfare services with high social impact. The initiative allows personnel to access a wide array of goods and services which can be personalised to their specific individual and household needs, to support work/life balance and take advantage of the tax and contribution opportunities established under the law, in combination with an additional bonus on the converted value recognised by the Company.

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 diversity and inclusion, innovation and the professions of the future. Additionally, with an eye to promoting intercultural exchange, 21 scholarships will be assigned to employee children.

As part of prevention projects, 7 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.

Strengthening the active parenting programmes, through the communication plan for the Maam project (now Lifeed), actions continued to engage employees falling in the target groups of parents, new mothers, new fathers and direct managers, which led to an increase in fathers enrolling in the programme (39%). The project has enrolment of over 700 and is intended to strengthen parenting skills.

Summer vacations for disabled children were also offered. This inclusive initiative offers the disabled children of employees two summer vacation options with a duration of 15 days at accessible tourist locations. The programmed involved entertainment and individual assistance for around 40 children with dedicated operators, offering them opportunities for socialisation and full integration and allowing families to benefit from being relieved of daily caretaking requirements.

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.

As part of the **Diversity and Inclusion** (D&I) plan to support fragile individuals, at the end of July the "We Are Here" project was launched, which is intended to strengthen caring measures relative to co-workers with serious and/or chronic disease through awareness plans and the availability of services to enhance inclusion.

As a whole and following the work done by inter-departmental groups established for each aspect of D&I (gender, generation, vulnerability and intercultural), over 30 projects were shared with the objective of strengthening the level of inclusion and the ability to valorise differences in all the company's organisational areas.

7.5 CORPORATE UNIVERSITY



In the first nine months of 2021 around 4.5 million training hours were provided.

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

4.5 million training hours in the first nine months of 2021

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. Additionally, investments in training for Counter Operators continued, with the kick off of an important initiative to support proactive sales.

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. In particular, training programmes are being implemented aimed at Quality managers and Safety Specialists, with the aim of strengthening integration and inter-departmental relations.

To support the development of Information Technology skills, training initiatives were provided regarding the main areas of interest, including new technologies, IT methodology and standards, cloud computing, data analytics, Internet of Things and blockchain.

Managerial training initiatives continued, designed to meet the requirements of the business departments, especially with regards to Mail, Communication and Logistics (Lean Academy), the post office network (Sales Managers) and the Business and Public Administration Market (advanced negotiation), accompanied by individual training courses at the main Business Schools, as well as cross-functional webinar cycles intended for all managers and directors on managerial and other soft skills.

Required regulatory training also continued on cross-functional aspects for the entire workforce (Workplace Safety, Italian Legislative Decree 231/01, Integrated Quality and Corruption Prevention System, etc.), as well as specific training for certain professional positions (e.g. ESMA/IVASS training). Also note that kick-off of specific courses on Fraud Management and IT Security.

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 65 texts, accessible directly from the learning platform.

7.6 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 in the first nine months of 2021. For full details, please refer to the Financial Statements at 31 December 2020.

PRINCIPAL PROCEEDINGS PENDING AND RELATIONS WITH THE AUTHORITIES

AGCM Registered Mail Delivery

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 appeal, was appealed to the Council of State. In any event, in May, the AGCM acknowledged that Poste had correctly complied.

AGCM Contractual Clauses with a Supplier

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. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of over **€11 million** for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court.

AGCOM Universal Postal Service

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. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court.

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 September 2021, the provisions made in 2020 had been used in full.

AGCOM
Continuity in the
provision of the
Universal Postal
Service

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. With Resolution 313/21/CONS, notified on 21 October 2021, AGCom closed the proceeding by imposing a fine of €0.9 million for breach of the obligation to provide continuity in the provision of the universal service (art. 3, paragraph 1, paragraph 5 letter b), and paragraph 8 letter d) of Italian Legislative Decree no. 261/1999) and the disclosure obligations referred to in the Notification of Penalties no. 6/21/DSP of 17 May 2021, for the closure that occurred during the Christmas holidays (on Saturday 28 December 2019 and Saturday 4 January 2020) of 239 Post Offices. With the aforementioned provision, the Authority rejected the objections raised by Poste Italiane in their defence papers both from a procedural point of view and on the merits, and accepted the request, submitted as an alternative, for application of a cumulative judgement, imposing a penalty of a reduced amount compared to that indicated for reduced payment (€3.28 million). The Authority's Resolution will be appealed to the Regional Administrative Court by the Company.

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.

On 5 August 2021, the Bank of Italy sent BancoPosta a note with which it requested, in relation to the inspection carried out in 2019 regarding **banking transparency**, a report on the progress of the plan of actions envisaged for the areas of improvement which had emerged, as well as some clarifications on specific aspects reported therein. The deadline for this report is set for 12 November 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
Payment of life insurance policies

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 its defence briefs in connection with these two proceedings before the deadline. With reference to the notification of penalties sent on 25 August 2020, in the month of August 2021, the Authority formalised the filing of the proceedings without imposing any sanctions and thus fully defining the relative positions; with regard to the notice notified on 24 February 2021, the company is awaiting the decisions of the Authority which will be able to formulate a sanction proposal, in this case, without prejudice to the right of the Company to submit further observations.

IVASS
Dormant policies

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.

IVASS
Governance,
management and
control of
investments and
financial risks

On 14 December 2020, IVASS launched an ordinary inspection to **assess the governance, management and control of investments and financial risks** of Poste Vita. 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 provided, within the time limits envisaged by the regulations, defence briefs in support of the correctness of its actions. In relation to the above, no significant elements emerged to be considered in the Interim Report for the Nine Months Ended at 30 September 2021.

IVASS
Anti-Money
Laundering
Legislation

From 1 March to 18 June 2021, IVASS conducted inspections aimed at verifying compliance with **anti-money laundering legislation**, at both **Poste Vita** and **Poste Italiane - BancoPosta RFC**. The results of the inspection, detailed in the reports sent on 29 September 2021, showed an overall satisfactory compliance framework of processes and procedures aimed at fulfilling **customer due diligence** obligations and the consequent evaluation of anomalous relationships and transactions. For the areas for improvement reported by the Authority, Poste Vita and Poste Italiane - BancoPosta RFC have defined appropriate initiatives.

COVIP

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.

**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. The company appealed the Authority's ruling before the Civil Court of Rome, requesting an injunction suspending its implementation, which was accepted by the judge with a ruling on 16 June 2014. On 21 January 2016, the designated judge reduced the fine by €0.1 million, rejecting the other preliminary exceptions raised on the merits. The Company appealed against the above judgement, for the part of the fine not annulled by the Court, to the Court of Cassation, which rejected the appeal filed by the Company and upheld the fine of €0.34 million. 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.

Tax disputes

With reference to the tax audits carried out starting from 2018 at the headquarters of **SDA Express Courier SpA**, on 27 May 2021 the Lazio Regional Tax Office (DRE) sent notification of an additional tax assessment notice referring to the 2015 tax period similar to that already presented for the year 2014 in which the deducted VAT was the main item contested. This notification was not challenged and an overall review procedure of the dispute relating to the credit notes was started with the Lazio Regional Tax Office with reference to all the periods covered by the official report findings (from 2014 to 2017) to try to reach an out-of-court settlement to avoid additional litigation. This procedure is currently underway and is expected to be completed by the end of 2021.

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 €25.8 million at 30 September 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 CUAF contributions claimed. INPS filed an appeal against this ruling (General Reg. 203/2021), the first hearing of which has been set for January 14, 2022. 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 CUAF 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 May 2021. 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 September 2021 amount to €11.52 million.

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.

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 timebarred, and contested the merits of the proposed claim.

Following the hearing on 8 November 2021, the judge of the Civil Court of Rome reserved the right to involve the Board regarding the appeal by the Ministry of Economy and Finance and Cassa Depositi e Prestiti, setting the deadline for any notes, limited to this point, as 12 November 2021.

8. CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(€m)	
ASSETS	30 September 2021	31 December 2020
Non-current assets		
Property, plant and equipment	2,190	2,134
Investment property	32	31
Intangible assets	780	755
Right-of-use assets	1,148	1,200
Investments accounted for using the equity method	677	615
Financial assets	223,064	221,134
Trade receivables	2	2
Deferred tax assets	1,087	1,123
Other receivables and assets	3,710	3,839
Tax credits Law no. 77/2020	3,275	29
Technical provisions attributable to reinsurers	53	54
Total	236,018	230,916
Current assets		
Inventories	163	165
Trade receivables	2,584	2,373
Current tax assets	348	187
Other receivables and assets	1,384	1,054
Tax credits Law no. 77/2020	565	6
Financial assets	22,214	26,749
Cash and deposits attributable to BancoPosta	8,670	6,391
Cash and cash equivalents	7,092	4,516
Total	43,020	41,441
TOTAL ASSETS	279,038	272,357
EQUITY AND LIABILITIES	30 September 2021	31 December 2020
Equity		
Share capital	1,306	1,306
Reserves	4,332	3,909
Treasury shares	(40)	(40)
Retained earnings	7,106	6,327
Total equity attributable to owners of the Parent	12,704	11,502
Equity attributable to non-controlling interests	7	5
Total	12,711	11,507
Non-current liabilities		
Technical provisions for insurance business	158,573	153,794
Provisions for risks and charges	500	625
Employee termination benefits	900	1,030
Financial liabilities	14,334	18,366
Deferred tax liabilities	1,096	1,229
Other liabilities	1,476	1,576
Total	176,879	176,620
Current liabilities		
Provisions for risks and charges	631	771
Trade payables	1,750	1,837
Current tax liabilities	453	13
Other liabilities	1,922	1,745
Financial liabilities	84,692	79,864
Total	89,448	84,230
TOTAL LIABILITIES AND EQUITY	279,038	272,357

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)

Third quarter 2021	Third quarter 2020		First nine months 2021	First nine months 2020
850	779	Revenue from Mail, Parcels and other	2,676	2,251
1,286	1,156	Net revenue from Financial Services	3,695	3,596
1,362	1,172	Revenue from Financial Services	3,831	3,707
(76)	(16)	Expenses from financial activities	(136)	(111)
405	453	Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,455	1,192
3,805	4,673	Insurance premium revenue	14,096	12,393
913	882	Income from insurance activities	3,124	2,441
(4,235)	(5,354)	Change in technical provisions for insurance business and other claims expenses	(15,475)	(13,041)
(78)	252	Expenses from insurance activities	(290)	(601)
220	185	Revenue from Payments and Mobile	619	522
2,761	2,572	Net operating revenue	8,445	7,561
675	624	Cost of goods and services	2,098	1,773
1,241	1,246	Personnel expenses	3,934	3,878
199	178	Amortisation and impairments	597	517
(7)	(9)	Capitalised costs and expenses	(24)	(27)
72	47	Other operating costs	190	111
15	9	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	35	65
566	478	Operating profit/(loss)	1,615	1,244
15	19	Finance costs	54	54
30	30	Finance income	92	83
-	-	Impairment losses/(reversals of impairment losses) on financial assets	(1)	1
5	9	Profit/(Loss) on investments accounted for using the equity method	20	(1)
586	498	Profit/(Loss) before tax	1,674	1,271
185	146	Income tax expense	500	373
401	352	PROFIT FOR THE PERIOD	1,174	898
400	352	of which attributable to owners of the Parent	1,172	898
1	-	of which attributable to non-controlling interests	2	-
0.308	0.271	Earnings per share	0.903	0.691
0.308	0.271	Diluted earnings per share	0.903	0.691

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Third quarter 2021	Third quarter 2020		First nine months 2021	FY 2020	First nine months 2020
401	352	Profit/(Loss) for the period	1,174	1,206	898
		Items to be reclassified in the Statement of profit (loss) for the period			
		<i>FVOCI debt instruments and receivables</i>			
(48)	1,774	Increase/(decrease) in fair value during the period	(12)	2,016	598
(157)	1	Transfers to profit or loss from realisation	(425)	(263)	(230)
(1)	-	Increase/(Decrease) for expected losses	(5)	7	7
		<i>Cash flow hedges</i>			
(62)	(30)	Increase/(decrease) in fair value during the period	(143)	(28)	75
(7)	(15)	Transfers to profit or loss	(4)	5	(19)
78	(494)	Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit/(loss) for the period	167	(495)	(122)
-	-	Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
-	-	After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale	-	-	-
		Items not to be reclassified in the Statement of profit/(loss) for the period			
		<i>FVOCI equity instruments</i>			
-	-	Increase/(decrease) in fair value during the period	47	17	1
-	-	Transfers to equity	-	-	-
-	10	Actuarial gains/(losses) on employee termination benefits	38	(5)	10
1	(2)	Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit/(loss) for the period	(11)	1	(2)
-	-	Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-
(196)	1,244	Total other comprehensive income	(348)	1,255	318
205	1,596	TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	826	2,461	1,216
204	1,596	of which attributable to owners of the Parent	824	2,462	1,216
1	-	of which attributable to non-controlling interests	2	(1)	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity											Total equity		
	Share capital	Treasury shares	Legal reserve	BancoPosta RPC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Translation reserve	Reserve for investments accounted for using equity method	Incentive plans reserve	Retained earnings		Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests
Balance at 1 January 2020	1,306	(40)	299	1,210	-	1,018	116	-	2	2	5,786	9,698	-	9,698
Total comprehensive income for the period	-	-	-	-	-	270	40	-	-	-	908	1,216	-	1,216
Dividends paid	-	-	-	-	-	-	-	-	-	-	(402)	(402)	-	(402)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	(49)	(49)	-	(49)
Incentive plans	-	-	-	-	-	-	-	-	-	2	-	2	-	2
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	6	6
Balance at 30 September 2020	1,306	(40)	299	1,210	-	1,288	155	-	2	4	6,241	10,465	6	10,471
Total comprehensive income for the period	-	-	-	-	-	1,006	(57)	-	-	-	297	1,246	(1)	1,245
Interim dividend	-	-	-	-	-	-	-	-	-	-	(211)	(211)	-	(211)
Incentive plans	-	-	-	-	-	-	-	-	-	2	-	2	-	2
Balance at 31 December 2020	1,306	(40)	299	1,210	-	2,294	98	-	2	6	6,327	11,602	6	11,607
Total comprehensive income for the period	-	-	-	-	-	(271)	(105)	-	-	-	1,200	824	2	826
Dividends paid	-	-	-	-	-	-	-	-	-	-	(421)	(421)	-	(421)
Incentive plans	-	-	-	-	-	-	-	-	-	5	-	5	-	5
Equity instruments - perpetual hybrid bonds	-	-	-	-	794	-	-	-	-	-	-	794	-	794
Balance at 30 September 2021	1,306	(40)	299	1,210	794	2,023	(7)	-	2	11	7,106	12,784	7	12,791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	First nine months 2021	First nine months 2020
Unrestricted net cash and cash equivalents at the beginning of the period	2,811	1,265
Restricted net cash and cash equivalents at the beginning of the period	1,705	884
Cash and cash equivalents at the beginning of the period	4,516	2,149
Cash and cash equivalents at the beginning of the period	4,516	2,149
Result for the period	1,174	898
Depreciation, amortisation and impairments	597	517
Losses and impairment losses/(reversals of impairment losses) on receivables	42	49
(Gains)/Losses on disposals	-	(2)
(Increase)/Decrease in Inventories	3	(29)
(Increase)/Decrease Receivables and Other assets	(516)	(512)
Increase/(Decrease) Payables and Other liabilities	427	(594)
Change in tax credits Law no. 77/2020	(514)	-
Change in provisions for risks and charges	(273)	(134)
Change in employee termination benefits and Provision for retirement benefits	(99)	(94)
Difference in accrued financial expenses and income (cash adjustment)	24	37
Other changes	44	38
Net cash flow from/(for) non-financial operating activities [a]	909	174
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	5,936	9,851
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	(8,981)	(10,626)
(Income)/Expense and other non-cash components	(3,041)	(1,262)
Increase/(Decrease) in net technical provisions for insurance business	7,792	4,623
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	1,706	2,586
Net cash flow from/(for) operating activities [c]=[a+b]	2,615	2,760
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(455)	(370)
Investments	(50)	(2)
Other financial assets	(4)	(36)
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	4	4
Investments	-	-
Other financial assets	411	8
Net cash flow from/(for) investing activities [d]	(134)	(396)
Proceeds from/(Repayments of) borrowings	(278)	1,763
(Purchase)/Sale of treasury shares	-	-
Dividends paid	(421)	(402)
Equity instruments - perpetual hybrid bonds	794	-
Other transactions with minority shareholders	-	1
Net cash flow from/(for) financing activities and shareholder transactions [e]	95	1,362
Net increase/(decrease) in cash [f]=[c+d+e]	2,576	3,726
Cash and cash equivalents at the end of the period	7,092	5,875
Cash and cash equivalents at the end of the period	7,092	5,875
Restricted cash and cash equivalents at the end of the period	(4,005)	(3,222)
Unrestricted net cash and cash equivalents at the end of the period	3,087	2,653

9. DECLARATION OF THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING



The Manager Responsible for financial reporting, Alessandro Del Gobbo, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim report for the three months ended 30 September 2021 is consistent with the underlying accounting records.

10. APPENDIX



[RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION](#)
[ALTERNATIVE PERFORMANCE INDICATORS](#)

10.1 RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION



RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	9M 2021	9M 2020	CHANGES		3Q 2021	3Q 2020	CHANGES	
Revenue	8,445	7,562	883	11.7%	2,761	2,574	187	7.3%
<i>of which:</i>								
Mail, Parcels and Distribution Services	2,675	2,251	424	18.9%	849	779	70	9.0%
Financial Services	3,695	3,596	99	2.8%	1,286	1,157	129	11.2%
<i>of which active portfolio management</i>	405	234	171	73.2%	181	0	181	n/s
Insurance Services	1,455	1,192	263	22.1%	406	454	(47)	-10.4%
Payments and Mobile Services	619	522	97	18.6%	220	185	35	19.2%
Costs	6,232	5,801	432	7.4%	1,996	1,918	79	4.1%
<i>of which:</i>								
Total personnel expenses	3,934	3,878	57	1.5%	1,242	1,245	(3)	-0.3%
<i>of which ordinary personnel expenses</i>	3,914	3,863	51	1.3%	1,227	1,238	(11)	-0.9%
<i>of which early retirement incentives</i>	25	12	13	115.2%	14	8	6	80.5%
<i>of which disputes and other extraordinary items</i>	(5)	3	(7)	n/s	1	(0)	1	n/s
Other operating expenses	2,298	1,923	375	19.5%	755	673	82	12.2%
EBITDA	2,213	1,761	452	25.6%	765	656	108	16.5%
Depreciation, amortisation and impairments	597	517	80	15.6%	199	178	21	11.8%
EBIT	1,615	1,244	371	29.8%	566	479	87	18.3%
EBIT margin %	19.1%	16.5%			20.5%	18.6%		
Finance income/(costs)	59	27	32	118.0%	20	19	1	3.4%
Gross profit	1,674	1,271	403	31.7%	586	498	88	17.7%
Taxes	500	373	127	34.1%	185	145	40	27.6%
Net profit	1,174	898	276	30.7%	401	353	48	13.6%
Net earnings per share (€)	0.90	0.69	0.21	30.7%	0.31	0.27	0.04	13.6%

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

9M 2021 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Total revenue	6,258	4,255	1,457	866	(4,392)	8,445
Revenue from third parties	2,675	3,695	1,455	619	-	8,445
Intersegment revenue	3,583	560	2	246	(4,392)	-
Total costs	6,282	3,713	564	661	(4,392)	6,830
Total personnel expenses	3,856	32	28	19	-	3,934
of which ordinary personnel expenses	3,837	31	26	19	-	3,914
of which early retirement incentives	24	0	1	0	-	25
of which disputes and other extraordinary items	(4)	(0)	0	0	-	(5)
Other operating expenses	1,785	125	77	311	-	2,298
Depreciation, amortisation and impairments	582	0	3	13	-	598
Intersegment costs	60	3,556	456	318	(4,392)	4,388
EBIT	(24)	542	893	205	-	1,615
EBIT MARGIN %	-0.4%	12.7%	61.3%	23.7%		19.1%
Finance income/(costs)	7	9	40	3	-	59
Gross profit	(17)	551	933	208		1,674
Taxes	7	158	279	57	-	500
Net profit	(24)	393	655	150		1,174

Statements of profit or loss by Strategic Business Unit

MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

(€m)	9M 2021	9M 2020	CHANGES		3Q 2021	3Q 2020	CHANGES	
Revenue	6,258	5,630	628	11.1%	2,086	1,902	183	9.6%
Mail	1,518	1,377	141	10.3%	497	453	44	9.7%
Parcels	1,018	764	254	33.2%	314	291	23	7.8%
Other revenue	138	109	29	27.0%	38	34	3	9.4%
Intersegment revenue	3,583	3,380	203	6.0%	1,237	1,124	113	10.1%
Costs	5,701	5,386	315	5.8%	1,815	1,783	31	1.8%
of which:								
Total personnel expenses	3,856	3,804	52	1.4%	1,218	1,222	(4)	-0.3%
of which ordinary personnel expenses	3,837	3,791	46	1.2%	1,204	1,215	(11)	-0.9%
of which early retirement incentives	24	10	14	135.9%	14	7	6	87.3%
of which disputes and other extraordinary items	(4)	3	(7)	n/s	1	(0)	1	n/s
Other operating expenses	1,785	1,528	257	16.8%	577	541	36	6.7%
Intersegment costs	60	54	6	10.6%	19	20	(1)	-4.9%
EBITDA	558	245	313	127.7%	271	119	152	127.4%
Depreciation, amortisation and impairments	582	489	93	19.0%	193	170	24	14.0%
EBIT	(24)	(244)	220	90.1%	78	(50)	128	n/s
EBIT margin %	-0.4%	-4.3%			3.7%	-2.6%		
Finance income/(costs)	7	5	1	24.6%	6	(1)	7	n/s
Gross profit	(17)	(238)	221	92.7%	84	(51)	135	n/s
Taxes	7	(62)	69	111.2%	39	(9)	48	n/s
Net profit	(24)	(177)	153	86.3%	45	(42)	87	n/s

FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

(€m)	9M 2021	9M 2020	CHANGES		3Q 2021	3Q 2020	CHANGES	
Revenue	4,255	4,076	180	4.4%	1,466	1,340	125	9.3%
Active portfolio management	405	234	171	73.2%	181	0	181	n/s
Net interest income	1,110	1,162	(53)	-4.5%	390	386	4	1.0%
Postal savings deposits	1,312	1,377	(65)	-4.7%	432	480	(48)	-10.1%
Collection and payment services	592	608	(16)	-2.7%	197	208	(11)	-5.2%
Distribution of third-party products	188	143	45	31.7%	55	58	(3)	-4.8%
Asset management	88	72	16	22.3%	30	24	6	25.3%
Intersegment revenue	560	479	81	16.8%	180	183	(4)	-2.1%
Costs	3,713	3,496	217	6.2%	1,285	1,159	126	10.9%
of which:								
Total personnel expenses	32	29	2	7.4%	9	9	0	4.3%
of which ordinary personnel expenses	31	29	3	9.4%	9	9	1	6.8%
of which early retirement incentives	0	1	(1)	-67.8%	0	0	(0)	-85.7%
of which disputes and other extraordinary items	0	0	0	n/s	0	0	0	105.9%
Other operating expenses	125	59	66	111.8%	48	20	28	141.4%
Intersegment costs	3,556	3,408	149	4.4%	1,228	1,130	98	8.6%
EBITDA	542	580	(37)	-6.4%	180	181	(1)	-0.5%
Depreciation, amortisation and impairments	0.4	0.4	(0)	-5.1%	0.1	0.1	(0)	-16.1%
EBIT	542	579	(37)	-6.4%	180	181	(1)	-0.5%
EBIT margin %	12.7%	14.2%			12.3%	13.5%		
Finance income/(costs)	9	(11)	20	n/s	2	2	(1)	-33.2%
Gross profit	551	568	(17)	-3.0%	182	183	(2)	-0.9%
Taxes	158	161	(4)	-2.2%	52	49	3	5.5%
Net profit	393	407	(13)	-3.3%	130	134	(4)	-3.3%

INSURANCE SERVICES STRATEGIC BUSINESS UNIT

(€m)	9M 2021	9M 2020	CHANGES		3Q 2021	3Q 2020	CHANGES	
Total Revenue	1,457	1,192	265	22.2%	407	454	(47)	-10.3%
Up Front Life	227	221	6	2.6%	61	86	(25)	-29.4%
Financial margin Life	1,099	830	269	32.4%	298	324	(26)	-8.1%
Protection margin Life	12	23	(10)	-45.8%	5	7	(2)	-26.9%
Change to other technical provisions and other technical income/expenses	13	8	5	66.4%	12	(0)	12	n/s
Life net revenue	1,351	1,081	269	24.9%	376	417	(42)	-10.0%
Insurance premium revenue	217	176	41	23.3%	75	58	16	28.3%
Change in technical provisions and claim expenses	(118)	(68)	(50)	-73.1%	(47)	(22)	(25)	-112.5%
Reinsurance results	(3)	(5)	1	30.0%	(0)	(2)	2	94.8%
Net P&C income	1	1	(1)	-62.1%	0	1	(0)	-19.7%
P&C net revenue	96	105	(8)	-7.8%	28	34	(6)	-17.9%
Other operating income	8	6	2	29.3%	2	2	0	14.6%
Intersegment revenue	2	0	2	n/s	1	0	1	n/s
Costs	561	472	89	18.9%	171	174	(2)	-1.4%
<i>of which:</i>								
Total personnel expenses	28	25	3	10.1%	8	7	1	8.6%
<i>of which ordinary personnel expenses</i>	26	24	2	9.1%	8	7	1	9.3%
<i>of which early retirement incentives</i>	1	1	0	37.9%	0	0	(0)	-100.0%
<i>of which disputes and other extraordinary items</i>								
Other operating expenses	77	67	10	15.1%	25	20	4	20.6%
Intersegment costs	456	380	76	20.1%	139	146	(7)	-5.0%
<i>of which commissions</i>	396	337	59	17.5%	120	130	(10)	-7.6%
EBITDA	896	721	176	24.4%	236	280	(44)	-15.8%
Depreciation, amortisation and impairments	3	7	(4)	-53.9%	1	1	(0)	-23.2%
EBIT	893	714	179	25.1%	235	279	(44)	-15.7%
EBIT margin %	61.3%	59.9%			57.7%	61.4%		
Finance income/(costs)	40	27	13	48.2%	13	12	1	5.8%
Gross profit	933	741	192	26.0%	248	291	(43)	-14.8%
Taxes	279	218	61	27.9%	73	85	(12)	-14.1%
Net profit	655	523	132	25.2%	175	206	(31)	-15.1%

PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

(€m)	9M 2021	9M 2020	CHANGES		3Q 2021	3Q 2020	CHANGES	
Revenue	866	783	83	10.6%	299	274	25	9.2%
Electronic Money	321	264	57	21.7%	113	94	19	19.8%
Other payments	67	48	19	40.3%	28	19	8	42.4%
TLC	231	211	21	9.8%	80	71	9	12.0%
Intersegment revenue	246	260	(14)	-5.5%	79	89	(10)	-11.5%
Costs	648	566	82	14.6%	221	197	23	11.9%
<i>of which:</i>								
Total personnel expenses	19	19	(0.1)	-0.7%	6	6	(1)	-10.2%
<i>of which ordinary personnel expenses</i>	19	19	(0.1)	-0.7%	6	6	(1)	-10.2%
<i>of which early retirement incentives</i>								
<i>of which disputes and other extraordinary items</i>								
Other operating expenses	311	269	42	15.7%	105	91	14	15.5%
Intersegment costs	318	278	40	14.6%	110	100	10	9.9%
EBITDA	217	217	0	0.2%	78	76	2	2.3%
Depreciation, amortisation and impairments	13	21	(9)	-41.4%	4	7	(2)	-35.1%
EBIT	205	196	9	4.7%	73	69	4	6.0%
EBIT margin %	23.7%	25.0%			24.6%	25.3%		
Finance income/(costs)	3	6	(3)	-49.4%	(1)	6	(6)	-110.9%
Gross profit	208	201	7	3.3%	73	75	(2)	-2.7%
Taxes	57	56	2	2.7%	21	20	1	5.1%
Net profit	150	145	5	3.5%	52	55	(3)	-5.5%

FINANCIAL POSITION

Net invested capital and related funding

	30 September 2021	31 dicembre 2020	CHANGES	
Tangible fixed assets	2,222	2,165	57	2.6%
Intangible fixed assets	780	755	25	3.3%
Right-of-use assets	1,148	1,200	(52)	-4.3%
Investments	677	615	62	10.1%
Non-current assets	4,827	4,735	92	1.9%
Trade receivables, Other receivables and assets and Inventories	7,843	7,433	410	5.5%
Trade payables and Other liabilities	(5,148)	(5,158)	10	0.2%
Current tax assets/(liabilities)	(105)	174	(279)	n/s
Net working capital	2,590	2,449	141	5.8%
Gross invested capital	7,417	7,184	233	3.2%
Provisions for risks and charges	(1,131)	(1,396)	265	19.0%
Employee termination benefits	(900)	(1,030)	130	12.6%
Prepaid/deferred tax assets/(liabilities)	(9)	(106)	97	91.5%
Net invested capital	5,377	4,652	725	15.6%
Equity	12,711	11,507	1,204	10.5%
<i>of which profit for the period</i>	<i>1,174</i>	<i>1,207</i>	<i>(33)</i>	<i>-2.7%</i>
<i>of which fair value reserve</i>	<i>2,023</i>	<i>2,294</i>	<i>(271)</i>	<i>-11.8%</i>
Financial liabilities	99,026	98,230	796	0.8%
Net technical provisions for insurance business	158,520	153,740	4,780	3.1%
Financial assets	(245,278)	(247,883)	2,605	1.1%
Tax credits Law no. 77/2020	(3,840)	(35)	(3,805)	n/s
Cash and deposits attributable to BancoPosta	(8,670)	(6,391)	(2,279)	-35.7%
Cash and cash equivalents	(7,092)	(4,516)	(2,576)	-57.0%
Net debt/(funds)	(7,334)	(6,855)	(479)	-7.0%

n/s: not significant.

30 September 2021	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
(€m)						
Tangible fixed assets	2,198	0	2	22	0	2,222
Intangible fixed assets	761	0	18	1	0	780
Right-of-use assets	1,128	2	20	6	(8)	1,148
Investments	1,735	269	157	405	(1,889)	677
Non-current assets	5,822	271	197	434	(1,897)	4,827
Trade receivables, Other receivables and assets and Inventories	3,487	3,271	2,614	464	(1,993)	7,843
Trade payables and Other liabilities	(3,163)	(2,562)	(722)	(694)	1,993	(5,148)
Current tax assets/(liabilities)	204	(7)	(250)	(53)	1	(105)
Net working capital	528	702	1,642	(283)	1	2,590
Gross invested capital	6,350	973	1,839	151	(1,896)	7,417
Provisions for risks and charges	(836)	(268)	(16)	(10)	(1)	(1,131)
Employee termination benefits	(892)	(3)	(2)	(2)	(1)	(900)
Prepaid/deferred tax assets/(liabilities)	366	(673)	285	13	0	(9)
Net invested capital	4,988	29	2,106	152	(1,898)	5,377
Equity	3,179	5,004	5,805	611	(1,888)	12,711
<i>of which profit for the period</i>	<i>(24)</i>	<i>393</i>	<i>654</i>	<i>150</i>	<i>1</i>	<i>1,174</i>
<i>of which fair value reserve</i>	<i>11</i>	<i>1,877</i>	<i>81</i>	<i>54</i>	<i>0</i>	<i>2,023</i>
Financial liabilities	5,798	97,806	311	8,468	(13,357)	99,026
Net technical provisions for insurance business	0	0	158,520	0	0	158,520
Financial assets	(951)	(88,716)	(157,787)	(8,882)	11,058	(245,278)
Tax credits Law no. 77/2020	(463)	(3,377)	0	0	0	(3,840)
Cash and deposits attributable to BancoPosta	0	(8,670)	0	0	0	(8,670)
Cash and cash equivalents	(2,575)	(2,018)	(4,743)	(45)	2,289	(7,092)
Net debt/(funds)	1,809	(4,975)	(3,699)	(459)	(10)	(7,334)

31 December 2020 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,140	1	2	22	0	2,165
Intangible fixed assets	736	0	18	1	0	755
Right-of-use assets	1,176	2	24	7	(9)	1,200
Investments	1,434	210	157	402	(1,588)	615
Non-current assets	5,486	213	201	432	(1,597)	4,735
Trade receivables, Other receivables and assets and Inventories	3,108	3,089	2,582	518	(1,864)	7,433
Trade payables and Other liabilities	(3,202)	(2,455)	(644)	(719)	1,862	(5,158)
Current tax assets/(liabilities)	137	(1)	39	(1)	0	174
Net working capital	43	633	1,977	(202)	(2)	2,449
Gross invested capital	5,529	846	2,178	230	(1,599)	7,184
Provisions for risks and charges	(1,156)	(214)	(17)	(9)	0	(1,396)
Employee termination benefits	(1,022)	(3)	(3)	(2)	0	(1,030)
Prepaid/deferred tax assets/(liabilities)	470	(849)	259	14	0	(106)
Net invested capital	3,821	(220)	2,417	233	(1,599)	4,652
Equity	1,982	5,281	5,290	543	(1,589)	11,507
<i>of which profit for the period</i>	(418)	647	784	194	0	1,207
<i>of which fair value reserve</i>	9	2,183	92	10	0	2,294
Financial liabilities	5,438	95,295	302	7,460	(10,265)	98,230
Net technical provisions for insurance business	0	0	153,740	0	0	153,740
Financial assets	(1,310)	(92,385)	(155,952)	(7,753)	9,517	(247,883)
Tax credits Law no. 77/2020	(35)	0	0	0	0	(35)
Cash and deposits attributable to BancoPosta	0	(6,391)	0	0	0	(6,391)
Cash and cash equivalents	(2,254)	(2,020)	(963)	(17)	738	(4,516)
Net debt/(funds)	1,839	(5,501)	(2,873)	(310)	(10)	(6,855)

Changes 9H 2021 vs 31.12.2020 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
Tangible fixed assets	58	(1)	0	0	0	57
Intangible fixed assets	25	0	0	0	0	25
Right-of-use assets	(48)	0	(4)	(1)	1	(52)
Investments	301	59	0	3	(301)	62
Non-current assets	336	58	(4)	2	(300)	92
Trade receivables, Other receivables and assets and Inventories	379	182	32	(54)	(129)	410
Trade payables and Other liabilities	39	(107)	(78)	25	131	10
Current tax assets/(liabilities)	67	(6)	(289)	(52)	1	(279)
Net working capital	485	69	(335)	(81)	3	141
Gross invested capital	821	127	(339)	(79)	(297)	233
Provisions for risks and charges	320	(54)	1	(1)	(1)	265
Employee termination benefits	130	0	1	0	(1)	130
Prepaid/deferred tax assets/(liabilities)	(104)	176	26	(1)	0	97
Net invested capital	1,167	249	(311)	(81)	(299)	725
Equity	1,197	(277)	515	68	(299)	1,204
<i>of which fair value reserve</i>	2	(306)	(11)	44	0	(271)
Financial liabilities	360	2,511	9	1,008	(3,092)	796
Net technical provisions for insurance business	0	0	4,780	0	0	4,780
Financial assets	359	3,669	(1,835)	(1,129)	1,541	2,605
Tax credits Law no. 77/2020	(428)	(3,377)	0	0	0	(3,805)
Cash and deposits attributable to BancoPosta	0	(2,279)	0	0	0	(2,279)
Cash and cash equivalents	(321)	2	(3,780)	(28)	1,551	(2,576)
Net debt/(funds)	(30)	526	(826)	(149)	0	(479)

10.2 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.

CET 1 CAPITAL: refers to Tier 1 capital, as defined in Regulation EU 575/2013, and includes the capitalised profit reserve created at the time ring-fenced capital was created and non-distributed profit reserves, taking the transitional regime into account.

CET 1 RATIO: this ratio measures the adequacy of Tier 1 capital with respect to weighted exposure 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: 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 Total Capital (Own Funds) 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 (ESMA32-3821138 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 PROACTIVE PORTFOLIO MANAGEMENT (%): the average portfolio yield calculated as the ratio of interest income to average current account balances (excluding the value of proactive portfolio management).

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.

TOTAL CAPITAL (OWN FUNDS): as defined by Regulation EU no. 575/2013, this consists of the sum of Tier 1 capital, consisting of CET 1 Capital and additional Tier 1 Capital (AT, which for Bancoposta includes the hybrid instrument coming from Poste Italiane), and Tier 2 capital (not relevant for Bancoposta).

TOTAL CAPITAL RATIO: this ratio measures the adequacy of Total Capital (Own Funds) with respect to weighted exposure to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of Total Capital (Own Funds) and total Risk Weighted Assets (RWA).

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.

11. GLOSSARY



GLOSSARY

ACCOUNT INFORMATION SERVICE (AIS):

Service that allows users, holders of accounts accessible online, to obtain complete information about payment services for their accounts.

ACQUIRING

All services provided by an independent entity (Acquirer) with the aim of managing authorisations of payments made with cards on national and international circuits, based on an affiliation contract with the merchant.

OPEN API (APPLICATION PROGRAM INTERFACES)

Procedures and interfaces which allow two applications to communicate and exchange data. An API which does not require the payment of rights to access and use it is referred to as “open”.

ASSET ALLOCATION

A strategy implemented by an investor with the aim of diversifying their portfolio to include various asset classes, based on their investment schedule and expected returns.

ASSET CLASS

Category of investments, that is all financial instruments with similar features and similar behaviour on markets. For example: bonds (short term, medium/long term, government, corporate, high yield, etc.), shares (Europe, America, emerging countries, etc.), real estate. The selection of Asset Classes is fundamental in the construction of a portfolio because these are the individual components evaluated during the Asset Allocation process.

ATM (AUTOMATED TELLER MACHINE)

An automatic bank counter, activated directly by the user by inserting their card and PIN (personal identification number), allowing them to both carry out transactions and obtain information (e.g. balance or a list of movements).

BILL PAYMENTS

It is a payment service that allows paying bills, MAV, RAV and PagoPA through a third-party that manages the financial and transactional aspects.

BTP (MULTI-YEAR TREASURY BONDS) ↑

Medium/long term Italian government bonds. The yield is determined by the half-yearly fixed rate interest coupon and the difference between the refund price, equal to the nominal value (100) and the issue or subscription price on the secondary market.

BUFFER ↑

The Agreement with the Ministry of the Economy and Finance (MEF) establishes that a portion of private funding must be established in a specific deposit made with the MEF, known as the “Buffer” Account, in order to allow for flexible management of loans as a function of daily oscillations in private funding.

CAPITALISATION ↑

With reference to a company, this represents the product of the number of shares outstanding and their unit price. With reference to a market it represents the total value of all listed shares at market prices.

CREDIT CARD ↑

A payment tool that enables its holder, based on the contractual relationship established with the issuer, to make purchases (using POS or online) of goods and services at any merchant affiliated with the relevant international circuit or to withdraw cash (at an ATM). Amounts spent are repaid by the holder based on a pre-established schedule (generally monthly), after the fact, in a single amount (“classic” credit card), or on an instalment basis (rotating or revolving credit card).

DEBIT CARD ↑

A card that allows the holder, based on a contract signed with their bank or with Poste, to acquire (through POS) goods and services at any merchant affiliated with the circuit on which the card operates, or to withdraw cash (at an ATM), with immediate debiting from the current account linked to the card. The most well-known circuit is Bancomat, which led to the name commonly used to refer to these cards. If the card is connected to international circuits, it can be used abroad to withdraw the local currency and to make payments, after inserting the same secret code (PIN) used domestically, both for ATM withdrawals and payments at merchant POS.

PREPAID CARD ↑

A payment tool, issued against the advance payment of funds to the issuer. Its value decreases each time it is used to make payments or withdraw funds. A prepaid card makes it possible, without using cash, to purchase (via POS or online) goods and services, or to withdraw cash at an automatic teller machine (ATM), using a PIN, within the limits of the amount previously paid to the institution which issued the card. Prepaid cards are issued by banks, electronic money institutions (EMI), and Poste Italiane. Rechargeable prepaid cards have a maximum value that differs by issuers and can be recharged multiple times. A prepaid card may also be assigned an IBAN (International Bank Account Number) which allows it to be used for the main current account transactions, including bank transfers or direct debit. For example, it can be used to receive wages or a pension, or to establish residency for utility payments. A prepaid card makes it possible to make purchases without using cash and to make withdrawals and carry out other transactions at ATMs affiliated with the payment circuit indicated on the card.

SALARY BACKED ↗

This is a special type of guaranteed loan, intended for pensioners and employees. Instalments are paid through the transfer of a portion of the pension or salary to the financing entity. This portion, withheld directly from the pension or pay, cannot exceed one-fifth of the net monthly payment. This type of loan requires a life insurance policy (for pensioners) or a life and job loss policy (for employees). The policies are taken out directly from the bank/lending institution (which serves as the contracting entity and beneficiary) which incurs the costs. The client is not required to pay any insurance premium.

CHATBOT ↗

The word is a combination of the word chat and an abbreviation of the word robot. It refers to a virtual assistant able to respond to a number of questions, by interpreting the customer's intentions. This type of application is frequently used by large companies for customer service. By typing in the question, one has the impression of talking to a person.

CLOUD ↗

The "IT cloud" refers to technology that makes it possible to process and archive data on the network and allows access to applications and data saved on remote hardware instead of on a local workstation. **HYBRID CLOUD** is a solution that combines a private cloud with one or more public cloud services, using proprietary software that allows communication between all of the services. A hybrid cloud strategy offers companies greater flexibility, moving workloads between cloud solutions based on requirements and cost.

POSTEPAY CODE ↗

An innovative acceptance service that allows affiliated merchants to collect payments ordered by customers directly from their Postepay app, via the QR code displayed by the merchant.

MANAGEMENT FEES ↗

Fees paid to the manager, directly debited from the fund assets, as compensation for management activities in the limited sense. They are calculated daily on the net assets of the fund and withdrawn at longer intervals (monthly, quarterly, etc.). They are generally indicated on an annual basis.

CONTACTLESS ↗

An innovative payment method that makes it possible to make purchases simply by placing a card near a reader (POS) with the Contactless symbol. The transaction occurs in just a few seconds.

CYBER SECURITY

This term refers to tools and processes needed to guarantee the security of computers, networks, commonly used devices (e.g. smartphones and tablets), applications and databases, protecting them from potential attacks that may arrive internal or external to the organisation. Cyber security is increasingly important because protecting digital technology also means protecting processes and, above all, information, which are the true assets of people and organisations.

DIGITAL PAYMENTS

The term refers to all payments made using electronic tools, such as credit, debit and prepaid cards, digital wallets, telephone credit and direct debit from current accounts, to purchase goods and services.

DIGITAL PROPERTIES

Digital properties (website, BancoPosta app, PostePay app, Post Office app, PosteID app) represent one of 3 channels which serve customers, supporting the Group's omni-channel strategy.

DIGITAL WALLET

A virtual wallet that can be used to load credit or combined with one or more payment tools such as credit, debit or prepaid cards or current accounts, to make transactions without sharing private information about the payment method with the seller.

PORTFOLIO FINANCIAL DURATION

Average duration of the securities in the portfolio.

DURATION

Average maturity for payments for bonds. This is generally expressed in years and refers to the weighted average of the cash flow payment dates relative to the security, in which the weights assigned to each date are equal to the current value of the cash flows associated with the same (the coupons and, for maturity dates, capital). It is an approximate measure of the sensitivity of the price of a bond to changes in interest rates.

ETF (EXCHANGE TRADED FUNDS)

These are special investment funds (or SICAVs) which are passively managed and traded on regulated markets, part of the wider family of Exchange Traded Products (ETP), which replicate the performance of an underlying index (e.g. the FTSE MIB).

MUTUAL FUNDS

These are collective investment entities, managed by asset management companies (SGR/AMC), that combine liquidity provided by customers and invest the combined funds in securities (shares, bonds, government securities, etc.) or, for some funds, in real estate, in compliance with rules intended to reduce risks. Each investor is the owner of a number of units. The value of these varies over time as a function of the performance of the securities acquired by the management company with the fund's assets. There are various types of funds, which can be classified based on the type of financial instruments in which they invest (e.g. European stocks or US bonds) or based on the manner in which investors share in the profits. Funds can be either "closed" (allowing units to be subscribed only during an offer period, with units redeemed, as a rule, only upon the closing of the Fund) or "open" (allowing units to be subscribed or redeemed at any time).

PENSION FUNDS ↑

These are collective investment entities that collect contributions from workers and/or employers and invest them in financial instruments, to provide a pension service (annuity or capital) at the end of the working life of the worker, which supplements the obligatory public system. There are various types of pension funds: Contracted (or closed) funds, open funds, individual pension funds (PIP or FIP), pre-existing pension forms.

FTSE MIB (FINANCIAL TIMES STOCK EXCHANGE MILAN STOCK MARKET INDEX) ↑

This is the most important index for the Milan stock market, which combines all the securities with the highest capitalisation and market liquidity. A total of 40 securities are listed on the FTSE MIB, with most companies falling in the banking, insurance or industrial sectors.

SEPARATE ACCOUNT ↑

With regards to life insurance, a fund specifically created by the insurance company and managed separately with respect to the totality of the company's assets. Separate accounts are used for Class I contracts and typically feature prudential investment structures. The returns achieved from the separate account and returned to the customers are used to revalue the benefits called for in the contract.

MANAGING AGENT ↑

An intermediary authorised to provide asset management services, who manages, also partially, the assets of an UCITS (Undertakings for Collective Investment in Transferable Securities) based on a specific proxy received from the asset management company in line with the criteria defined in the proxy itself.

HIGH YIELD ↑

These are high yield (and high risk) bonds issued by companies, sovereign countries or other entities suffering financial difficulty, to which a low rating is assigned (for Standard & Poor's, less than or equal to BB). High Yield bonds are also frequently referred to as Junk Bonds.

HOME BANKING (INTERNET BANKING) ↑

An online service that allows current account holders to carry out various transactions and obtain information with regards to their current account online (consulting the bank statement, ordering a bank transfer, postagiuro, making an online payment, etc.) without the need to go in person to their own bank or Post Office.

HUB ↑

In the logistics sector, this refers to a major node for goods, where many lines of traffic converge and depart.

PRIVATE DIGITAL IDENTITY

The Poste private digital identity is a set of technical credentials (user name, strong password, registered mobile phone) and contact details that, associated with a positive ID of the holder, are used to define the digital profile of a Poste Italiane customer. The digital identity allows the holder to access and make use of Poste Italiane online services, including remote sales funnels and app onboarding, in association with the **Strong Customer Authentication (SCA)** tools supplied by the Business Units. These **SCA** or **STRONG AUTHENTICATION** tools require all electronic payment operations and remote transactions involving a risk of fraud to be confirmed and authorised by combining two or more authentication factors, selected from among those which only the person carrying out the transaction has (an app on a mobile device or a key that generates one time passwords) or an inherent element of the person, that is something which unequivocally identifies the user (digital fingerprint, face shape or another biometric feature).

INVESTMENT GRADE

Definition which refers to securities issued by companies with their financial statements in order, well managed and have favourable business prospects. For investment grade securities, the rating is high and in any case exceeds triple B. Below this level securities fall in the category of high yield and high risk, with low ratings that reflect the dangers of default or insolvency.

MERCHANT

An entity that provides a commercial business.

MIFID (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE)

Directive 2004/39/EC, in effect since 1 November 2007, has the main objective of standardising rules for financial market participants at the European level, to protect investors, requiring intermediaries to act honestly, fairly and professionally to best serve the interests of their customers. The directive introduced a classification system for customers based on their level of financial experience: retail, professional and eligible counterparties. This is done so as to adopt protection measures in line with each investor category, respecting the different protection requirements deriving from information obtained regarding their knowledge and experience relative to investments, their financial situation and investment goals, in order to verify the adequacy and/or appropriateness of the investment service or financial instrument requested and/or proposed. Additionally, intermediaries must provide accurate, clear and non-misleading information, describing the financial services and instruments offered, with information on losses incurred, fees and costs linked to the services provided and the presence of any conflicts of interest. On 3 January 2018, replacing MiFID I, from which it took its principles and aims, the **MIFID II** Directive took effect, with the objective of increasing market efficiency and transparency, raising investor protection levels through safeguards intended to ensure customers are informed about the essential features of services provided, including the risks and costs of proposed transactions, as well as strengthening certain organisational requirements and behavioural standards in the development and offering of products to customers, as well as in the training of those providing investment consulting.


TRANSITIONAL MEASURE

The Transitional Measure on Technical Provisions (TMTP) was introduced within the Solvency II directive to allow for a gradual transition to the new solvency regime. It allows for the possibility, if authorised by IVASS, to apply to contracts in effect as of 1/1/2016 (the date on which the Solvency directive took effect) technical provisions in accordance with the Solvency I regime, rather than with the provisions of the Solvency II regime, through 31 December 2031.

MOBILE HOST OPERATOR

Reference operator for the provision of mobile network access services

ONE CLICK TO BUY

An approach to speed up the purchase funnel for digital products/services, minimising the classic steps required on the customer side, simplifying completion of the funnel. For example, through personalised campaigns for known customer types, it is possible to understand their purchasing habits and hence propose a process with the data already inserted (e.g. name and address, contact information, ID, IBAN): at this point, if the customer is interested, they simply need to accept and sign the contract using a “point&click” technique (or insert a one time password [OTP]  received via text message).

OPEN BANKING

The sharing of information between various actors in the banking ecosystem. Since European payment services directive (PSD2) took effect, European banks must open their own Application Program Interfaces (API) to fintech companies (finance + technology) and to other companies in the financial products and services sectors. This allows external companies (referred to as third-parties) access to payment data, increasing competition within the system.

OTP (ONE TIME PASSWORD)

A disposable or one-time passwords is an alphanumeric security code generated by an algorithm, when requested by the user, to access a system or authorise specific transactions, for example those done through home banking. It is a very secure authentication system because the code is sent directly to a device in the holder’s possession (text message, token, etc.) and is no longer valid once used.

PAD

A device with a screen that allows digital acquisition of signatures (including registration of non-visible biometric data such as pressure, movement and speed) and can display QR codes.

HYBRID POLICY - MULTI-CLASS

With multi-class products, a portion of the premium is invested in a separate account, determining the portion of capital which is guaranteed, while another portion is invested in unit-linked funds, with diversified asset allocation intended to take advantage of opportunities for profit by investing in funds linked to financial market performance.

INDEX LINKED POLICY

A life insurance policy with a high level of financial content. Final benefits are linked to indexes: the premium is invested and revalued based on a stock index or other reference index identified in the contract (stock index, sector index, exchange rate, etc.).

UNIT LINKED POLICY

A life insurance with a high level of financial content distinguished by the fact that final benefits due to the customer are linked to the future performance of an investment fund and hence cannot be quantified beforehand.

POS (POINT OF SALE) ↓

A digital location (consisting of a device that allows automatic payment for purchases) where payment transactions are made, using a debit or credit card with a chip or magnetic strip. They are connected to the banking system and allow a merchant to have the sum accredited to their current account while the purchaser can pay for their items without using physical money.

PSP (PAYMENT SERVICES PROVIDER) ↓

Entities authorised to offer payment services: Banks, Poste Italiane (BancoPosta), payment institutions and electronic money institutions (PostePay S.p.A.).

QR CODE (QUICK RESPONSE CODE) ↓

A special type of barcode in a square shape, made up of dots and lines of various size. A user can access multi-media content through various apps simply by scanning the QR Code with the camera on their smartphone.

INSURANCE CLASS ↓

An insurance class is a category used to classify policies with the same or similar type of risk. There are two main classes:

- P&C: policies that compensate customers in the case of material and physical damages, to personal goods, assets or people;
- Life: this includes policies stipulated to guarantee capital to pre-selected beneficiaries indicated in the insurance contract, if the event covered by the policy occurs (e.g. the death of the insured in the case of a life policy).

Life insurance policies are further divided into six classes:

Class I - Life insurance;

Class II - Marriage and birth insurance;

Class III - Insurance, referred to in classes I and II, for which the main benefits are linked to the value of units of mutual or internal funds or to indexes or other reference values;

Class IV - Health insurance and disability insurance guaranteed by long-term contracts, which cannot be withdrawn, for the risk of long-term disability due to disease or injury or longevity;

Class V – Tontines;

Class IV - Management of group funds to provide benefits in the case of death, life or termination or reduction of employment.

REFLATION TRADE ↓

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.

RE.PO. (REPURCHASE AGREEMENT) ↱

Repurchase agreements 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).

SCT (SEPA CREDIT TRANSFER) ↱

Payment tool that allows a debtor to order, through their Bank, a payment in euros in favour of a creditor if the credit entity or branch in which the Payer and Beneficiary of the bank transfer have their accounts (Payer's Bank and Beneficiary's Bank) are both located in a SEPA country and have adhered to the service.

SDD (SEPA DIRECT DEBIT CORE) ↱

SEPA direct debits are a payment service offered by Payment Services Providers that can be used to automatically pay companies or private individuals that supply supplies or services on the basis of contracts that call for repetitive payments at pre-determined due dates (e.g. utility payments). To make payments with SEPA direct debit, the customer must authorise the company that provides the utility or service, signing an authorisation contract. At each due date, the bank carries out the payment by withdrawing the amounts from the customer accounts without the need to ask for consent each time.

SIM M2M (MACHINE TO MACHINE) ↱

SIM M2M make use of technology that allows for the integration of and communication between various types of equipment installed at any distance, through sensors which send (or acquire) data which is then sent to a central server through a network. They are used solely for data traffic and the voice area is entirely disabled. In its place is a module that allows both control and remote control.

SPID - PUBLIC DIGITAL IDENTITY SYSTEM ↱

The Public Digital Identity System (SPID) is the Italian digital identity solution, managed by AgID in line with national regulations and the European eIDAS regulation. The SPID system allows those with a digital identity (real and legal persons), issued by an accredited manager, to access services provided by participating public and private entities using a single set of credentials. Poste Italiane is an accredited Digital Identity manager.

DIGITAL TOUCHPOINT ↱

A touchpoint refers to a point for contact and communication between a Customer/Prospect and a Company. A touchpoint can be either physical (sales point, telephone, text message or fax) or digital (website, email, social network, chat).

ULTRABROADBAND ↱

Technology, equipment or telecommunication lines that allow Internet access at speeds exceeding 30 Bps per second, both in upload and download. The use of the term tends to refer to the maximum speed and not the average speed which is effectively available.