

The background features four large, semi-transparent pie charts in various shades of blue. Each pie chart is partially cut off by the edge of the page, creating a sense of depth and movement. The colors range from light sky blue to a darker, more saturated blue.

INTERIM REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2023

SUMMARY

1. READING GUIDE	2
2. HIGHLIGHTS	4
3. OUTLOOK	6
4. GROUP STRUCTURE, CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE	8
4.1 POSTE ITALIANE'S CORPORATE GOVERNANCE	8
4.2. POSTE ITALIANE'S ORGANISATIONAL STRUCTURE	9
4.3 SHAREHOLDERS AND SHARE PERFORMANCE	12
4.4 GROUP STRUCTURE AND MAIN CORPORATE ACTIONS DURING THE PERIOD	14
5. STRATEGY, INNOVATION AND DIGITISATION, RISK MANAGEMENT	16
5.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT	16
5.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT	21
5.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT	27
5.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT	31
5.5 OMNICHANNEL STRATEGY, INNOVATION AND DIGITISATION	35
5.6 RISK MANAGEMENT	39
6. CREATION OF VALUE	40
6.1 IMPACTS ARISING FROM THE RUSSIAN-UKRAINIAN CONFLICT	40
6.2 IFRS 17 – FIRST TIME ADOPTION	41
6.3 GROUP OPERATING RESULTS	45
6.4 GROUP FINANCIAL POSITION AND CASH FLOW	77
7. OTHER INFORMATION	82
7.1 EVENTS AFTER 31 MARCH 2023	82
7.2 SIGNIFICANT TRANSACTIONS	82
7.3 INDUSTRIAL RELATIONS	83
7.4 WELFARE – DIVERSITY AND INCLUSION	84
7.5 PROCEEDINGS PENDING AND MAIN RELATIONS WITH THE AUTHORITIES	85
8. CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023	86
9. DECLARATION OF THE FINANCIAL REPORTING MANAGER	91
10. ALTERNATIVE PERFORMANCE INDICATORS	91
11. GLOSSARY	94



1. READING GUIDE

This consolidated interim report of the Poste Italiane Group at 31 March 2023 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.

As of 1 January 2023, the Poste Italiane Group adopted the standard "IFRS 17 Insurance Contracts" (Commission Regulation (EU) 2021/2036 of 19 November 2021), replacing IFRS 4. The IFRS 17 implementation project was launched by the Poste Italiane Group during 2019 and concerned the insurance companies of the Poste Vita Group (Poste Vita S.p.A. and Poste Assicura SpA) as well as, limited to the related impact on the consolidated financial statements, the Parent Company.

The purpose of IFRS 17 is to:

- ensure that an entity provides information that fairly represents the rights and obligations arising from the insurance contracts issued;
- eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts (including reinsurance contracts);
- improve comparability between entities belonging to the insurance sector by providing for specific presentation and disclosure requirements.

The standard changes the representation of the profitability of the insurance business from a presentation of results by volume (premiums issued and claims expenses) to a representation more focused on contract margins. Revenue from the insurance business will be composed of periodic releases of liabilities for insurance contracts, including the Contractual Service Margin (CSM) component pertaining to the period, representing the profitability of insurance contracts issued. In particular, placement commissions will no longer be included in external revenue at the time the contract is underwritten, but recognised as insurance liabilities (Contractual Service Margin - CSM) and released on an accrual basis in the statement of profit or loss according to the coverage unit . For non-profitable insurance contracts, the related loss (Loss Component ) is recognised immediately in the statement of profit or loss for the reporting period. In addition, costs directly related to insurance contracts will be allocated to revenue, including costs aimed at remunerating the distribution network for the placement and distribution activities of insurance contracts performed by the Parent Company.

For more information on the effects of the application of the new standard, please refer to the section "IFRS 17 - First Time Adoption" in Chapter 6 of this Interim Report, while with regard to the scope of application of the standard and the methodological choices made by the Poste Italiane Group, please refer to the paragraph "New accounting standards and interpretations and those soon to be effective" in the section "Poste Italiane's Financial Statements at 31 December 2022" in the 2022 Annual Report.

The consistency and correctness of the information 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 information contained in this document aims to provide an update on events and circumstances occurring between the end of 2022 and the date of approval of Poste Italiane Group's consolidated interim report for the three months ended 31 March 2023.

For more detailed information, reference should be made to the 2022 Annual Report, which will be submitted for approval by the Shareholders' Meeting of shareholders to be held on 8 May 2023.

The values presented in this Interim Report are compared with the corresponding values for the same period of the previous year, except for the Statement of financial position, which is compared with the corresponding statement at 31 December 2022. As a result of the application of IFRS 17 from 1 January 2023, the comparative statement of profit or loss and financial position figures have been changed to reflect the entry into force of the new standard.

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

The following infographics are used in this document:

-  to indicate, by means of a hyperlink, that it is possible to consult the definition of the content in the glossary in Chapter 11;
-  to indicate, by means of a hyperlink, that it is possible to go deeper into the topic dealt with in the relevant paragraph;
-  to indicate, by means of a hyperlink, that it is possible to return to the beginning of the chapter and the general index.

2. HIGHLIGHTS

During the first quarter of 2023, the path of shared value creation undertaken by the Poste Italiane Group generated excellent results at system level, through the significant investments in the six forms of capital which underpin the Company: financial, human, physical-structural, intellectual, social-relational and natural, and in line with the United Nations Sustainable Development Goals framework.



FINANCIAL



PHYSICAL-
STRUCTURAL



INTELLECTUAL



Revenue: €3 bn (+8.1% y/y)
 EBIT: €767 mln (+11.2% y/y)
 Net profit: €540 mln (+9.4% y/y)

Total Financial Assets: €579 bn
 Net inflows: €0.8 bn of which €2.1 bn in life insurance

Lapse rate on life insurance: 3.9% below the average market rate

Controlling stake acquired in Net Insurance for the development of the protection segment in the insurance business

Partnership with Mazzocco S.r.l. for the launch of the "fresh" express courier service for home delivery of fresh food products

Strategic partnership between Poste Italiane and DHL to develop the international parcel market

12,755 Post Offices and 120 thousand people employed (zero offices closed in small municipalities during the period)

Omnichannel Strategy: ~22 million (+13.1% y/y) daily interactions and over 6 million daily visitors on digital channels (+12.1% y/y)

Third-party networks: ~58,000 physical contact points strengthened by the acquisition of LIS in September 2022

~26 mln digital identities (SPID) issued (76% market share)

First prize in the AiFin Italian Award 2022 "HR and Organisation" category for the "INSIEME 24SI" project

Inauguration of Poste Italiane's new Fraud Management Centre, which monitors security of transactions carried out in post offices and online 24 hours a day



HUMAN



SOCIAL-RELATIONAL



NATURAL



More than 1 million training hours provided in the first quarter of 2023

Trade union agreement to regulate Agile Work, extended until September 2023

Poste Italiane is Top Employer for the fourth consecutive year

Poste Italiane confirms leadership in gender equality policies according to the Bloomberg Gender - Equality Index

January 2023: inaugural event of the Polis Project - Home of Digital Services (PNRR) to foster social and territorial cohesion and overcome the digital divide in small centres

Poste Italiane among the "Top 5% international companies in S&P Global's Sustainability Yearbook 2023"

The Poste Italiane Group enters the energy sector with a 100% green mass market offer accessible in omnichannel mode: more than 200 thousand subscriptions collected

~23,500 low-emission vehicles in the company fleet, of which ~4,300 electric

Full green delivery: zero-emission delivery in 30 city centres

~1,800 buildings involved in the Smart Building project*

* Automated and remote management of buildings to achieve energy efficiencies

3. OUTLOOK

After the economic stagnation that characterised the last quarter of 2022, the first quarter of 2023 saw modest growth in Italy driven by the manufacturing sector, which benefited from falling energy prices and the easing of "bottlenecks" along supply chains. On the other hand, household consumption continued to be stable, suffering from an uncertain economic scenario in which a high level of inflation persists.

Against this backdrop, the Poste Italiane Group ended the first quarter of the year with record results thanks to the positive performance of all business lines, with revenue and operating profit up compared to the first quarter of 2022. The Poste Italiane Group, in addition to distinguishing itself through a diversified business structure that allows it to benefit from a natural balancing between the trends affecting its businesses, has historically demonstrated resilience in times of economic uncertainty and financial turbulence, indeed establishing itself as a "safe harbour" for savers, thanks to a portfolio of financial offerings characterised by products with reduced risk exposure and volatility, which guarantee churn/lapse rates well below those of the market. The Group's cost structure is flexible, with a significant revenue-related variable cost component. Lastly, the Group benefits from the effects of actions implemented during favourable market periods, aimed at mitigating price fluctuations of production inputs or hedging transactions against the risk of fluctuations in fuel prices and gas and energy supplies. The National Collective Labour Agreement in place is valid until the end of 2023.

On 30 March 2023, the strategy update for the current year was presented to the financial community, reviewing the prospects of the various Strategic Business Units and improving the dividend policies for the years 2022 and 2023. The objective of configuring Poste Italiane as a platform company evolving towards a diversified and integrated business model to offer Italians a single, omnichannel access point for an increasingly wide range of products/services was confirmed.

In the Mail, Parcels and Distribution Strategic Business Unit: after a 2022 of substantial stability in the parcels and logistics segment, a return to growth is expected in the current year, however conditioned by the uncertainty of the reference macroeconomic variables. Against this backdrop, the Group aims to accelerate its transformation towards an "all-round" logistics operator; this strategy includes the acquisition of Plurima finalised in 2022, aimed at entering the specific sector of hospital logistics, the renewal of the partnership with Amazon for 5 years, the recent partnership with DHL, which confirms the Group's commitment to international business development, and a new partnership to launch the "fresh" express courier service for home delivery of food products; in the mail segment, the Group will continue to adapt its offer and rates, managing the structural decline linked to e-substitution.

In the Financial Services Strategic Business Unit, postal savings will remain at the centre of the Group's financial services offering, with a renewed and competitive commercial proposition, confirming itself as a simple and transparent tool for savers; at the same time, the net interest income will continue to contribute to revenue supported by market rates.

The Insurance Services Strategic Business Unit confirms its relevance for Group profitability, leveraging on its leading position in the life business and aims to develop the P&C business with an integrated modular offering of customised protection, assistance and service solutions. As planned, the acquisition of Net Insurance was also finalised, which will accelerate the Group's growth and profitability in the protection business. The new accounting standard IFRS 17, applied as of 1 January 2023, introduced a new model for measuring insurance contracts that includes, among other elements, the recognition of the Contractual Service Margin (CSM), which represents the expected value of the margin for the services offered. The CSM stood at €13.2 billion at 31 March 2023, up from the recognised value at transition (1 January 2022) of approximately €10.5 billion. The new accounting standard has also introduced a new way of measuring and representing insurance revenue: in the statement of profit or loss, profitability is now shown by margins through the

allocation to revenue of all costs directly related to insurance contracts, including costs aimed at remunerating the distribution network for the placement and distribution activities of insurance contracts performed by the Parent Company.

With regard to the Payments and Mobile Strategic Business Unit, the acquisition in 2022 of LIS, a leader in proximity payments, will ensure an acceleration of the Group's omnichannel strategy, with the development of new services and leveraging the complementary nature of the tobacconist network with post offices and digital channels. During the period, the new Poste Energia offer for electricity and gas was launched on the market, also available on digital web and app channels, with over 200 thousand contracts activated from the launch of the service until April. The offer exemplifies the clarity of the business proposition and ease of use of Poste Italiane's services, ensuring a unique omnichannel customer experience.

Continuing its commitment to the Group's digital transformation by supporting citizens, businesses and the PA in the digitalisation process, Poste Italiane confirms its role as a strategic pillar by effectively and efficiently connecting the country. The acquisitions of Sourcesense and Agile Lab finalised in 2022, which operate in IT and data management, respectively, aim to accelerate the Group's digital transformation.

As part of the National Recovery and Resilience Plan, the Group will invest in the implementation of "Polis", a strategic project to support the country's social cohesion with particular reference to approximately 7,000 municipalities with a population of less than 15 thousand inhabitants by transforming the post office in the "home of the public administration's digital services". Some 250 co-working spaces nationwide are also planned, as well as the implementation of numerous initiatives to support the country's energy transition.

In the path of transition towards carbon neutrality by 2030, investments and strategic initiatives will continue, such as the renewal of the delivery fleet with low-emission vehicles, the installation of photovoltaic panels for energy supply, the modernisation of the fleet with low-CO₂-emission vehicles, and enhancement of building efficiency; the replacement of current Postepay cards with cards made of eco-sustainable materials and with digital cards will also continue, as well as the development of specific offers aimed at enhancing customers' sustainable behaviour.



4. GROUP STRUCTURE, CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

[POSTE ITALIANE'S CORPORATE GOVERNANCE](#)

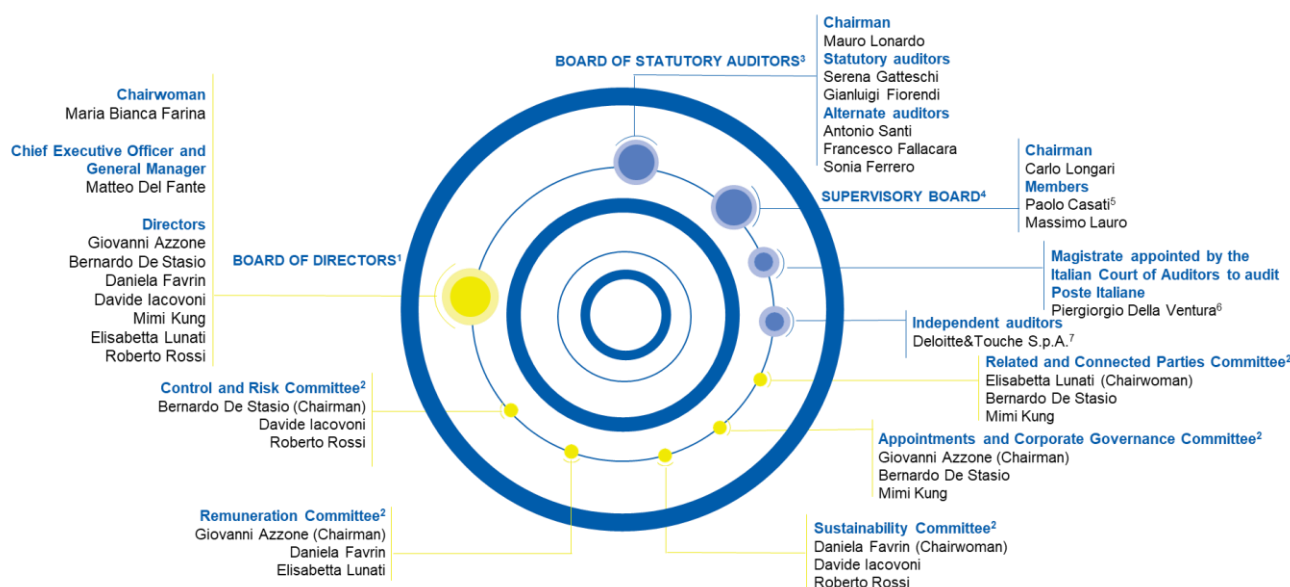
[POSTE ITALIANE'S ORGANISATIONAL STRUCTURE](#)

[SHAREHOLDERS AND SHARE PERFORMANCE](#)

[GROUP STRUCTURE AND MAIN CORPORATE ACTIONS DURING THE PERIOD](#)



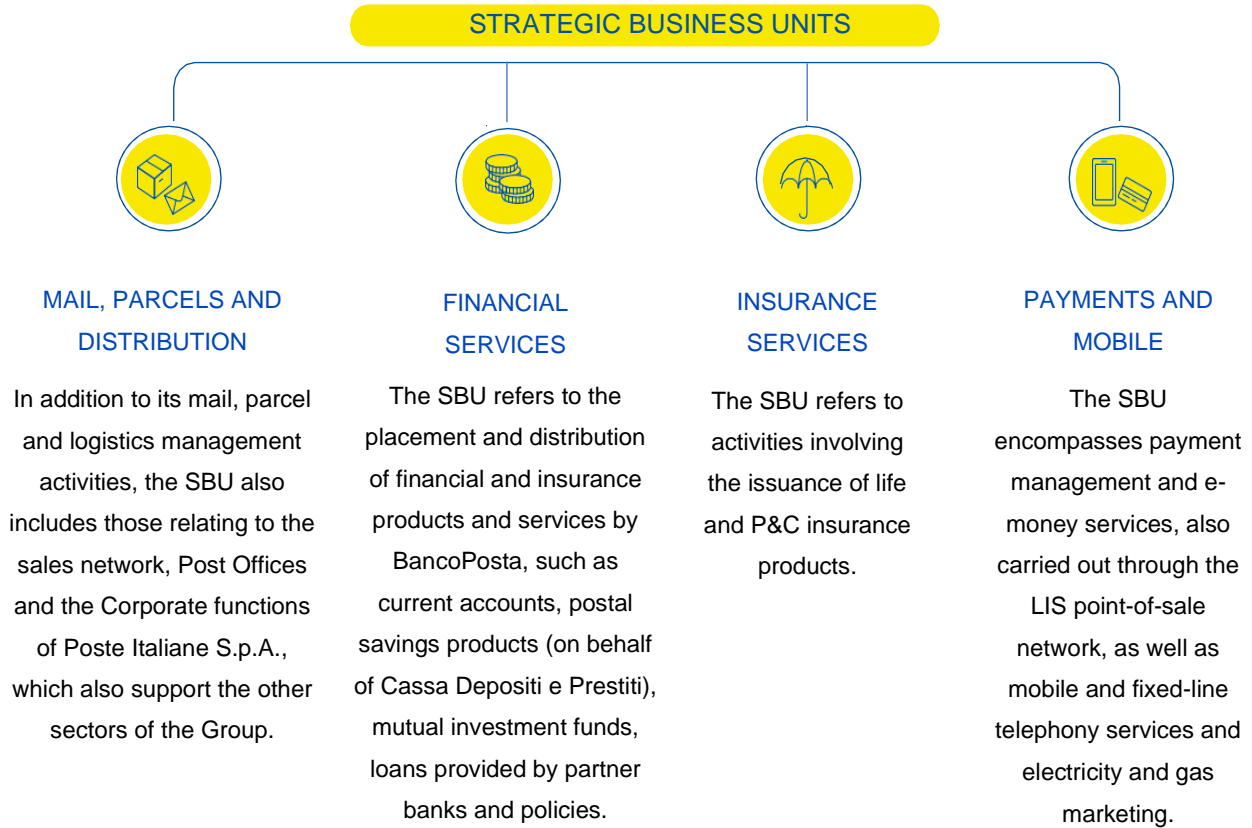
4.1 POSTE ITALIANE'S CORPORATE GOVERNANCE



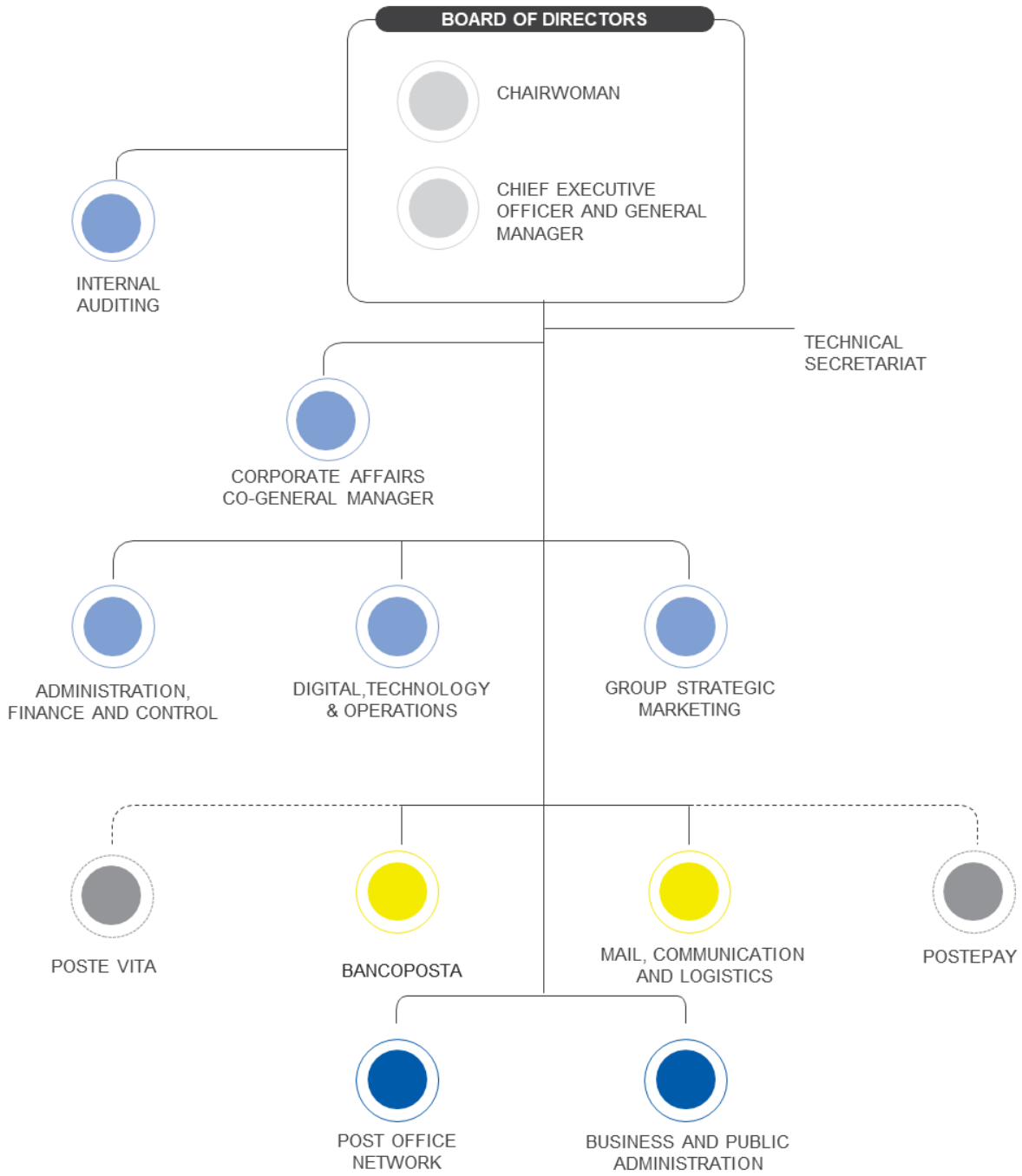
- The Board of Directors was elected by the Annual General Meeting held on 15 May 2020 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2022. Following the Board of Directors' resolution of 10 June 2020, the **Co-General Manager** and Head of Corporate Affairs participates in Board meetings without voting rights.
- Committee members were appointed by the Board of Directors' meeting of 15 May 2020.
The Board of Directors in its meeting of 26/01/2022, in order to align the composition of the Board Committees with the Bank of Italy's Supervisory Provisions (Bank of Italy Circular no. 285 of 17/12/2013 - 35th update) on corporate governance, indicated: Giovanni Azzone as Chairman and Bernardo De Stasio as member of the Appointments and Corporate Governance Committee. Consequently, as of that date, the composition of the Appointments and Corporate Governance Committee is as follows: Giovanni Azzone (Chairman), Bernardo De Stasio (member), Mimi Kung (member).
- The Board of Statutory Auditors was elected by the Ordinary General Meeting of 27 May 2022 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 ending 31 December 2024. Until 27 May 2022, the Board of Statutory Auditors was composed as follows: Mauro Lonardo, Chairman; Luigi Borrè, Statutory Auditor; Maria Rosa Adiutori, Statutory Auditor; Alberto De Nigro, Alternate Auditor; Maria Francesca Talamonti, Alternate Auditor; Antonio Santi, Alternate Auditor.
- The Supervisory Board was renewed by the Board of Directors' meeting of 28 September 2022 for a three-year term and will remain in office until 28 September 2025. All members were confirmed.
- The only internal member, Head of Poste Italiane SpA's Internal Auditing.
- Assigned by the Court of Auditors with effect from 1 January 2020.
- Company appointed to audit the accounts for the financial years 2020-2028 by resolution of the Ordinary General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

4.2. POSTE ITALIANE'S ORGANISATIONAL STRUCTURE

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



Below is Poste Italiane's organisational structure:



- CORPORATE FUNCTIONS
- COMMERCIAL CHANNELS
- BUSINESS AREAS
- GROUP COMPANIES

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

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

In the first quarter of 2023, the third-party network development model was revised by entrusting it to the company **LIS Holding**, in order to exploit synergies and deal more successfully and effectively with market demands and future challenges in the commercial services sector. This led to the replacement of the commercial control unit for the management of partner channels within **Business and Public Administration**.

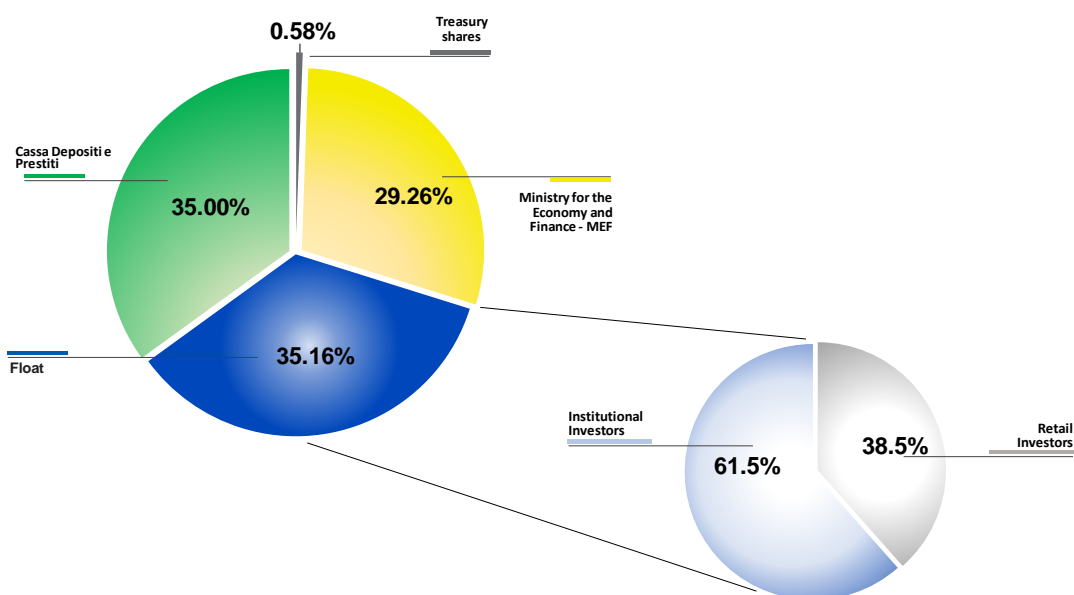
**Third-party network
development model
entrusted to LIS**

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



4.3 SHAREHOLDERS AND SHARE PERFORMANCE

4.3.1 POSTE ITALIANE'S SHAREHOLDERS




Poste Italiane has issued shares listed on the Electronic Stock Exchange (Mercato Telematico Azionario - MTA) organised and managed by Borsa Italiana S.p.A. as of 27 October 2015. At 31 March 2023, the Company is 29.26% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti S.p.A. (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors. A total of 33.9%² of the shares held by institutional investors of Poste Italiane S.p.A. belong to investors who follow ESG (Environment, Social, Governance) criteria in their investment choices. The share capital of Poste Italiane S.p.A. consists of 1,306,110,000 ordinary shares, of which 1,298,574,009 are outstanding at 31 March 2023 (7,535,991 treasury shares).

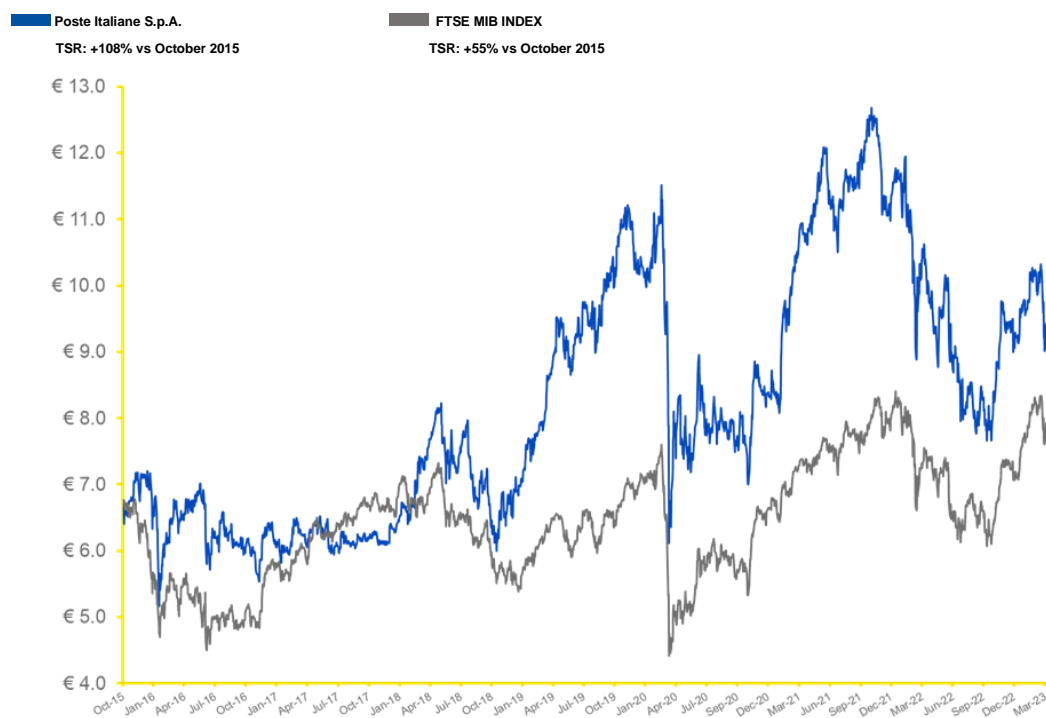
On 29 March 2023, the Board of Directors of Poste Italiane S.p.A. resolved to submit to the Ordinary Shareholders' Meeting, called for 8 May 2023, a proposal to authorise the purchase and subsequent disposal of treasury shares for a maximum of 3.5 million ordinary shares of the Company and a total outlay of up to €52.5 million.

4.3.2 SHARE PERFORMANCE


During the first three months of 2023, Poste Italiane shares increased by 1.95%, from €9.232 at the beginning of the year to €9.412 at the end of March 2023.

From the date of listing on the stock exchange (27 October 2015) to 31 March 2023, Poste Italiane's share price increased by 39.4% (while the FTSEMIB  index increased by 19.8% in the same period), guaranteeing an overall return for shareholders (TSR) of +108% while the main Italian stock exchange index recorded an increase of 55%.

² Source: Nasdaq Corporate Solutions



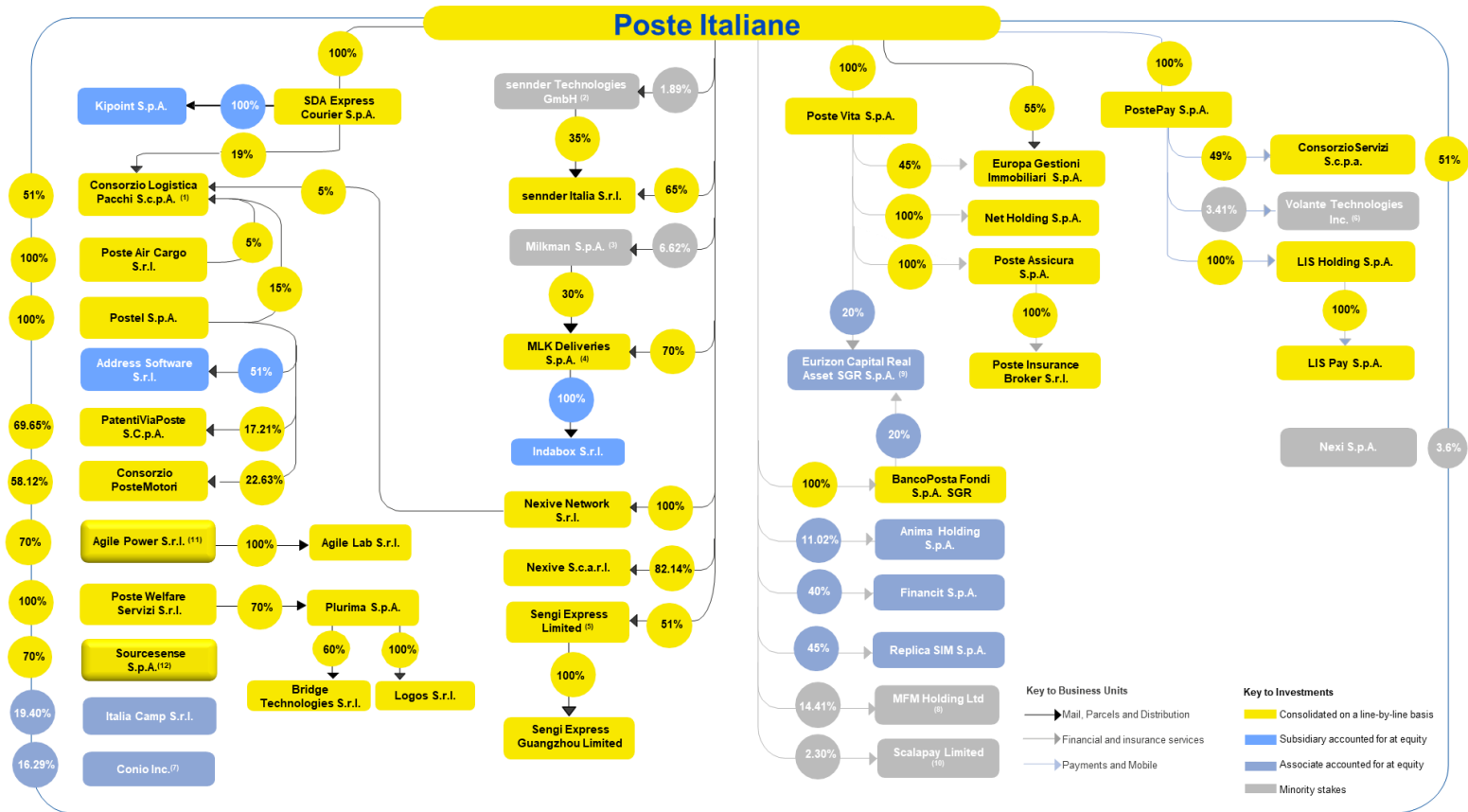
The table below shows the main information on the stock and on the Company's dividend policy as well as the relative performance recorded during the period compared to previous periods.

Share KPIs	1Q 2023	FY 2022	1Q 2022	FY 2021
Closing price at the end of the period (€)	9.412	9.126	10.320	11.540
Minimum price of the period (€)	9.012	7.658	8.884	8.076
	17/03/2023	29/09/2022	(07/03/2022)	29/01/2021
Maximum price of the period (€)	10.315	11.940	11.940	12.675
	06/03/2023	03/02/2022	(03/02/2022)	26/10/2021
Average price of the period (€)	9.777	9.373	10.831	10.996
 Stock exchange capitalisation at the end of the period (€m)	12,293	11,920	13,479	15,073
TSR of the period (%)	3.13	(15.42)	(10.57)	44.83
Earnings per share (€)	0.416	1.163	0.379	1.214

Source: Bloomberg.

4.4 GROUP STRUCTURE AND MAIN CORPORATE ACTIONS DURING THE PERIOD

At 31 March 2023, the Group held, directly and indirectly, equity investments in 52 companies and consortia, of which 35 are consolidated on a line-by-line basis, 5 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 5% of Consorzio Logistica Pacchi S.c.p.A. is held by Poste Assicura S.p.A.
 (2) The investment in sennder Technologies GmbH fully diluted is equal to 1.71%
 (3) The investment in Milkman S.p.A. fully diluted is equal to 6.03%
 (4) The investment in MLK Deliveries S.p.A. fully diluted is equal to 69.60%
 (5) The investment in Sengi Express Limited is equal to 51% of the shares with voting rights (40% of equity rights)
 (6) The investment in Volante Technologies Inc fully diluted is equal to 2.95%
 (7) The investment in Conio Inc fully diluted is equal to 14.53%
 (8) The investment in MFM Holding Ltd is equal to 14.41% of the shares with voting rights (15.35% of equity rights)
 (9) The investment in ECRA is equal to a total of 40% of the share capital (24.5% of voting rights distributed in equal parts between the shareholders)
 (10) The investment in Scalapay Limited fully diluted is equal to 2.15%
 (11) Agile Power S.r.l. wholly owns directly Agile Lab S.r.l. and Aim2 S.r.l. and indirectly, through Agile Lab S.r.l., Agile Skill S.r.l. and Agile Next S.r.l.
 (12) Sourcesense S.p.A. wholly owns Sourcesense Digital S.r.l., Sourcesense Technology S.r.l., Sourcesense Limited (UK), Eco-Mind Ingegneria Informatica S.r.l. (the latter in turn owns 100% of HeadApp S.r.l.) and holds 20% in the Italia Cloud Consortium.


Below are the main transactions that took place during the period.

	<p>sennder Technologies - sennder Italia</p>	<p>On 3 April 2023, as a result of the capital increase reserved for the shareholder sennder Technologies GmbH, Poste Italiane's stake decreased from 65% to 60%.</p>
<p>MAIL, PARCELS AND DISTRIBUTION</p>		



INSURANCE SERVICES

Net Insurance

On 28 September 2022, the Board of Directors of Poste Vita approved the promotion of a voluntary total cash takeover bid for ordinary shares and warrants of **Net Insurance S.p.A.** ("Net Insurance"), in consultation with certain shareholders. Net Insurance, a company with shares traded on the regulated market known as Euronext STAR Milan ("ESM") organised and managed by Borsa Italiana S.p.A., is an insurance company whose offer is dedicated to insurance coverage related to the credit sector and, in particular, of salary and pension-backed loans , protection and insurtech³, thanks to agreements with technology partners.

**Net Insurance:
controlling stake
acquired**

The transaction is aimed at the acquisition of control of Net Insurance by the insurance group headed by Poste Vita and will enable it to achieve significant growth in the P&C/protection insurance segment. Specifically, Poste Vita intends to identify Net Insurance as: (i) the insurance group's "competence centre" for insurance products linked to the Salary-Backed Loans and (ii) reference product factory with regard to the distribution of insurance products on third-party networks, with particular reference to banking networks.

On 20 April 2023, the squeeze-out procedure was finalised, as a result of which Net Holding (a corporate vehicle directly controlled by Poste Vita that promoted the bids) holds a controlling stake in Net Insurance of 97.84%, and the current CEO of Net Insurance, who acted in concert with the tender offer, holds a minority stake of 2.16%. The total disbursement paid by Net Holding for the acquisition of the stake amounted to approximately €180.8 million.

On 21 April 2023, IBL Banca S.p.A., pursuant to its commitment in the event of a successful bid, acquired a 40% stake in Net Holding for a consideration of €73.1 million.

The net outlay for the Poste Group for the acquisition of the stake the amounted to approximately €108.5 million.

Other transactions

On 24 November 2022, binding agreements were signed for Poste Italiane to participate, with an investment of approximately €3 million, in a capital increase promoted by **Moneyfarm** in order to finance part of the purchase price of 100% of **Profile Financial Solutions Ltd**, a company active in the pension fund consolidation business in the UK under the Profile Pensions brand. The transaction is expected to be closed in the second quarter of 2023.

On 24 January 2023, Sourcesense finalised the acquisition of **Eco-Mind Ingegneria Informatica S.r.l.** and its subsidiary **HeadApp S.r.l.**, IT companies operating as software factories specialising in the design and development of business, mobile and cloud-native solutions and augmented and virtual reality solutions, for a consideration of €1.1 million.

³ Insurtech identifies the entire digitisation process of the insurance industry, from policy underwriting to claims management, through the use of technologies such as Big Data Analytics, Artificial Intelligence and Application Program Interfaces (APIs).

Intra-group transactions

In order to simplify the Group's corporate structure, on 29 September 2022, the **reverse merger of Plurima Bidco S.r.l. into Plurima** was approved by the Shareholders' Meetings of the two companies. The transaction, which provided for the application of the regulatory simplifications for mergers of wholly-owned companies, became effective as of 1 January 2023.

5. STRATEGY, INNOVATION AND DIGITISATION, RISK MANAGEMENT

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

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[OMNICHANNEL STRATEGY, INNOVATION AND DIGITALISATION](#)

[RISK MANAGEMENT](#)

5.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

MACROECONOMIC CONTEXT

Weakness in the world economy and in international trade, linked to geopolitical uncertainty and high levels of inflation in the major advanced economies, persisted in the first quarter of 2023. International institutions confirm the outlook for a slowdown in global GDP this year, albeit to a lesser extent than estimated in the autumn of 2022. The International Monetary Fund estimates declining global growth at +2.8%⁴ in 2023. The risk of less favourable trends remains, linked to the continuation of the war in Ukraine, the tightening of restrictive monetary policies adopted by the main central banks to counter rising inflationary pressures, as well as the repercussions on global financial conditions of the recent banking disruptions in the US and Switzerland.

Against this backdrop, the Purchasing Managers' Indices, (PMI)⁵ in the major advanced economies remained below the expansion threshold of 50 in early 2023, while in China the manufacturing PMI rose above the expansion threshold due not only to the abandonment of policies to contain the Covid-19 pandemic, but also due to measures introduced to support the economy, in particular the real estate sector.

In the **Eurozone**, the manufacturing PMI index in the first quarter of 2023 continued to show a decrease in output, albeit with less intensity than in the previous quarter; among the major countries, the index returned to values compatible with an expansion in both Italy and Spain. Consumer confidence further improved on the basis of expectations about the general economic situation. Twelve-month consumer inflation in March 2023 fell to 6.9%, reflecting the sharp slowdown in energy prices, and is projected by the ECB to decline from 8.4% on average in 2022 to 5.3% in 2023, 2.9% in 2024 and 2.1% in 2025⁶.

For the first quarter of 2023, Eurosystem banks foresee a pick-up in GDP growth, thanks to falling energy prices and the normalisation of supply conditions along value chains. During the period, the Governing Council of the ECB raised official interest rates by 0.5%, an overall increase of 3.5% compared to last July.

⁴ World Economic Outlook Update - April 2023.

⁵ The Eurozone Manufacturing PMI is produced by S&P Global and is based on original data collected through surveys of a representative sample of around 3,000 manufacturing companies. The national data include those of Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece. Together these nations account for 89% of manufacturing activity in the Eurozone. It is considered one of the most authoritative indices in providing trends in the private sector based on variables such as sales, employment levels, inventories and prices.

⁶ Bank of Italy - Economic Bulletin - 2 2023.

For the **Italian economy**, the end of 2022 marked the interruption of an expansion phase, mainly due to the contraction of household spending. In the fourth quarter of 2022, GDP in Italy essentially stagnated, falling by 0.1%; the sharp decline in household spending was countered by an acceleration in investments, which recorded positive changes in all the main components. In the first quarter of this year, GDP dynamics would have returned to being slightly positive, benefiting from falling energy prices and the easing of bottlenecks along supply chains⁷.

After peaking at the end of last year (12.6%), consumer inflation started to decline and stood at 8.2% in March. The decline reflected the softening of the energy component, which was mainly impacted by lower electricity and gas prices, which in turn were driven by the decline in wholesale prices (back to pre-Ukrainian invasion levels) and the economic support measures approved in the budget law for 2023.

Regarding the labour market, after stagnating in the summer, employment returned to growth in the fourth quarter of 2022, up 0.3% compared to the previous period.

The **postal services market** is going through a period of radical change, primarily linked to the digital transformation, which has influenced the volume of letters and parcels in circulation. At the macro-trend level, the continuing structural decline in traditional mail volumes, replaced by digital forms of communication (e-mail, instant messaging, etc.), is accompanied by an increase in the volume of parcels sent.

In particular, for the mail market, after the substantial drop in 2020 volumes (-19% compared to 2019)⁸, 2021 confirmed a trend of substantial stability (+0.2% compared to 2020)⁹. In 2022, the market decreased further (-6.3% compared to 2021)⁹, mainly as a consequence of e-substitution effects.

The parcel sector experienced a period of uncertainty in 2022, but this did not affect the value of the market, which grew strongly in the pandemic years. The effects conditioning the continuation of the growth trend recorded in recent years can be summarised as the generalised increase in costs brought about by the Russian-Ukrainian conflict, the rise in inflation with the consequent decrease in consumer purchasing power, and the lower propensity for private purchases (including online). This trend is also visible on a global level, as witnessed by the results of several leading companies.

For the Italian parcel sector, estimates for 2022⁹ therefore point to a stable market value compared to 2021.

REGULATORY CONTEXT AND EVOLUTION OF THE REGULATORY SCENARIO

Below are the main legislative and regulatory initiatives that will be updated in the first quarter of 2023. For a complete discussion of the regulatory environment and scenario of the Mail, Parcels and Distribution Strategic Business Unit, please refer to Chapter 4 "Business Model" of the 2022 Annual Report.

Expense of the Universal Postal Service

On **30 December 2019**, Poste Italiane and the Ministry of Economic Development signed the new **Contratto di Programma (Service Contract)** for the years **2020-2024**; it is effective from 1 January 2020 to 31 December 2024.

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

On 1 July 2021, **AGCom Resolution 199/21/CONS** was published, concluding the procedure to verify the **net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019**. In particular, the burden of the universal postal service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial

⁷ Bank of Italy - Economic Bulletin - 2 2023.

⁸ Internal calculations based on Agcom data (quarterly observatories and annual report 2022) and the latest available financial statements of companies operating in the postal sector.

⁹ Source: Internal calculations on Cerved Databank data.

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 appealed the aforementioned measure on 22 September 2021 before the Lazio Regional Administrative Court (TAR).

The Regional Administrative Court, in ruling no. 11416/2022 published on 5 September 2022, partially upheld the appeal on the verification of the responsibility for the years 2011-2012 by acknowledging the non-activation of the compensation fund for the year 2011. Poste Italiane and AGCom appealed the Regional Administrative Court ruling to the Council of State and the hearing on the merits has been set for 18 May 2023.

With **AGCom Resolution 28/23/CONS**, published on 24 February 2023, the Authority initiated the verification procedure for calculating the net cost of the universal postal service for the years 2020 and 2021.

Publisher tariff subsidies

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

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

The 2022 Budget Law (Law no. 234 of 30 December 2021) left unchanged the appropriations for the years **2022 and 2023**, amounting to **€52.5 million**, and **provided for the same amount for 2024**.

The 2023 Budget Law (Law no. 197 of 30 December 2022) stipulated that the reimbursement of publishing postal subsidies would be made through the resources of the Fund for Pluralism and Innovation in Information. To this end, the Fund was supplemented with the amount of **€75.9 million for the year 2023 and €55 million as of 2024**, instead of the amounts provided for in the previous Budget Law

AGCOM (the Italian
Communications
Authority)
AGCom Tariff
Manoeuvre

With **AGCom Resolution 454/22/CONS** of 30 December 2022, the **new universal basic tariffs of the subsidised publishing products** included in the **Universal Service** were defined. The Resolution provided for a gradual increase in basic tariffs as of 1 September 2022, with further increases as from 1 January 2024, 2025 and 2026, with no impact on the subsidised tariffs paid by senders and with a consequent increase in the compensation received by Poste Italiane per item sent at the subsidised tariff.

With **AGCom Resolution 171/22/CONS** "Final measure for the analysis of the market for mail delivery services and determination of the maximum tariffs for universal postal services - assessment of the level of competition and definition of regulatory remedies" of 6 June 2022, the **new tariffs for the Universal Service** were defined; the Resolution accepts most of the proposals formulated by the Company regarding tariff variations, including the proposal to eliminate the ban on price increases up to 2024 proposed by AGCom during the public consultation; further future variations may therefore be proposed to the Authority. The new tariffs entered into force progressively as from 27 June 2022.

With **Resolution 29/23/CONS**, published on 14 February 2023, the Authority decided to initiate further proceedings to determine new maximum tariffs for universal postal services

With **Resolution 29/23/CONS**, published on 8 February 2023, the Authority decided to initiate further proceedings to determine new maximum tariffs for universal postal services.

AGCOM (the Italian
Communications
Authority)
Access Obligations

AGCom amended and supplemented the current **access obligations** defined by AGCM itself in the context of the acquisition of Nexive, with particular reference to the Post Offices (the number of which was increased from 2,000 to 4,000) and to the economic conditions of certain offers (which were reduced). In October 2022, at the Authority's request, Poste Italiane published revised wholesale offers in accordance with the provisions of AGCOM Resolution 171/22/CONS. For the purpose of approving these latest offers, **AGCom**, in **Resolution 391/22/CONS**, published on 23 November 2022, initiated a public consultation, to which the company responded by sending its position on 23 December on all of the topics covered by the Authority's evaluations.

With **AGCom Resolution 30/23/CONS**, published on 22 February 2023, the Authority approved Poste Italiane's offers for wholesale access services.

On 24 March 2023, Poste published the access offers in compliance with regulatory requirements. The offers came into force on 1 May 2023.

Replicability of offers
(EU2 areas)

With **Resolution 27/22/CONS** of 4 February 2022 "**Revision of the criteria for defining EU2 areas and identification of the relevant ZIP codes**", AGCom concluded the procedure for the revision of the criteria for defining "EU2 Areas"¹⁰ with the identification of the EU2 ZIP codes for both unrecorded mail and recorded mail. The new perimeter defined by the Authority will be used, in particular, for the purposes of identifying the territorial coverage of the wholesale offers for access to its network referred to in the AGCM proceeding C12333, (measure no. 28497 of 22 December 2020 with which certain behavioural measures were prescribed for Poste Italiane as a result of the approval of the merger between Poste Italiane S.p.A. and Nexive Group S.r.l.), as well as for the purposes of the replicability test of Poste Italiane's multiple mailing offers, governed by AGCom Resolution 452/18/CONS.

On 19 September 2022, AGCom initiated, with **Resolution 309/22/CONS**, the preliminary proceedings relating to the revision of the **replicability test**, i.e. the test that Poste Italiane is

¹⁰ EU2 areas: extra-urban delivery areas where there are no competitors of Poste Italiane.

required to carry out before submitting all mail offers (submitted in public and private tenders) worth more than €500,000 and to notify the Authority within the next 30 days, demonstrating that the Company's offer is "replicable" by a hypothetical efficient competitor. The time limit for the proceedings is set at 180 days from the date of publication of the resolution. Poste Italiane sent its contribution.

Digital notification of
PA documents

New platform

Law Decree no. 76 of 16 July 2020 (Simplifications Decree), 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 documents**. 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.

The technical and operational modalities for the operation of the platform were defined by Decree no. 58 of 8 February 2022 of the Ministry for Technological Innovation and Digital Transition, published in Official Journal no. 130 of 6 June 2022.

The costs, criteria and modalities for the distribution and reimbursement of the costs for the service of documents via the platform referred to in Art. 26, paragraph 14 of Law Decree no. 76 of 16 July 2020 were identified by the Decree of 30 May 2022 of the Ministry for Technological Innovation and Digital Transition, published in Official Journal General Series no. 180 of 3 August 2022. The decree states that the amount of the costs of notification for the addressee of the document served is set at €2.00 for each notification effected via the platform. A portion of the amount, to be negotiated with PagoPa, will be paid to Poste Italiane as the platform provider. There is also an additional charge of €1.40 to Poste Italiane as universal service provider in cases of delivery of the hard copy of the documents to be served. **Poste Italiane, at the request of PagoPA**, is contributing to the **implementation of the platform**, also through the use of its own services, on the basis of an agreement, currently being finalised, that will govern the scope of services, responsibilities and economic remuneration.

AGCOM (the Italian
Communications
Authority)

Revision of special
licence regulation

In August 2022, AGCom initiated proceedings for the revision of **Resolution 77/18/CONS** on the issuance of licences to perform the service of notification of judicial documents and traffic violations by post. Poste Italiane sent its comments on the issues raised by the Authority in the submission. With **Resolution no. 455/22/CONS**, published on 30 December 2022, AGCom announced the **public consultation** on proposals to amend the Regulation with the aim of increasing the level of competitiveness of the postal notification system.

The Company sent the reply document with a description of its position.

OTHER INFORMATION

For the main pending proceedings and relations with the Authorities, please refer to the chapter "Proceedings pending and main relations with the Authorities" later in the document.

OPERATING REVIEW

Also in the first quarter, the Group continued with the process of reorganising its transport, sorting, delivery activities and improving the customer experience, in line with the long-term objectives outlined in the Strategic Plan, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

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

SEGMENT	OPERATING REVIEW
Parcels/Logistics	<p>In March 2023, the partnership between MLK Deliveries S.p.A and the company Mazzocco S.r.l was finalised, to enable the logistics operator for controlled temperature transport¹¹, in order to build a unique offer¹² dedicated mainly to Italian food and wine SMEs.</p> 
Mail	<p>The preparatory activities for a tariff manoeuvre planned for 2023 were launched in the final part of 2022, and with Resolution 29/23/CONS, published on 14 February 2023, AGCom initiated the procedure for the determination of new maximum tariffs for universal postal services.</p> <p>For more information, please refer to the section "Regulatory context and evolution of the regulatory scenario" of the Mail, Parcels and Distribution SBU.</p> <p>During the first quarter of 2023, a tariff initiative was carried out on the product Posta Time¹³ and a remodelling of the tariffs¹⁴ of the Judicial Documents.</p>

5.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

Financial markets

The year 2023 started with a bullish phase that continued throughout January thanks to the less aggressive policies of central banks, resulting in a reduction of long-term rates. Already in February, this bullish phase began to subside, mainly due to the more aggressive rhetoric of some central bankers on account of inflation, which, although declining, is still expected to remain at high levels. Tensions in the European banking sector in March were exacerbated by the financial collapse of Silicon Valley Bank, the bankruptcy of Signature Bank, and the financial crisis of Credit Suisse, which was acquired by UBS. The rapid and incisive reaction of the monetary authorities seems to have stabilised the situation. In the first quarter of 2023, the US Nasdaq index and the Italian stock market in Milan recorded double-digit performances, up more than 14%¹⁵ compared to the beginning of the year. The shares of the FTSE MIB outperformed the increases of Paris and Frankfurt, which recorded between +12% and +13%¹⁶ over the three months. The performance of non-European stock exchanges was much less consistent, with Tokyo's Nikkei 225 index rising by around 7% between 1 January and 30 March 2023, slightly more than the S&P 500, which reported a positive performance of just over 5%¹⁷.

¹¹ A mode of transport that involves maintaining a constant temperature inside the vehicle - whether hot or cold - whatever the outside temperature.

¹² The offer includes the combination of logistics assets, such as logistics distribution platforms and a temperature-controlled last mile fleet, with scheduled delivery solutions. The alliance between the two companies combines the technology of MLK Deliveries, which will receive customer bookings for scheduled deliveries, with Mazzocco's cold logistics platform.

¹³ "Posta Time" is Poste Italiane's high-value-added product dedicated to its business clientèle which – thanks to its highly innovative features – allows for the delivery of a large quantity of letters on a "guaranteed date" or "guaranteed date, time, and place". Posta Time is a product intended for specific geographic areas which is offered by Poste Italiane separately from its universal service, pursuant to the following Circulars issued by the former Ministry of Communication: no. 208 of 24 January 2001, no. 1225 of 18 May 2001, and no. 5688 of 2 August 2007.

¹⁴ As of 27 March 2023, in compliance with the limits and prescriptions set forth by the Italian Communications Authority in Resolution AGCom 469/19/CONS, the "flat-rate" pricing of Communications of Acknowledgement of Notification (CAN) and Communications of Filing (CAD) issued pursuant to Articles 7 and 8 of Law 890/1982 has been adjusted. For more information: <https://www.poste.it/variazione-tariffe-servizi-postali-universali.html>.

¹⁵ Source: <https://www.ilsole24ore.com/art/borse-listini-asiatici-territorio-positivo-attesa-l-inflazione-usa-AEGLS5BD>.

¹⁶ Source: <https://www.bluerating.com/mercati/783341/borsa-e-mercati-nel-primo-trimestre-2023>.

¹⁷ Source: <https://www.bancagenerali.com/blog/borse-mercati-primo-trimestre-2023>.

The credit market, after a start of the year characterised by a significant rally in spreads, experienced a sharp reversal of the trend at the beginning of March. The crisis of the US regional banks and the bankruptcy of Credit Suisse led to a repricing on the entire credit market, particularly for the banking sector, bringing spreads well above year-end values. The phase of volatility has gradually receded and interest in the asset class has returned.

As regards the Italian BTP, 2023 started with rates and spreads characterised by rather high levels (10-year BTP around 4.70% and BTP-Bund spread around 215 bps)¹⁸ on the widening trend that had affected the latter part of 2022. However, as early as the first few days of the year, this trend was reversed and there was a gradual narrowing, which led to the levels of the Italian 10-year BTP and the spread touching quarterly lows around mid-January (10-year BTP around 3.75% and BTP-Bund spread around 170 bps)¹⁹ and then closing the quarter with a marginal widening (10-year BTP around 4.1% and BTP-Bund spread around 185 bps)²⁰.

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 Swaps²¹.

	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
BTP 10Y	2.04	3.26	4.52	4.72	4.10
SWAP 10Y	1.19	2.17	3.08	3.20	2.96
BTP 15Y	2.18	3.44	4.40	4.75	4.36
SWAP 15Y	1.29	2.35	3.07	3.14	2.96
BTP 30Y	2.49	3.67	4.34	4.79	4.32
SWAP 30Y	1.02	1.98	2.40	2.53	2.50

The following graph shows the trend of the 10-year BTP-Bund spread in recent years with the values recorded up to 31 March 2023.



Banking system

On the basis of estimates provided by the Italian Banking Association (ABI) at 31 March 2023²², customer deposits of the total number of banks in Italy, represented by deposits from resident customers (in current account, deposit certificates and repurchase agreements) and bonds, decreased by 1.6% y/y to approximately €2,004 billion (-€56 billion compared to

¹⁸ Source: Bloomberg.

¹⁹ Source: Bloomberg.

²⁰ Source: Bloomberg.

²¹ Source: Bloomberg.

²² Source: ABI monthly outlook, April 2023.

the start of the year). This reflected a significant reduction in deposits from resident customers in the first quarter of 2023, amounting to around €67 billion (-2.9% y/y), partially offset by a recovery of around €11 billion in bond deposits (+10.8% y/y). In March 2023, the average cost of bank funding (which includes the return on deposits, bonds and repurchase agreements from households and non-financial companies) was around 0.80% (0.61% at 31 December 2022).

In the first quarter of 2023, Bank loans decreased by about €28 billion and the aggregate of loans to residents in March 2023 stood at €1,714 billion, an annual change of -0.4%.

The component of loans to households and non-financial companies continued to show a broadly stationary trend, increasing by 0.5% year-on-year in March 2023. The latest official Bank of Italy data available, dating back to February 2023, show that loans to non-financial companies fell by 0.5% on a monthly basis, while those to households grew by 2.5%: the trend in loans to households was down on the previous month for the mortgage component (+3.7% compared to +4.3%) and stable for consumer credit (+3.1% as in the previous month).

In March 2023 the average rate on euro loans to households for house purchases stood at 4.00% (3.76% in February), while on new loans to non-financial companies it rose to 3.90% from 3.55% in the previous month.

Asset Management

The Assogestioni data showed, at 28 February 2023²³, total assets amounting to approximately €2,242 billion, compared to €2,212 billion at the end of 2022 (+1.4%). With regard to portfolio management, assets amounted to approximately €1,061 billion, up 0.9% from €1,052 billion at 31 December 2022. With regard to collective asset management, assets went from about €1,160 billion at the end of December 2022 to roughly €1,181 billion at the end of February 2023 (+1.8%). With regard to open-ended investment funds  alone, customer assets stood at around €1,093 billion at the end of February 2023, up 1.7% from around €1,075 billion at the end of December 2022.

In terms of net funding, the asset management industry has a negative balance of approximately €2.9 billion in the first two months of 2023 (compared to a positive balance of approximately €10.6 billion in the same period of 2022).

REGULATORY CONTEXT

Below are the main regulatory initiatives that will be updated in the first three months of 2023. Please refer to the 2022 Annual Report for a thorough discussion of the regulatory environment of the Financial Services Strategic Business Unit.

Bank of Italy

Circular no. 285 of
17 December 2013

On 2 November 2022, the Bank of Italy published the 40th update of the Circular to implement the "Guidelines on information and communications technology (ICT) and security risk management" (EBA/GL/2019/04) issued by the EBA. The main new features relate to an increased focus on ICT risk, and a strengthening of the Business Continuity capabilities of intermediaries.


BancoPosta had already complied with these EBA Guidelines and, as a result, is largely in compliance. The new rules mainly require banks to set up a second-level control function for the management and control of ICT and security risks. A report describing the actions taken to ensure compliance must be submitted to the Bank of Italy by 1 September 2023. The company is initiating the necessary organisational analyses.

On 20 December 2022, the Bank of Italy issued its 41st update. The amendments, concerning the regulation of capital buffers for systemically important institutions and public disclosure for impaired exposures, have no impact on BancoPosta.

Delegated Regulation (EU) 2022/2360

Strong Customer Authentication (SCA)

Following consultation on 5 December 2022, Commission Delegated Regulation (EU) 2022/2360 of 3 August 2022 amending Delegated Regulation (EU) 2018/389 with regard to strong customer authentication and common and secure open standards of communication was published in the Official Journal of the European Union.

The changes introduced concern, on the one hand, the compulsory exemption from strong authentication (Strong Customer Authentication - SCA ) of the customer for the specific case where access to the data is through an Account Information Service Provider and, on the other hand, that strong customer authentication must be renewed 180 days after the last time the user had online access to payment account information and strong authentication was applied.

BancoPosta has started the appropriate adaptation activities on the CBI Globe - Global Open Banking Ecosystem platform usable by Third Parties²⁴, as well as on the systems of the external provider Tink with regard to the BancoPosta Open service²⁵.

ESG

Investment Services Disclosure

In July 2022, with reference to ESG regulations in the area of investment services, Delegated Regulation (EU) 2022/1288 on the disclosure obligations for financial operators on sustainability issues in pre-contractual/contractual documents and periodic product reports and websites.

The Regulation entered into force on 1 January 2023.

Changes are being made to the sustainability pages of the website to highlight that the Company, in providing the consultancy service, takes into account the main effects of the sustainability factors consistent with the methodologies declared by the companies issuing the financial/insurance products.

European Parliament


Regulatory developments on digital transactions

On 27 December 2022, as part of the strengthening of the resilience of digital operations, the following legislative acts were published in the Official Journal of the European Union²⁶ mainly related to: ICT governance, cybersecurity and business continuity


In this regard, BancoPosta has initiated a specific assessment to identify and implement the necessary initiatives to ensure compliance with the new provisions.

²⁴ Third parties are the following entities provided for and regulated by the European PSD2 Directive:


-AISPs (Account Information Service Providers), which allow the user, the holder of online-accessible payment accounts held with several payment service providers, to obtain an aggregated view of their accounts;

-PISPs  (Payment Initiation Service Providers) which allow, with the customer's express authorisation, a payment order to be initiated from an account that the user holds with another payment service provider;

-CISPs (Card Issuers Service Providers) that issue payment cards settled on a payment account accessible online at another institution and verify with the latter the availability of the funds involved in the transaction.

²⁵ BancoPosta Open is the open banking  service which allows the customer, directly from the BancoPosta app, to obtain information on payment accounts held with other payment service providers and to place payment orders on payment accounts held with other payment service providers.

²⁶ The legislative acts of relevance to BancoPosta and entering into force on 16 January 2023 are as follows:

- the **Regulation (EU) of the European Parliament and of the Council 2022/2254 - DORA** (Digital Operational Resilience Act), with mandatory application for EU states from 17 January 2025. The impacts extend from ICT governance to risk management (including risks from third parties), to resilience testing, to incident management and reporting to the authorities;
- **Directive (EU) 2022/2556 of the European Parliament and of the Council as regards digital operational resilience for the financial sector**, to be transposed by 17 January 2025. The Directive provides for the harmonisation of previous directives with the DORA Regulation, including the PSD2 Directive;
- **Directive (EU) 2022/2555 of the European Parliament and of the Council** on measures for a high common level of **cybersecurity**  **across the Union** (NIS 2), to be transposed by 18 October 2024. The impacts mainly concern organisational, process and systems interventions for managing cybersecurity, business continuity and ICT incidents.

OTHER INFORMATION

For the main pending proceedings and further relations with the Authorities, please refer to the section "Proceedings pending and main relations with the Authorities".

OPERATING REVIEW

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

SEGMENT	OPERATING REVIEW
<p>Postal savings</p>	<p>In the first quarter of 2023, two Offers reserved for holders of a Libretto Smart were launched, bringing new liquidity²⁷ into Poste Italiane:</p> <ul style="list-style-type: none"> ✓ The Supersmart Premium 270-day offer, the placement of which started at the end of January and ended in the first days of March, recorded €1.8 billion in volumes raised; ✓ Supersmart Premium 300-day offer, still ongoing. <p>Both offers allow for a gross annual rate of 3.00% on the new liquidity provided and held until maturity at the end of 270 or 300 days.</p> 
<p>Asset management</p>	<p>In February 2023, the Universo²⁸ fund range was expanded with the launch of the Fondo BancoPosta Universo Tematico. This fund aims for growth by investing at least 50% of the capital in the shares of companies operating in megatrends, i.e. those that will drive future changes and in which the largest investments will be concentrated at global level, such as, for example, ecology, technological innovation, health.</p> <p>The Fondo BancoPosta Obbligazionario Italia 6 Anni II was launched in March 2023. This is an income-distributing bond fund that invests at least 70% of its assets in Italian government bonds and bonds issued by Italian companies and deposits with Italian banks.</p> <p>In March 2023 the Programma Accumulo Fondi (Fund Accumulation Programme) was launched: a new service that can be activated on the current account, where remuneration is paid on a sum of money tied up and allocated to a plan of scheduled payments into Mutual Funds.</p>   
<p>Assets under administration</p>	<p>In March 2023, Poste Italiane participated in the placement of the 19th issue of the Multi-year Treasury Bond (BTP) Italy, a bond linked to the Italian inflation trend with the new feature of a 5-year duration.</p>  
<p>Distribution of third-party products</p>	<p>Together with the Partners for whom the financing products are distributed, 2023 saw a continuation of the initiatives adopted on a voluntary basis in 2020 in relation to the health emergency, in support of businesses in difficulty, as well as regarding access to credit, protecting households and small and medium-sized businesses. The initiative²⁹ supporting women who are victims of gender-based violence is also continuing, allowing the suspension of mortgage instalments.</p>

²⁷ New liquidity means all sums contributed exclusively by bank transfer, bank cheques and bank drafts, salaries and pensions, and credited to current accounts and/or postal savings books bearing the same header as the Libretto Smart chosen to subscribe to the offer.

²⁸ Universo funds are flexible, multi-manager funds with an ESG approach, which differ from each other in their equity component.

²⁹ Poste Italiane has long been active in the economic and social inclusion of women who are victims of violence, and this initiative is aimed at women on certified protection schemes who are in economic difficulty. In agreement with the partner banks, in order to reach potentially interested people who are not easily accessible, the company advertised this possibility through internal and external channels (in addition to the local area offices, associations dealing with gender-based violence were also involved).

The "Prestito **Green**" offer has been renewed, which is useful for financing home renovations (e.g. photovoltaic system) or the purchase of a hybrid or electric car.

With regard to the "**Quinto BancoPosta**"³⁰ product, as of March 2023 the offer was extended to employees of state-owned companies.




5.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT


MARKET CONTEXT



Life Business

The **new individual life insurance policies** in the Italian market, based on the latest available data³¹, amounted to approximately €12.5 billion at the end of February 2023, a negative change of 9.7% compared to the same period of 2022. If new Life business reported by EU companies is taken into account, the figure reached €13.7 billion, down by 13.5% compared to the same period of 2022.

Analysing the data by line of business, premiums from **Class I**, which confirmed its leading role in the life business with a 77.1% share of the total at the end of February 2023, amounted to €9.6 billion, an increase of 16% over the same period of the previous year. Compared to the figure recorded in February 2022, inflows from **Class III** products (in the exclusive form of unit linked products ) fell by 50.2% at €2.7 billion. Although residual, inflows from capitalisation products amounted to €134 million and increased by 44.1% during the reference period compared to the same period of the previous year, mainly attributable to the performance of collective policies (+26%). The volumes of new premiums relating to long-term health policies (**Class IV**) continued to be limited (approximately €10 million), and up (+39.8%) compared to the same period of the previous year.

New contributions relating to the management of **pension funds**  in the first two months of 2023 recorded inflows of €22 million, an increase (+5%) compared to the same period in 2022.

Single premiums continued to be the preferred form of payment for policyholders, representing 94.9% of total premiums written and 58.1% of policies by number.

With regard to the **distribution channel**, 72.5% of new business was brokered through bank branches and post offices at the end of February 2023, with premium revenue of €9 billion, a slight decrease (-0.8%) compared to the same period of 2022. On the other hand, with regard to the entire agency channel, the volume of new business distributed in the period reached €1.9 billion, marking a decline in volumes of 15.6% compared to 2022 and with an incidence on total intermediated business of 15.3%.

The performance of new business obtained through qualified financial consultants was €1.4 billion, down considerably (-36.7%) compared with the amount placed in the previous year and accounting for 11.2% of total intermediated premiums.

Finally, the broker and distance sales channel recorded a decline of 46.8% in the period compared to the same period of 2022, with a volume of premiums placed of €114.7 million (or 1% of the total intermediated).

³⁰ This is the loan for civil servants and pensioners, which can be used to pay off other loans with a repayment of up to one fifth of salary or pension.

³¹ ANIA Report - Year XIX - no. 2 - published on 30 March 2023.

New Life individual business by class^(*)

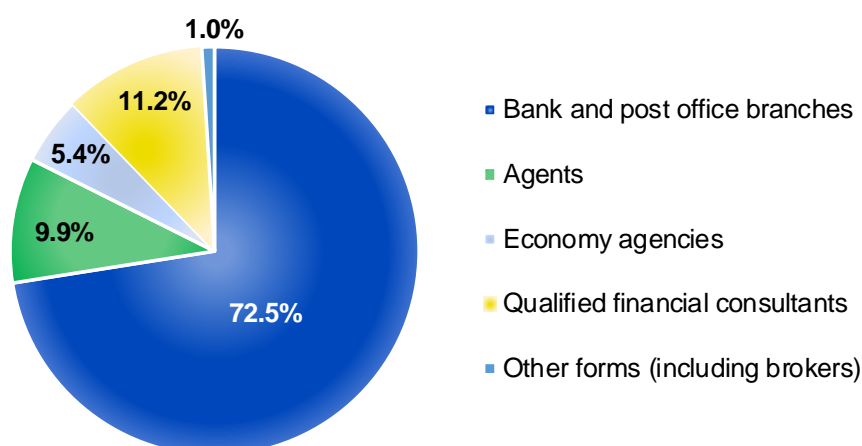
(figures updated to February 2023 in €m)

Premiums by class/product	Premiums YTD	% change 02 2023 vs 02 2022
Life - class I	9,594	16.0%
Unit - Linked - class III	2,690	-50.2%
Capitalisations - class V	134	44.1%
Pension funds class VI	22	5.0%
Illness class IV	10	39.8%
Italian insurers - non-EU	12,450	-9.7%
EU insurers ^(**)	1,269	-38.7%
Total	13,719	-13.5%

^(*) Source: ANIA

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

New Life individual business by distribution channel



Source: ANIA

P&C business

As regards the **P&C insurance market**, based on the available official data³² at the end of the fourth quarter of 2022, total direct Italian premiums, also including policies sold by Italian and overseas undertakings, amounted to €41.5 billion, up 6% compared with the same period of 2021, when the sector recorded growth of 2.8%. The aforementioned increase is attributable, in particular, to the development of the Non-Motor class (+9.7%), while premiums in the Motor class remained broadly stable (+0.7%). With reference to the latter, there was a 1% decrease in premiums for **motor third party liability** insurance, while premiums for the **land vehicle hull** insurance line grew by 7%.

With regard to the **Non-Motor class**, all the main insurance classes contributed to the aforementioned 9.7% growth during the period: i) **Health insurance** with a volume of €3,703 million and growth of 13%; ii) **Personal injuries class** with premiums of €3,906 million and an increase of 4.7%; iii) **General TPL class** with premiums of €5,076 million and an increase of 9.2%; iv) **Other damage to property class** with an increase of 9% and total volumes of €4,184 million; v) finally, **Fire and natural elements class** with a total production of €3,259 million and an increase of 6.1%.

As regards the **distribution channels**, the agency one is confirmed as the leader with a market share of 73.3% in line

³² ANIA Report - Year VIII - no. 32 - published on 6 April 2023.

with the figure recorded in the same period of 2021. Brokers represent the second largest P&C premium distribution channel with a market share of 9.3% (8.9% at the end of 2021), while bank branches and post offices recorded a market share of 8.6% (7.8% at the end of 2021).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of December 2022, there was an incidence of 8.4% (down compared to 8.8% at the end of the fourth quarter of 2021). The remaining 0.4% (0.5% at the end of 2021) relates to premiums brokered by qualified financial consultants.

Direct P&C premiums by class (*)

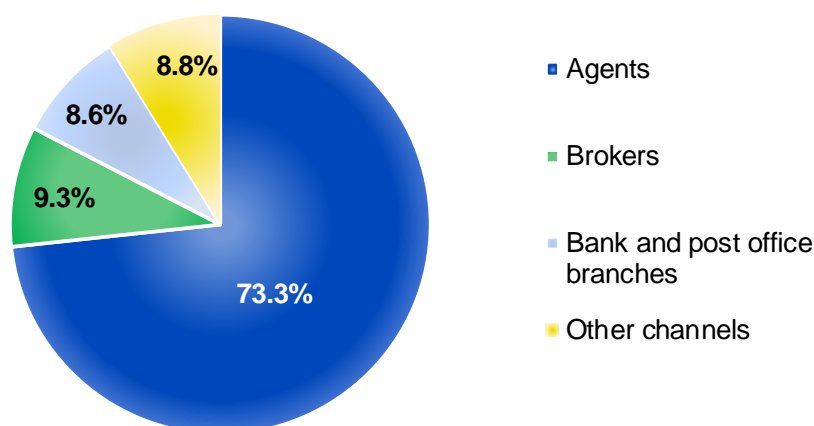
(data updated to December 2022 in €m)

Premiums by class (**)	Premiums YTD	% change IV Q 2022 vs IV Q 2021
Total motor segment	16,469	0.7%
Other P&C classes	25,079	9.7%
Total P&C classes	41,548	6.0%

(*) 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

Below are the main regulatory initiatives that will be updated in the first three months of 2023. Please refer to the 2022 Annual Report for a thorough discussion of the regulatory environment of the Insurance Services Strategic Business Unit.

IVASS (the insurance regulator) Measure no. 121 of 7 June 2022

With Measure no. 121 of 7 June 2022, IVASS amended ISVAP Regulation no. 7 of 13 July 2007³³ and its annexes in order, above all, to incorporate the changes introduced by IFRS 17 concerning the presentation and disclosure of accounting items relating to insurance contracts. The above changes came into force on 1 January 2023.

In its **letter to the market of 3 January 2023** - IAS/IFRS Consolidated Financial Statements

³³ Regulation concerning the layouts for the financial statements of insurance and reinsurance undertakings required to adopt the international accounting standards referred to in Title VIII (Financial Statements and Accounting Records), Chapter I (General Provisions on Financial Statements), Chapter II (Separate Financial Statements), Chapter III (Consolidated Financial Statements) and Chapter V (Statutory Audits) of Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code).


- Disclosures on the Transition to IFRS 17 as per Annex 4 of Reg. no. 7/2007 as amended by Measure 121/2022, IVASS provided guidance on the transition to the new IFRS 17 standard. The current Appendix 6 of Regulation no. 7/2007 has been replaced by the new Appendix 4 "Report on the consolidated financial statements items relating to insurance contracts", which provides that, with reference to the financial year 2023 only, a disclosure on the transition to the new standard must be provided, distinguishing between insurance contracts issued, outward reinsurance and investment contracts issued with discretionary participation features. This information must be submitted to the Institute together with the documentation relating to the consolidated half-yearly report.

IVASS (the insurance regulator)
Dormant Policies
 Letter to the market of 16 March 2023

With the **Letter to the market of 16 March 2023**, which follows the Letter to the market of 6 December 2022³⁴, in order to allow the verification of the payment status of the sums relating to the policies resulting from the cross-referenced data, both life and accident, IVASS requested companies to provide a report by 30 June 2023 on the activities carried out for settlement, including an update on the policies cross-referenced in past years. With regard to life insurance policies only, the enclosed prospectus, completed in accordance with the instructions contained in the file, must also be provided. The prospectus also requires a series of data on the payments of policies that have been cross-referenced in past years.

IVASS (the insurance regulator)
 Temporary suspension of capital losses for non-durable securities

By **Measure no. 127 of 14/02/2023**, IVASS made amendments to the following two Regulations:

- to **IVASS Regulation no. 52/2022**, following the entry into force of Decreto Aiuti (Aid Decree) quater³⁵ by virtue of which only insurance companies were allowed to deduct from the amount of the unavailable reserve the portion, attributable to policyholders, of the non-impairment of securities, referring to the year of the financial statements and up to the five subsequent years (shadow accounting). The amendment has the effect of tying up a smaller part of the company's equity allowing for a higher distribution of profits;
- to **ISVAP Regulation no. 38/2011**, in particular, Article 8, paragraph 2, to clarify that, in determining the minimum amount of assets to be compared to the mathematical provisions of policies pertaining to a separately managed account , companies must refer to Local Gaap criteria even if they prepare their financial statements in accordance with international accounting standards. Poste Vita already draws up its financial statements according to Local Gaap accounting standards, therefore it is not impacted by the aforementioned legislation.

OTHER INFORMATION

For the main pending proceedings and further relations with the Authorities, please refer to the section "Proceedings pending and main relations with the Authorities".

OPERATING REVIEW

³⁴ In its Letter to the market of 6 December 2022, the Authority requested from companies conducting life insurance and/or accident insurance business, the list of tax codes of policyholders in order to ascertain whether policyholders had died and when.

³⁵ Law Decree no. 176 of 18 November 2022, converted, with amendments, into Law no. 6 of 13 January 2023, which amended Article 45, paragraph 3-*decies* of Law Decree no. 73 of 21 June 2022, converted, with amendments, into Law no. 122 of 4 August 2022.

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

SEGMENT	OPERATING REVIEW
P&C/Life	In February 2023, the restyled "personal" cover policies were launched in the first post offices and will be available in all post offices by April. This is a simplification of the purchasing process for insurance products covering the risks for the person, death or permanent disability from illness and accidents.
P&C	The sale of the new version of "Posteprotezione Prestito" started in February 2023. Compared to the previous version, new covers and services have been added, such as legal protection and job replacement ³⁶ . <div style="float: right; text-align: right;"> </div>

5.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

MARKET CONTEXT

The latest available data³⁷ on the Italian **payment card** market show significant growth of the total domestic transactions, which in December 2022 were close to €370 billion, an increase of 15% compared to December 2021 due to the recovery in consumption. The number of transactions grew by 17% over the same period last year to 7.8 billion, a sign of an increasingly consolidated daily use of cards, also thanks to a greater propensity and acceptance



of the use of digital payments by merchants (e-commerce and contactless payments). **Debit card** transactions grew by 20% compared to December 2021 and accounted for more than half of the total transactions (about 60%), with transactions exceeding €214 billion (+17% compared to December 2021). Also prepaid cards are advancing at a fast pace (+14% of transactions and +17% in terms of value compared to December 2021), for a total amount of more than €63 billion, thanks to the steady development of e-commerce and increased penetration at physical points. 2022 was also positive for credit cards , ending the period on an upward trend with transactions up 11.6% and value up 8.8% compared to December 2021, with a total amount of almost €92 billion and an average ticket at levels just under those recorded in 2021.

At 31 December 2022, the number of **active cards** on the market amounted to **94.9 million**, up 2.9% compared to the stock of active cards at 31 December 2021: the greatest growth was recorded on prepaid cards, which grew by 3.9% compared to 31 December 2021, totalling almost 31.2 million active cards. Also on the rise is the stock of debit cards, surpassing 48 million (+2.7% compared to the figure at the end of December 2021) and growth also resumed in credit cards (+1.9% compared to 31 December 2021) with over 15 million active cards.

The **mobile telephony market**, based on the latest available data³⁸, showed a stable penetration of total mobile lines compared to 2021, a sign of a saturated market but showing dynamism in the stock of individual operators. In particular, Mobile Virtual Network Operators (MVNOs) achieved a penetration of 9.4%,³⁹ eroding the market shares of the top players.

³⁶ The job replacement service is aimed at reintegration into the world of work; if a policyholder loses his or her job, a customised training development plan is drawn up for him or her, support is provided in updating his or her CV, and specific motivational learning sessions are organised. At the end of the course, an assessment is conducted as to which partner companies could represent a valid opportunity for the policyholder to re-enter the labour market and the parties are put in contact, it being understood that under no circumstances is there a guarantee of eventual employment.

³⁷ Source: Internal processing and estimates on Bank of Italy data (supervisory reporting flows).

³⁸ Source: Internal estimate on the basis of telephone operators' financial statements.

³⁹ Source: Internal PostePay S.p.A. estimate on Human to Human SIMs.

Poste Mobile accounted for more than 37% of mobile virtual operators and closed 2022 with slight growth, but maintained its market share stable at 5.6% in 2021.

In 2022, the **energy market** was heavily impacted by the international geopolitical context: in particular, the Russian-Ukrainian conflict influenced the markets and prices of raw materials, primarily gas, with significant repercussions on the electricity market⁴⁰.

During the first quarter of 2023, the gas and electricity market saw a significant reduction in wholesale gas and electricity prices as the risk of gas shortages in the final part of winter was gradually overcome. In fact, winter temperatures were relatively mild and the diversification of European gas supplies made it possible to get through the winter period while coping with the risk of a shortage of the raw material. The gas market remains characterised by uncertainties stemming from the geopolitical environment and the delicate balance between supply and demand, resulting in price volatility, albeit to a limited extent compared to that experienced in 2022.

In order to cope with rising commodity prices, regulatory interventions continued in the first quarter of 2023 with the aim of mitigating the impact of high electricity and natural gas prices on households and businesses.

For more details on the regulatory interventions implemented, see below.

REGULATORY CONTEXT

Below are the main regulatory initiatives that will be updated in the first three months of 2023. Please refer to the 2022 Annual Report for a thorough discussion of the regulatory environment of the Payments and Mobile Strategic Business Unit.

Electronic money

Please refer to the regulatory framework of the Financial Services SBU for more details.



TLC Terminating voice calls

Within the framework of the **Regulation**, published in the Official Journal on 22 April 2021, regarding a **single maximum termination rate for calls** to mobile and fixed networks in the European Union, the rates applicable in Italy will be as follows from 1 January 2023:

- €0.40 cents per minute (excluding VAT) is the maximum mobile termination price, i.e. the amount payable by the originating operator of the call to the mobile telecommunications operator for each voice call terminating on the latter's mobile network (on its customer's terminal);

- €0.07 cents per minute (excluding VAT) is the maximum price payable to the fixed network telecommunications operator for call termination on the latter's network.

PostePay adopted the tariff regime within the time-frame provided by the regulatory framework.

TLC Gigabit Infrastructure Act

On 23 February 2023, the European Commission presented the proposal for a Regulation on measures to reduce the cost of deploying very high-speed electronic communications networks (Gigabit Infrastructure Act) in order to enable faster, cheaper and more effective deployment of Gigabit networks in the European Union and which will replace the current Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014.

⁴⁰ Rising gas prices have also driven up electricity prices, since in Italy and many other European countries the marginal price of electricity is defined by the generation costs of natural gas-fired thermal power plants.

Once adopted by the Parliament and the Council, the Regulation will be directly applicable and will not require transposition into national law.

TLC
Quality of mobile and personal communications services

On 28 February 2023, the Italian Communications Authority (AGCom) published Resolution no. 23/23/CONS "Provisions on the quality and charters of mobile and personal communication services", which was approved following the public consultation launched in July 2022, in which PostePay also participated. The new provisions define the information that mobile and personal communications service providers must provide to users regarding the quality of their mobile services.

PostePay has directed the necessary activities to adapt to the changes introduced within the time-frame set out in the new regulations.

TLC
Quality voice telephony and internet access

With Resolution no. 405/22/CONS, the Italian Communications Authority (AGCom) initiated proceedings and public consultation for the revision of the regulation and quality of voice telephony and internet access services from a fixed location with regard to quality indicators (KPIs) and transparency of information provided to users. Postepay sent its assessments and comments on the new regulatory proposal.

TLC
Customer service quality

With Resolution no. 436/22/CONS, the Italian Communications Authority initiated proceedings and a public consultation to revise the regulations and quality indicators for customer care services in the electronic communications and audiovisual media services sector, with a view to aligning them with modern digital assistance technologies and the new Electronic Communications Code with regard to quality indicators (KPIs), transparency of information provided to users, methods for submitting and tracking complaints, measurement of the actual quality achieved, and compliance with minimum standards. Postepay sent its assessments and comments on the new regulatory proposal.

ENERGY
Regulatory initiatives to contain prices

The concessions envisaged in 2022⁴¹ to limit the increases in prices in the electricity and natural gas sector were essentially extended to the first quarter of 2023⁴² (Law Decree no. 17 of 1 March 2022, Law Decree no. 21 of 21 March 2022, Law Decree no. 80 of 30 June 2022, "Aiuti Bis" Law Decree no. 115 of 9 August 2022 and Law Decree no. 197 of 29 December 2022, also known as the **2023 Budget Law**). The "**Aiuti Bis**" **Law Decree** also intervenes by suspending, until 30 April 2023, the effectiveness of contractual clauses that allow electricity and gas sellers to unilaterally change the general terms and conditions of contracts relating to price definition (changes notified to customers before 10 August 2022 are also rendered ineffective, unless they have already been finalised by that date).

The aforementioned decree, in view of the end of regulated gas prices, initially scheduled for 1 January 2023 (Law Decree no. 176 of 18 November 2022, so called "Aiuti Quater", extended the deadline to 10 January 2024, aligning it with the deadline for the "Maggior Tutela elettrica") also redefined the perimeter of "vulnerable"⁴³ customers providing that

⁴¹ Law Decree no. 234 of 30 December 2021, also known as 2022 Budget Law, made provision for the following for the first quarter of 2022:

- the zeroing of general charges for domestic electric and other customers;
- the reduction of general charges for the natural gas sector;
- an increase in the amounts of social bonuses for electricity and gas.

The aforementioned decree also provided for the reduction of VAT to 5% for the supply of gas for domestic use and the obligation for electricity and gas sales companies to offer domestic customers an interest-free instalment plan in the event of non-payment of bills issued in the period between 1 January and 30 June 2022.

⁴² The tariff concessions envisaged to curb the effects of customer bill increases have been extended, although the zeroing of general electricity sector charges has been limited to customers with available power up to 16.5 kW. In addition, the band of beneficiaries eligible for social bonuses has been widened because the ISEE level required to benefit from them, for 2023, rises to €15,000 (from the previous €12,000), and the threshold to €20,000 for large families.

⁴³ The new perimeter of "vulnerable" customers also includes those in economically disadvantaged conditions, persons with disabilities,

from 1 January 2023, suppliers must make available an offer for the supply of natural gas at contractual and economic conditions that will be defined by ARERA with one or more ad hoc measures. In particular, the economic conditions will have to reflect the actual cost of supply on the wholesale market and the efficient costs of marketing.

ENERGY
ARERA initiatives

By means of resolution no. 637/2022/R/com, published on 1 December 2022, the Regulatory Authority for Energy Networks and Environment (ARERA) introduced changes to the mandatory information content of end customer bills, with development obligations on the part of operators starting in 2023. PostePay has directed the necessary activities to adapt to the changes introduced within the time-frame set out in the new regulations.




With Resolutions 100/2023/R/com and 102/2023/R/com, published on 14 March 2023, ARERA implements the provisions of Article 1.59, of Law no. 124 of 4 August 2017 (Annual Law for the Market and Competition) and the provisions of Law Decree no. 115 of 9 August 2022, as converted by Law no. 142 of 21 September 2022 ("Aiuti bis" Law Decree) regarding, respectively, the passing of regulated natural gas prices and the definition of the conditions for the supply of natural gas to vulnerable end customers, providing for a process of gradual implementation of the reform to be completed by January 2024.

OTHER INFORMATION

For the main pending proceedings and further relations with the Authorities, please refer to the section "Proceedings pending and main relations with the Authorities".

OPERATING REVIEW

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

SEGMENT	OPERATING REVIEW
Energy	<p>During the first quarter of 2023, the Energy offer was launched on an omnichannel basis in the mass market and the first dedicated communication campaign was carried out. The offer is characterised by being 100% green for electricity and 100% CO₂ offset for gas.</p> 
Electronic Money/Collections and Payments	<p>During the final quarter of 2022, the process of integrating LIS, acquired in September 2022, in the Group was finalised and the process of expanding the services offered on the LIS point-of-sale network got under way, which continued in the first quarter of 2023, in line with the Poste Italiane Group's omnichannel strategy.</p>  
	<p>Due to inflationary dynamics, the annual fee for the Postepay Evolution card and the Postey Digital card with IBAN has been adjusted for new issues as of 1 January 2023. From 1 April 2023, this will affect both the renewals of Postepay Evolution cards and the annual fee for debit cards associated with current accounts: BancoPosta Più, BancoPosta Persone Fisiche, BancoPosta Click.</p>
	<p>In line with ESG strategic objectives, the migration (renewals, replacements and first issues) of the Postepay card fleet to cards made of environmentally sustainable material continued during the first quarter of 2023.</p>

customers with utilities on non-interconnected minor islands or in emergency housing facilities following calamitous events, and customers over 75 years of age.

5.5 OMNICHANNEL STRATEGY, INNOVATION AND DIGITISATION

The **digital transformation** undertaken by Poste Italiane in recent years has involved not only its own offer, but also the distribution model which, through an omnichannel strategy, allows the Company the possibility to provide services in step with the changed needs of its customers.

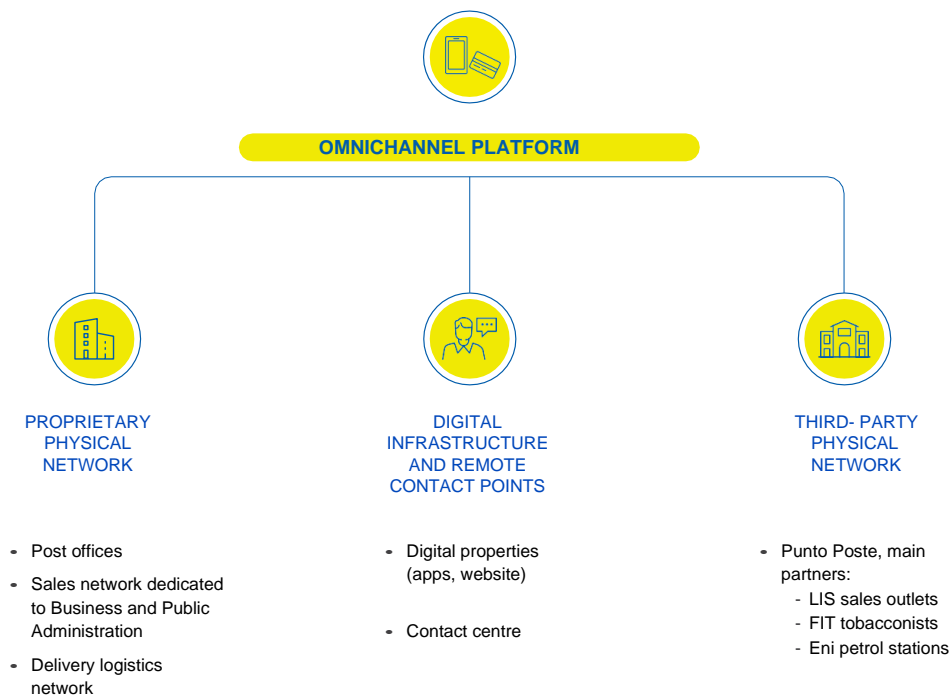
Digital channels, and more generally remote channels, support the physical channel, Poste Italiane's historical asset, every day in the management of customer relations. In the first quarter of 2023, Poste Italiane's omnichannel interaction platform reached roughly 22 million interactions per day.

~22 mln daily interactions as part of the omnichannel approach

The pandemic encouraged the acceleration of the transition to the new operating model, enabling the Company to respond quickly to changes in the market by leveraging its digital platforms, that exploit the opportunities arising from technological innovation to create new personalised products and services and by opening up additional channels of communication with its customers.

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

- **the proprietary physical network:** this consists of the Post Offices, the sales force for business customers and the logistics network for mail and parcel delivery;
- **a digital infrastructure and remote contact points:** made up of all the Group's digital properties and the contact centre, capable of serving the entire national population;
- **the third-party physical network:** consisting of approximately 58 thousand points⁴⁴, the result of commercial partnership agreements for the marketing of Group products and services managed also through the acquisition of the company LIS in September 2022. For further details, please refer to the section "Group Structure" in Chapter 4 "Business Model" of the 2022 Annual Report.





⁴⁴ Data at 31 December 2022.

The Group acts as a driver of innovation and digitisation 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.

The Group's omnichannel strategy is aimed at creating an "ecosystem" and multi-channel platform model which, thanks to cutting-edge physical and digital channels and simplified processes for serving its customers, aims to guarantee an excellent and "without differences" customer experience on all contact points.

To support digitalisation, a technology engine based on hybrid cloud , open APIs  and exponential technologies⁴⁵ has been implemented and applied to all the Group's activities and infrastructures.

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 2021, 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.

The Group's **Digital Properties** are as follows:



website Poste.it; Poste.it is the Group's consumer and business portal, where the range of services offered to customers is available. The portal also allows customers to consult and manage the products in their possession;



PostePay app: app for purchasing and managing Postepay payment cards, telco products and the Energy offer; payments can also be made via the app on the move;



BancoPosta app: app to purchase and manage the Group's financial/insurance offer on the move: accounts, postal savings and insurance policies;



Post Office app: app that allows you to locate the Post Office and book an appointment, reducing waiting time. Via the APP it is possible to check the status of a shipment, book a pick-up at the Post Office or send parcels or mail;



PostelD app: Poste Italiane's Digital Identity app (SPID - Sistema Pubblico d'Identità Digitale).

During the period, the Group worked to strengthen the digital sales channel, expanding the range of products and services that can be purchased directly through the digital properties.

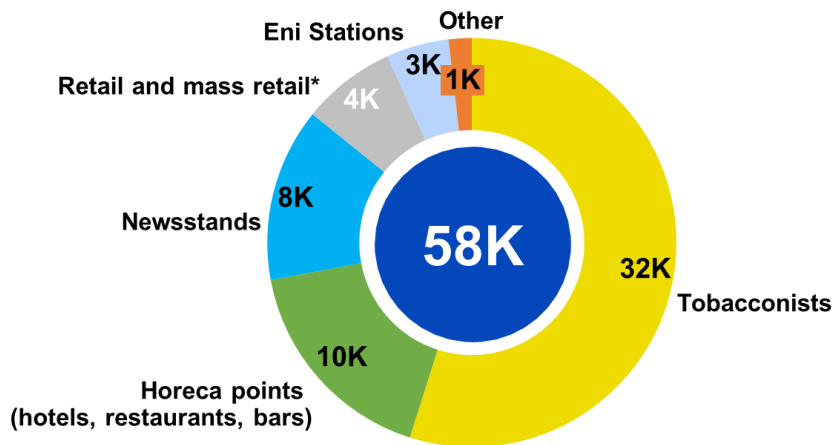
⁴⁵ Exponential technologies are those technologies that rapidly accelerate and shape major industries and all aspects of everyday life. Key exponential technologies include Artificial Intelligence and Data Science, Internet of Things, Virtual & Augmented Reality.



THIRD-PARTY PHYSICAL NETWORK

Third-party networks play a crucial role in the Group's omnichannel strategy. They have been strengthened to provide Poste Italiane customers with a valid alternative to the post offices for access to transactional services. The objective is to create a 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 contracted an extensive network of contact points, which was further strengthened in 2022 with the acquisition of LIS, and counts 58 thousand contact points at 31 December 2022.

THIRD-PARTY NETWORKS



*Organised Distribution & Large Organised Retailers.

The acquisition of LIS in September 2022 increased the operations of the omnichannel platform, increasing average daily customer interactions by about 0.6 million.

In particular, operations increased significantly in the third-party network channel, which was supplemented by the new products handled following the acquisition (telephone top-ups of other operators, pagoPA and other services), reaching about one million average daily transactions (+176% compared to the same period of 2022), of which LIS accounts for about 86%.

>15,000



Points for accepting and collecting parcels of the Punto Poste Network

During the first quarter of 2023, the PuntoPoste⁴⁶ network expanded with the entry of around 400 new points. At 31 March 2023, the Punto Poste network had approximately 15,500 contact points.

MAIN OMNICHANNEL KPIS

The main KPIS with the Group's performance on digital channels and third-party networks during the first three months of 2023 are represented below.


Omnichannel main KPIS (Digital and Third Party Networks)	1Q 2023	1Q 2022	Changes	
Digital + third-party networks KPIS				
Daily interactions (m)	21.9	19.3	+2.5	13.1%
Digital, Remote and Third-Party Networks interactions/Total daily interactions	69%	69%		
Daily transactions (m)	2.6	2.4	+0.1	5.9%
Digital transactions + third-party networks/total transactions	37%	35%		
Digital KPIS				
Daily digital transactions (m)	0.5	0.4	+0.1	20.9%
Digital transactions/total transactions	21.0%	18.5%		
Average daily unique visitors (web and apps) (m)	6.3	5.6	+0.7	12.1%
Overall App Rating	4.6	4.5	+0.0	1.5%
Digital Client (m)	12.35	11.99	+0.4	3.0%
App downloads (m)	87.9	74.6	+13.3	17.9%
Poste Italiane Digital e-Wallets (m)	11.0	9.5	+1.5	15.7%
Active SPID digital identities (m)	24.2	22.4	+1.8	8.0%
Third-party networks KPIS				
Payslip volumes (m)	10.6	13.9	(3.2)	-23.4%
Postepay top-ups(m)	13.2	12.5	+0.7	5.8%
Postemobile top-ups (m)	2.8	2.7	+0.1	3.8%
Parcels delivered(m)	3.5	2.1	+1.4	67.8%

Interactions: daily contacts of customers with the group's omnichannel platform: visits to the Poste Italiane Group's website and apps, calls to the contact centre, customers served in post offices, transactions carried out at ATMs  and third-party networks, transactions on physical POS  and e-commerce.

Transactions: customers' purchase actions (e.g. purchase of current account or postepay evolution) and transactions (e.g. payment of payslips, postepay top-up, bank transfer) on the Poste Italiane Group's digital properties, in post offices and at third-party networks.

Average unique visitors: number of users who made at least one daily visit to the Group's digital properties (Poste.it website and APPs) in the selected period.

In the first quarter of 2023, the Poste Italiane Group reached 21.9 million daily interactions (19.3 million interactions in the same period of 2022) with more than 69% of interactions on digital properties, remote channels and third-party networks. The number of average daily unique visitors also grew during the same period, reaching 6.3 million, up 12.1% compared to the same period last year. Daily transactions on digital channels also recorded

a double-digit increase to 0.5 million, accounting for 21% of total daily transactions. Digital customers enabled to operate online via e-wallet  almost reached the 11 million mark at 31 March 2023, using the Poste Italiane Group's apps, and exceeded 87 million downloads with an overall app rating of 4.6 in the first three months of the year.

>6
mln

Daily visitors on the
Group's digital channels
(+12.1% y/y)

⁴⁶ The Punto Poste network consists of Pick-up Points - businesses offering parcel pick-up and delivery services - and Lockers, self-service points with extended opening hours. The network includes around 14,000 tobacconists licensed to provide mail and parcel services.

37%

of daily transaction in the first quarter of 2023 on the new channels

The share of digital and third-party network transactions of total transactions also increased from 35.3% in the first quarter of 2022 to 36.6% in the first quarter of 2023.

Poste Italiane is confirmed as the first

~26 mln

digital identities issued with ~76% market share

SPID Digital Identity Manager, with a market share of around 76% and a customer base of roughly 26.3 million Digital Public Identities issued, of which 24.2 million active.

In order to guarantee the highest quality of service and to propose new "digital citizenship" tools to users, giving value to the privileged partnership with institutions and supporting the evolution of the Public Digital Identity System, Poste Italiane has made available the new SPID digital identity solution for underage citizens and is working on the launch of SPID digital identity solutions for access to online services dedicated to professionals and businesses, with specific paid offers.

5.6 RISK MANAGEMENT

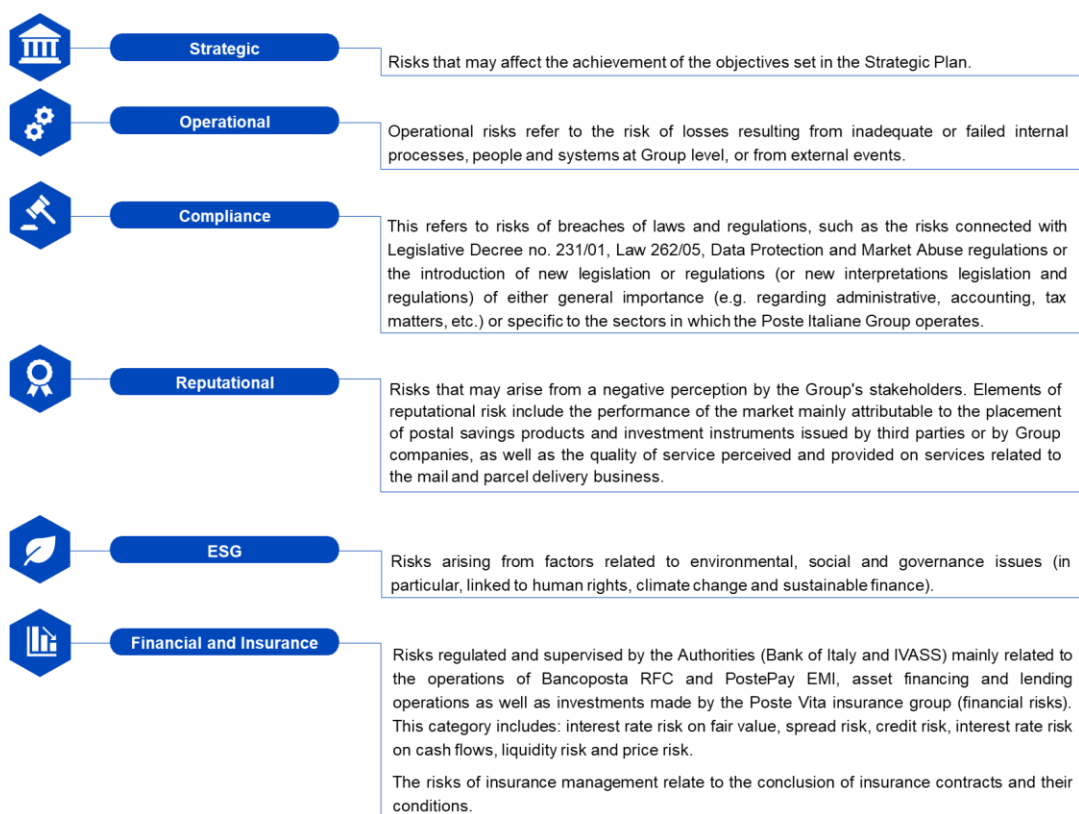
The Poste Italiane's **Internal Control and Risk Management System** (SCIGR) is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable 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.

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 the latter regard, the Group GRC - RSA Archer Platform supports the process of integrated risk management, 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.

For more information on the objectives of the platform, please refer to the 2022 Annual Report in Chapter 6 "Risks and opportunities".

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



For a thorough discussion of the description and control of financial risks, please refer to the 2022 Annual Report, in the section "Poste Italiane's Financial Statements" in Chapter 6 "Risk Analysis and Monitoring".

For more details on the description and control of other risks, in particular with reference to climate change risks, please refer to the 2022 Annual Report, in the section "Report on Operations" in Chapter 6 "Risks and opportunities".



6. CREATION OF VALUE

[IMPACTS ARISING FROM THE RUSSIAN-UKRAINIAN CONFLICT](#)

[IFRS 17 – FIRST TIME ADOPTION](#)

[GROUP OPERATING RESULTS](#)

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

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[GROUP FINANCIAL POSITION AND CASH FLOW](#)



6.1 IMPACTS ARISING FROM THE RUSSIAN-UKRAINIAN CONFLICT


During the first quarter of 2023, the Group did not experience any significant impacts on its business or any material repercussions on profitability, nor did it have any concerns about the impairment of its ability to continue as a going concern

resulting from the Russian-Ukrainian conflict. For a complete overview of the disclosure required by ESMA⁴⁷ on the Annual Reports on the impacts of the conflict, please refer to Chapter 7 "Creation of Value" of the 2022 Annual Report.

6.2 IFRS 17 – FIRST TIME ADOPTION

The Group elected to apply IFRS 17 starting from its mandatory effective date of 1 January 2023, without early application. The new standard provides for significant changes in the recognition, valuation and measurement of insurance contracts issued and reinsurance contracts held.

As required by the new standard, the First Time Adoption of IFRS 17 was set for 1 January 2022. On that date, the Group defined the following transition methods:

- the Modified Retrospective Approach for the life investment portfolio and the Fair Value Approach for the life pure risk portfolio were adopted;
- by contrast, with regard to the P&C business, for the 2021 and earlier cohorts (i.e. for products issued up to 2021); the Fair Value Approach was adopted, while for the 2022 cohort  a "Running" approach was applied as if the standard was already in force on 1 January 2022.

The Poste Italiane Group considered the application of the Full Retrospective Approach not possible, because the available database for past years did not have the necessary granularity and detail to conduct the assessment required by the accounting standard.

In order to represent the effects of these changes, the Poste Italiane Group has redefined the comparative statement of financial position values at 31 December 2022.


The Poste Italiane Group, and thus also the two insurance companies, has been applying IFRS 9 since 1 January 2018. Following the adoption of IFRS 17, there were no changes to the classification and measurement rules for financial assets.

The tables below show the effects determined by the transition to IFRS 17 at 1 January 2022 on single item of the Group's accounts. The Group's statement of financial position also incorporates the changes introduced by IAS 1 - *Presentation of Financial Statements* following the new accounting standard.

⁴⁷ Public statement ESMA32-63-1277 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of 13 May 2022, Public statement ESMA32-63-1320 "European common enforcement priorities for 2022 annual financial reports" of 28 October 2022 and CONSOB Warning Notice no. 3/22 "Conflict in Ukraine - Attention Reminder for supervised issuers on financial reporting and compliance related to restrictive measures taken by the European Union against Russia" of 19 May 2022.

	(€m)				
ASSETS	31/12/2021 Balances IFRS 4	Accounting items eliminated	Reclassified accounting items	Effects of IFRS 17 measurement	1 January 2022 restated
Property, plant and equipment	2,267				2,267
Investment property	32				32
Intangible assets	873				873
Right-of-use assets	1,116				1,116
Investments accounted for using the equity method	277				277
Financial assets	221,226				221,226
Assets for outward reinsurance				48	48
Trade receivables	3				3
Deferred tax assets	1,245			363	1,608
Other receivables and assets	4,012				4,012
Tax credits Law no. 77/2020	5,551				5,551
Technical provisions attributable to reinsurers	50	(50)			
Non-current assets	236,652	(50)	-	411	237,013
Inventories	155				155
Trade receivables	2,508				2,508
Current tax assets	115				115
Other receivables and assets	1,146		(49)		1,097
Tax credits Law no. 77/2020	905				905
Financial assets	27,630				27,630
Cash and deposits attributable to BancoPosta	7,659				7,659
Cash and cash equivalents	7,958				7,958
Total current assets	48,076	-	(49)	-	48,027
TOTAL ASSETS	284,728	(50)	(49)	411	285,040

The value of Assets increased by €312 million; this effect is attributable to:

- derecognition of the balance of *technical provisions attributable to reinsurers* (which can only be recognised under IFRS 4);
- recognition of *assets for outward reinsurance*, which represents the valuation at 1 January 2022 of the Group's exposures related to reinsurance contracts  underwritten;
- recognition of deferred tax assets determined on the FTA reserve related to the accounting of *Liabilities under insurance contracts*;
- reclassification of Amounts due from policyholders, which are removed from *Other receivables and assets* to be considered in the valuation of the *Present value of Future Cash Flows* within the *Liabilities for remaining coverage*, which are recognised under Liabilities.

(€m)

LIABILITIES AND EQUITY	31/12/2021 Balances IFRS 4	Accounting items eliminated	Reclassified accounting items	Effects of IFRS 17 measurement	1 January 2022 restated
Share capital	1,306				1,306
Reserves	3,599			77	3,676
Treasury shares	(40)				(40)
Retained earnings	7,237			(1,010)	6,227
Total equity attributable to owners of the Parent	12,102			(933)	11,168
Equity attributable to non-controlling interests	8				8
Total	12,110			(933)	11,176
Technical provisions for insurance business	159,089	(159,089)			
Provisions for risks and charges	693				693
Employee termination benefits	922				922
Financial liabilities	15,122				15,122
Liabilities under insurance contracts				160,334	160,334
Deferred tax liabilities	953				953
Other liabilities	1,749				1,749
Total non-current liabilities	178,528	(159,089)		-	160,334
Provisions for risks and charges	575				575
Trade payables	2,029				2,029
Current tax liabilities	16				16
Other liabilities	1,860				1,860
Financial liabilities	89,610				89,610
Total current liabilities	94,090				94,090
TOTAL LIABILITIES AND EQUITY	284,728	-	159,089	-	159,401
					285,040

The value of Liabilities and Equity also increased by €312 million as a result of the derecognition of the value of Technical provisions for insurance business recognised in accordance with IFRS 4 and the consequent recognition of the carrying amount of Liabilities under insurance contracts, measured in accordance with IFRS 17.

The following is a reconciliation of equity between 31 December 2021, accounted for under IFRS 4, and 1 January 2022, which incorporates the effects of the changes in the new accounting standard.

(€m)


	Equity											Retained earnings	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
	Share capital	Treasury shares	Reserves								Incentive plans reserve				
			Legal reserve	Reserve for BancoPosta RFC	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outwards reinsurance	Translation reserve	Reserve for investments accounted for using the equity method					
Balance at 31 December 2021	1,306	(40)	299	1,210	800	1,307	(33)	-	1	3	13	7,236	12,102	8	12,110
First time adoption effect	-	-	-	-	-	-	-	-	-	-	-	(1,373)	(1,373)	-	(1,373)
Accounting mirroring	-	-	-	-	-	7,945	-	(7,868)	-	-	-	-	77	-	77
Fiscal effect on transition	-	-	-	-	-	-	-	-	-	-	-	363	363	-	363
Balance at 1 January 2022	1,306	(40)	299	1,210	800	9,251	(33)	(7,868)	1	3	13	6,226	11,168	8	11,176

The effects of the application of the new accounting standard on the Poste Italiane Group's equity are equal to a reduction of about €933 million. This reduction is mainly due to the impact of First Time Adoption of the standard, equal to a reduction, net of the tax effect, of about €1,010 million in equity, partially offset by about €77 million related to the mirroring effect and the simultaneous opening within the Statement of Comprehensive Income of the new *Reserve for insurance contracts issued and outward reinsurance*, which will accommodate the change in the fair value of financial instruments related to the separately managed accounts following the adoption of the OCI option exercised by the Poste Italiane Group.

For a better understanding of the dynamics of the new standard, a comparison of the opening IFRS17 - compliant statement of financial position balances at 1 January 2022 with 31 December 2022 is shown below.

(€m)

ASSETS	1 January 2022	31 December 2022	Changes	
Non-current assets	237,013	211,891	(25,121)	(12)%
<i>of which</i>				
<i>Assets for outward reinsurance</i>	48	44	(4)	(9)%
<i>Deferred tax assets</i>	1,608	2,566	958	60%
Current assets	48,027	50,146	2,119	4%
TOTAL ASSETS	285,040	262,037	(23,003)	(8)%
LIABILITIES AND EQUITY	1 January 2022	31 December 2022	Changes	
Total equity	11,176	7,842	(3,334)	(30)%
Non-current liabilities	179,774	156,647	(23,126)	(13)%
<i>of which</i>				
Liabilities under insurance contracts	160,334	141,380	(18,954)	(12)%
<i>Liabilities for remaining coverage</i>	159,372	140,348	(19,025)	(12)%
<i>Liabilities for remaining PAA coverage</i>	45	56	11	24%
<i>Present value of future cash flows</i>	147,547	124,330	(23,218)	(16)%
<i>Adjustment for non-financial risk</i>	1,324	3,060	1,736	131%
<i>Contractual service margin</i>	10,456	12,902	2,446	23%
<i>Liabilities for incurred claims</i>	962	1,032	70	7%
<i>Cash flows related to past services</i>	952	1,016	64	7%
<i>Adjustment for non-financial risk</i>	10	17	7	65%
Current liabilities	94,090	97,548	3,458	4%
TOTAL LIABILITIES AND EQUITY	285,040	262,037	(23,003)	(8)%

Assets for outward reinsurance decreased by €4 million, mainly due to the reduction in flows for services previously recorded under *Liabilities for incurred claims*, related to reinsurance treaties measured using the PAA method .

Liabilities under insurance contracts amounted to €141,380 million at 31 December 2022 and decreased by approximately €18,954 million compared to the balance at 1 January 2022. This contraction is mainly a consequence of a reduction in future flows within the *Liabilities for remaining coverage* of contracts valued with the VFA model. The Poste Italiane Group's *Contractual service margin* at 31 December 2022 amounted to €12,902 million, compared to €10,456 million at 1 January 2022.

For details on the changes in 2022 in items other than *Assets for outward reinsurance* and *Liabilities under insurance contracts*, please refer to the 2022 Annual Report.

6.3 GROUP OPERATING RESULTS

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

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

Revenue
€3 bn
(+8.1% y/y)

EBIT
€767 mln
(+11.2% y/y)

Net Profit
€540 mln
(+9.4% y/y)

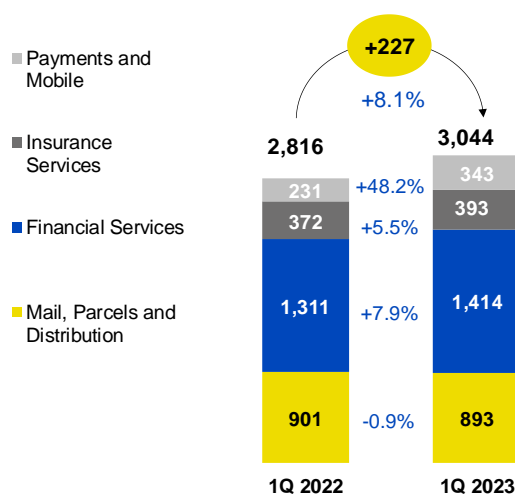
The comparison scenario for the first quarter of 2022 was performed according to the new accounting standard IFRS17.

The Group's performance in the first three months of 2023 was up compared to the same period in 2022, with EBIT amounting to €767 million (+11.2% y/y) thanks to the contribution of all Strategic Business Units. These results confirm the effectiveness of the strategic guidelines defined by management and their execution, as well as the resilience demonstrated by the Group, which benefits from a diversified business structure and has continued to operate and grow in an uncertain economic scenario.

(€m)	1Q 2023	1Q 2022	Changes	
Revenue	3,044	2,816	+227	+8.1%
Total costs	2,277	2,127	+150	+7.0%
EBIT	767	690	+77	+11.2%
EBIT margin %	25.2%	24.5%		
NET PROFIT	540	494	+46	+9.4%
Net earnings per share	0.42	0.38	+0.04	+9.6%
CAPEX	112	77	+35	+45.6%
% of revenue	3.7%	2.7%		

REVENUE

(€m)



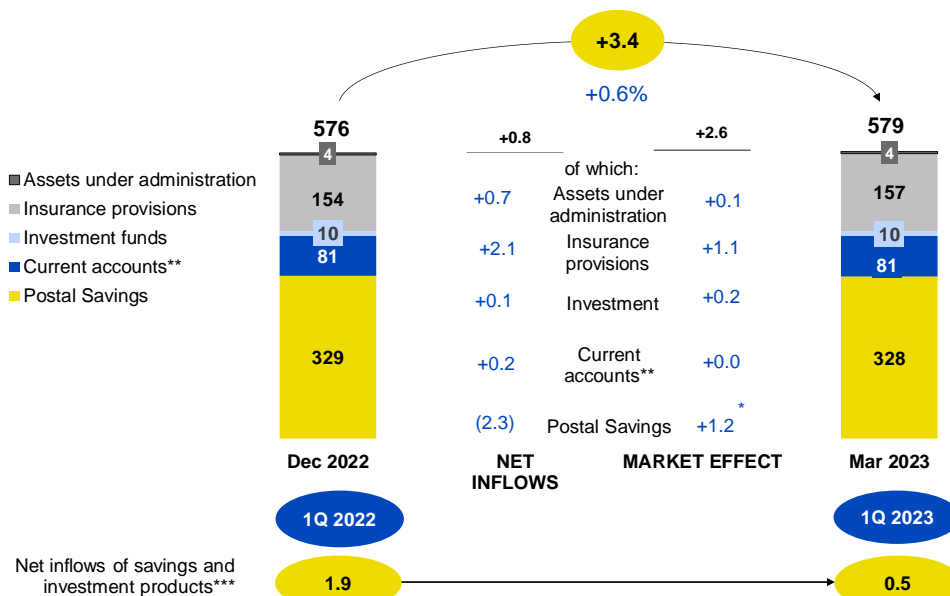
Group revenue amounted to €3,044 million in the first quarter of 2023, an increase of €227 million compared to 2022 (+8.1%) with a positive contribution from the following Strategic Business Units: Financial Services (+€103 million or +7.9%), Insurance Services (+€20 million or +5.5%) and Payments and Mobile (+€112 million or +48.2%). The Mail, Parcels and Distribution Strategic Business Unit recorded a decrease of €8 million in revenue compared to the first quarter of 2022

(-0.9%). The contribution of the incremental revenue for the first quarter of 2023 realised by the newly acquired companies in 2022 (Plurima, LIS, Agile and Sourcesense) totalled €91 million.

TOTAL FINANCIAL ASSET

(€bn)

The value of total financial assets of the insurance segment is measured with the "Insurance Provisions" indicator⁴⁸ of the Life business (in accordance with the local processing principles of the financial statements of Poste Vita SpA) from 2023 onwards.



* Includes capitalisation of interest.
 ** Current accounts do not include Poste Italiane's REPOs and liquidity.
 *** Includes net inflows on: Investment Funds, Moneyfarm, Interest-bearing Postal Certificates, Insurance and Asset Management.

In the first quarter of 2023, **total financial assets** amounted to €579 billion, up 0.6% (+€3.4 billion) compared to €576 billion at 31 December 2022, mainly due to the positive trend in net inflows and the performance effect on insurance provisions and Postal Savings. These positive changes are only partially mitigated by lower net inflows into Postal Savings (-€2.3 billion).

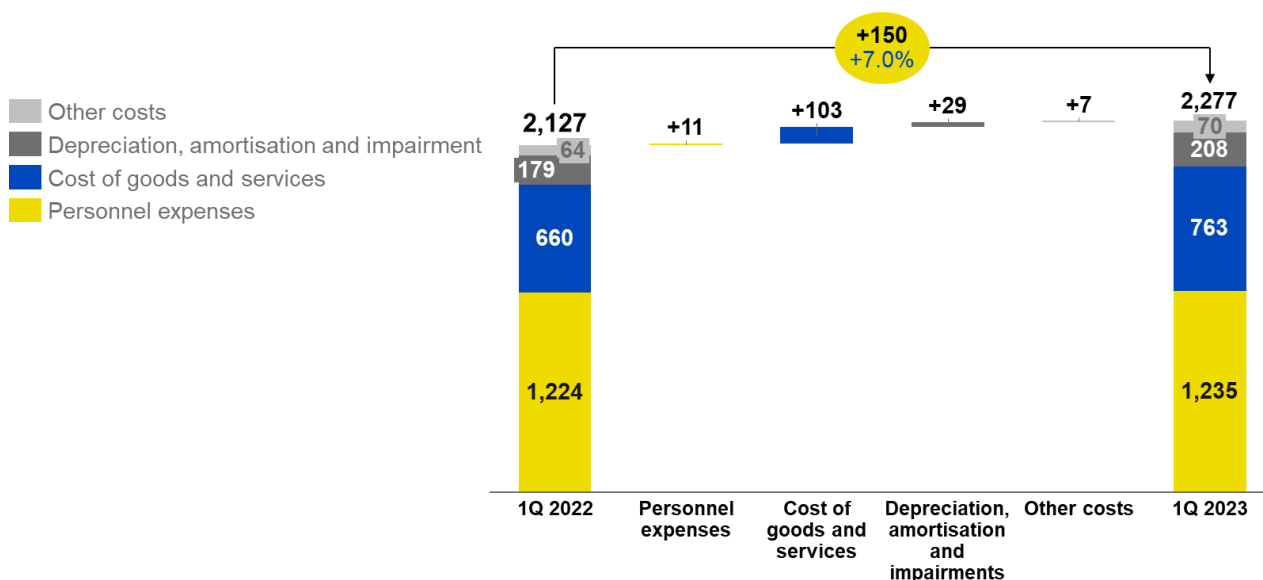


⁴⁸ They represent the obligations undertaken vis-à-vis policyholders as well as the tariff premiums net of loadings. Technical Provisions are calculated, in accordance with the application rules set out in Annex 14 of ISVAP Regulation no. 22 of 4 April 2008, analytically, contract by contract with reference to the portfolio issued by the Company and in force at the valuation date (Mathematical Provisions). This item also includes Outstanding claims provisions and Miscellaneous Technical Provisions (provisions for future expenses, supplementary insurance premium provisions, profit-sharing and reversal provisions).

TOTAL COSTS

(€m)

The costs discussed in the remainder of this paragraph are those not directly attributable to insurance contracts. In fact, following the entry into force of the new IFRS 17 standard, the costs incurred by the Group and directly attributable to insurance policies, from the time of their placement and until their settlement, are considered within insurance liabilities and released periodically in the statement of profit or loss (among insurance net revenue).



Total costs in the first quarter of 2023 amounted to €2,277 million, up from €2,127 million in the first quarter of 2022 (+€150 million), mainly due to an increase in the cost of goods and services (+€103 million), depreciation and amortisation (+€29 million) and personnel expenses (+€11 million). The expansion of the Group's corporate scope in 2022 resulted in an increase in personnel expenses and costs of goods and services compared to the first quarter of 2022 of €17 million and €56 million, respectively.

Personnel expenses amounted to €1,235 million, an increase of €11 million compared to the first quarter of 2022. See the following section for more details.

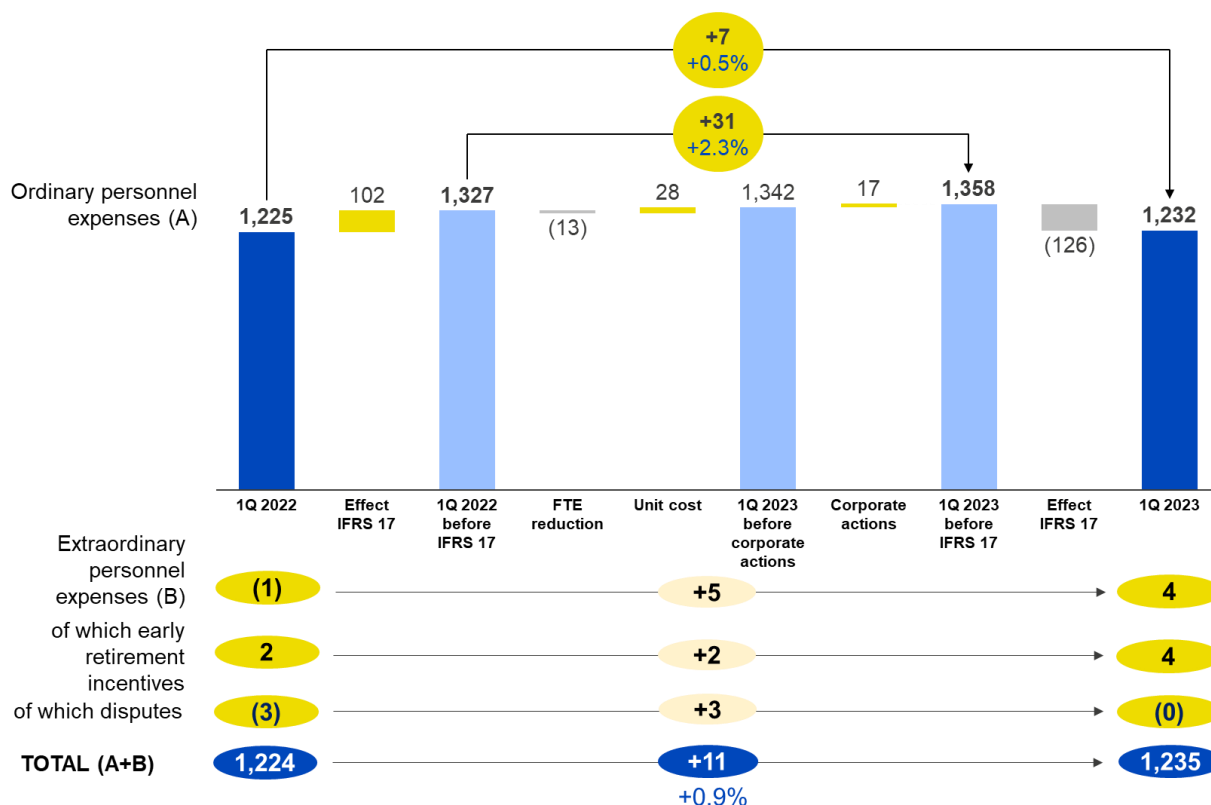
Cost of goods and services increased by €103 million, from €660 million in the first quarter of 2022 to €763 million in the same period of 2023.

Depreciation and amortisation amounted to €208 million, a positive change of €29 million compared to the first three months of 2022, while other costs amounted to €70 million, an increase of €7 million compared to the first quarter of 2022.

PERSONNEL EXPENSES

(€m)

Total personnel expenses increased by €11 million (+0.9%) compared to the first quarter of 2022, of which €7 million was for ordinary personnel expenses and €5 million for overtime costs. Below is the development of personnel expenses compared to the first quarter of 2022 with evidence of the effects resulting from the application of IFRS 17.



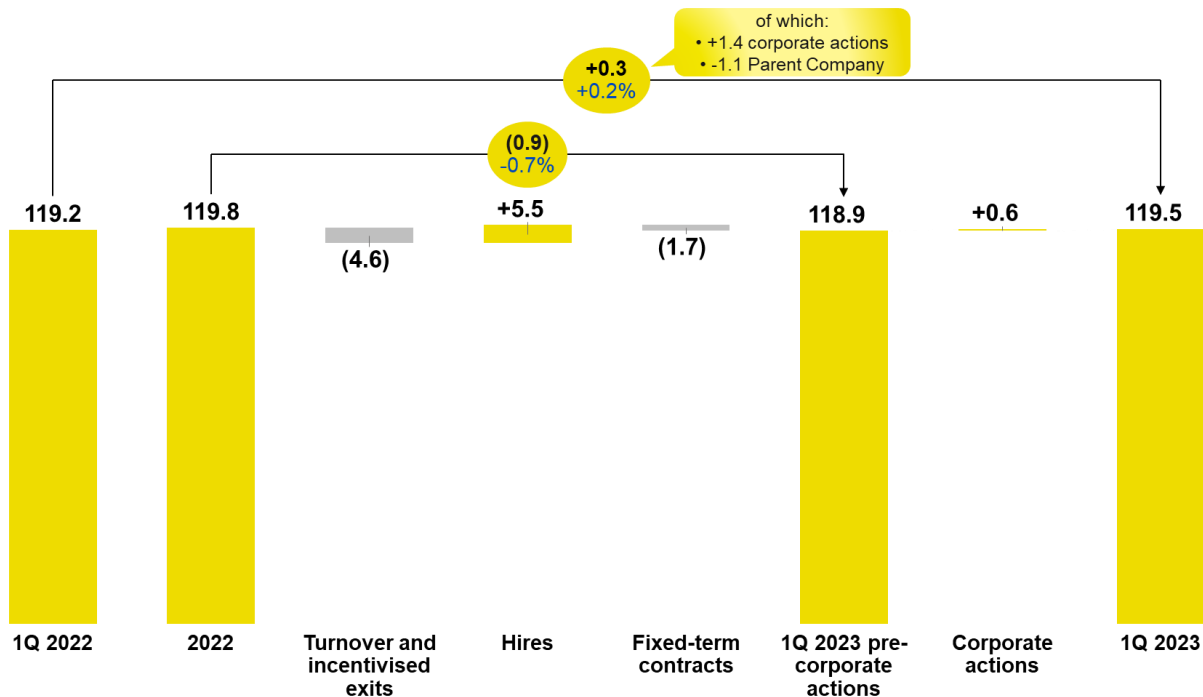
Ordinary personnel expenses, net of the effect generated by the application of IFRS17, increased by €31 million (+2.3%) from €1,327 million in the first quarter of 2022 to €1,358 million in the corresponding period of 2023. This change is related to the increase in the unit cost (+€28 million), mainly attributable to the increase on contractual minimums triggered in July 2022 in relation to the national collective labour agreement renewed in June 2021, the monetisation of the public holiday of 1 January 2023, the increase recognised in the agreement on the Performance Bonus signed in July 2022, and to a lesser extent related to the increase in the workforce of approximately 300 average FTEs (+€4 million). This increase is the net effect of the higher workforce resulting from the corporate transactions carried out in 2022 (about 1,400 average FTEs) and the reduction recorded at Poste Italiane (about 1,100 average FTEs).

WORKFORCE

(average Full Time Equivalent in thousands)

The reorganisation and rationalisation of internal processes continued in the first quarter of 2023; staff exits from the Group in the first three months of 2023, including early retirements subject to incentive, amounted to 4.6 thousand (FTE) on permanent contracts and 1.7 thousand (FTE) on fixed-term contracts, compared to new hires of 5.5 thousand (FTE). The expansion of the Group's scope in 2022 with the entry of Plurima, Agile, LIS and Sourcesense also contributed to the change in the workforce for the period.

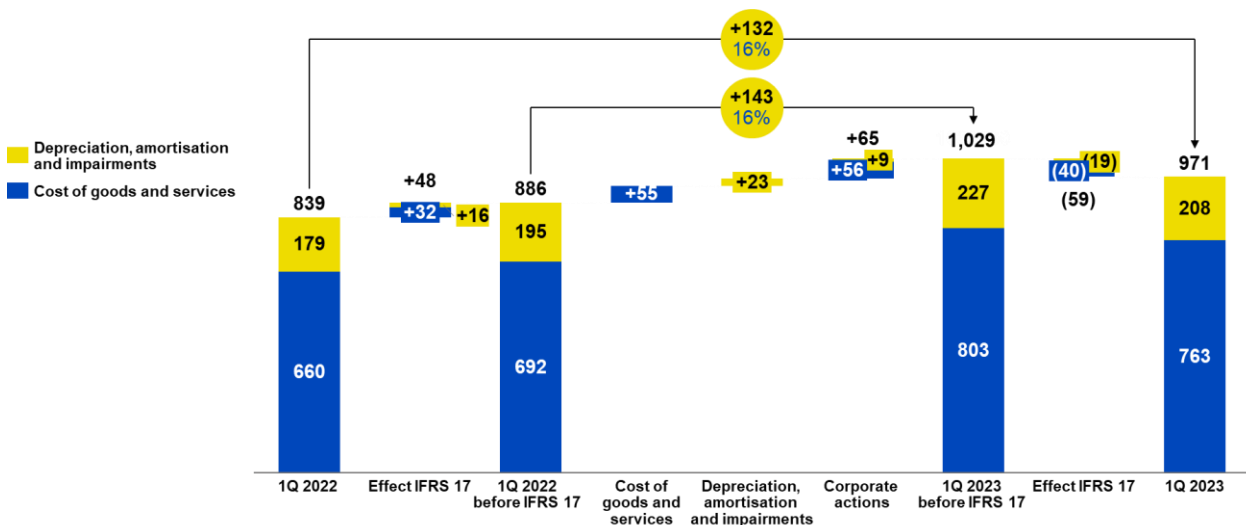
~120,000
People employed in the Group



COST OF GOODS AND SERVICES AND DEPRECIATION/AMORTISATION

(€m)

The following table shows the development of costs for goods and services and depreciation and amortisation compared to the first quarter of 2022 with evidence of the effects of the application of IFRS 17.

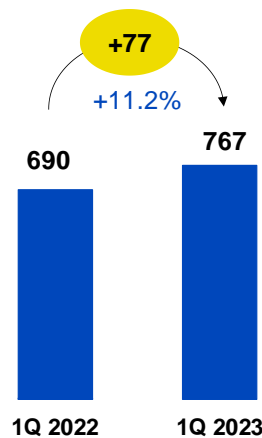


Net of the effects of application of the new standard, costs of goods and services increased by €111 million from €692 million in the first quarter of 2022 to €803 million in the first quarter of 2023; the change is mainly related to the expansion of the company's scope (by €56 million) that took place in 2022 and to the international inflationary scenario (by €16 million) brought about by the Russian-Ukrainian conflict.

Depreciation and amortisation, net of the application of IFRS 17, amounted to €227 million, marking an increase of €32 million compared to the first quarter of 2022 due to higher depreciation and lower impairment losses on property, plant and equipment (mainly due to the expansion of the company's scope), as well as higher amortisation on intangible assets (related to investments in software applications).

GROUP EBIT

(€m)

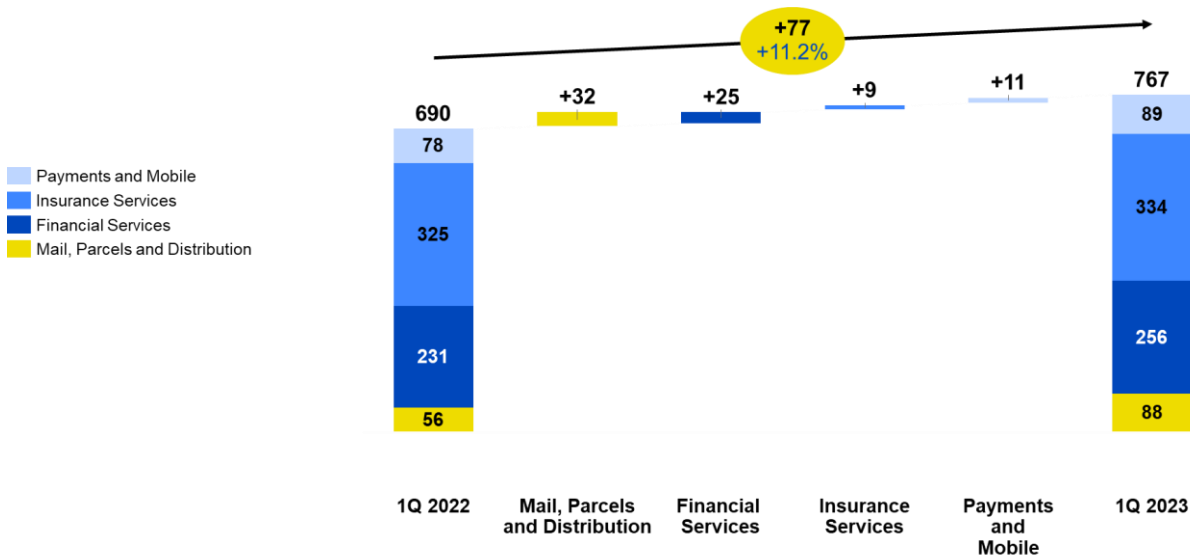


Consolidated **operating profit (EBIT)** of €767 million is up €77 million (+11.2%) compared with the first quarter of 2022 (€690 million).

Below is a representation of the contribution of the individual SBUs to the operating profit for the period.

EBIT BY STRATEGIC BUSINESS UNIT

(€m)



The operating profit of the **Mail, Parcels and Distribution Strategic Business Unit** came to €88 million, an increase of €32 million compared to the first quarter of 2022 (+€56 million).

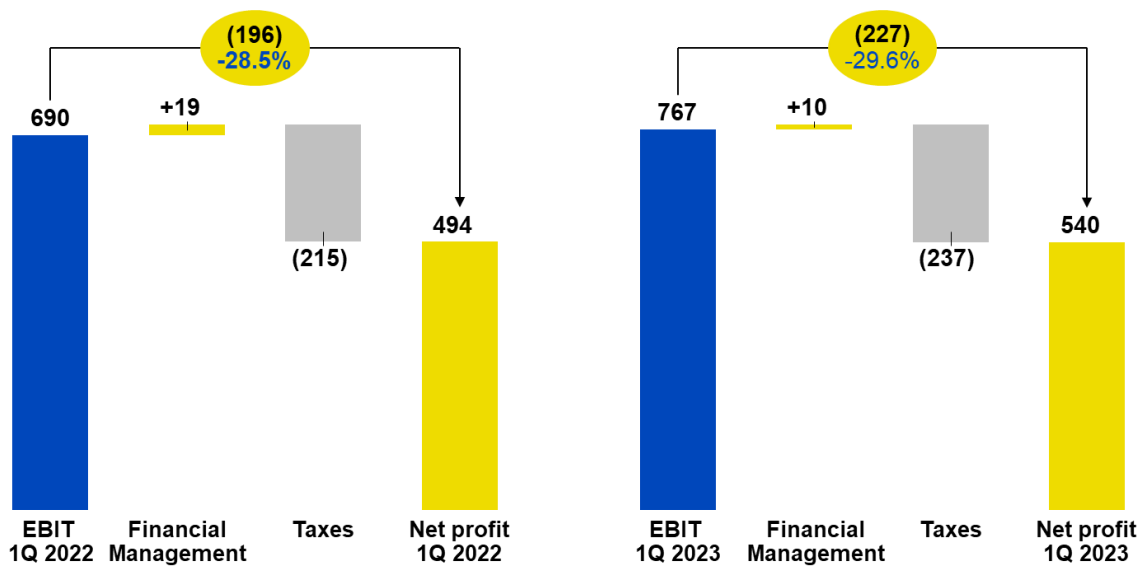
The operating profit of the **Financial Services Strategic Business Unit** was €256 million, an improvement of +€25 million compared to the value recorded in the first quarter of 2022 (€231 million).

Performance growth also for the **Insurance Services Strategic Business Unit** and for the **Payments and Mobile Strategic Business Units**, which respectively recorded in the first quarter of 2023 an EBIT of €334 million (+€9 million compared to the first quarter of 2022) and €89 million (+€11 million compared to the first quarter of 2022).

For more detailed information on the performance of the individual Strategic Business Units, please refer to the dedicated paragraphs later in the chapter.

FINANCIAL MANAGEMENT AND TAXES

(€m)



Profit for the period amounted to €540 million, an increase of 9.4% compared to the first quarter of 2022 (€494 million), and took into account financial management, which fell from €19 million in the first three months of 2022 to €10 million in 2023. Taxes for the period increased by €22 million from €215 million in the first quarter of 2022 to €237 million in the same period of 2023.

6.3.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

The performance of the Strategic Business Unit in the first quarter of 2023 shows revenue growth in both the traditional mail business and the parcel business. Despite the increase in costs, the operating profit increased.

MAIL, PARCELS AND DISTRIBUTION (€m)	1Q 2023	1Q 2022	Changes	
External revenue	893	901	(8)	-0.9%
Revenue from other sectors	1,382	1,269	+114	+9.0%
Total revenue	2,276	2,170	+106	+4.9%
Costs	2,179	2,100	+79	+3.8%
Costs vs other sectors	8	14	(6)	-42.6%
Total costs	2,188	2,114	+73	+3.5%
EBIT	88	56	+32	+57.7%
EBIT margin %	3.9%	2.6%		
NET RESULT	41	31	+10	+31.3%
Operating KPIs	1Q 2023	1Q 2022	Changes	
Mail and parcels				
Revenue/FTE (€k)	19	18	+1	+4.9%
Parcels that can be delivered as standard mail (volumes in m)	18	15	+3	+17.7%
New Punto Poste Network (number of lockers and alternative collection points)*	15,524	15,117	+407	+2.7%
Incidence of parcels delivered using alternative channels ¹ (%)	7.7	5.1	+3	+52.8%
Distribution				
Number of customers (m)	35.1	35.1	(0)	+0.0%
Number of Post Offices*	12,755	12,755	-	n/s
Rooms dedicated to consultancy	7,884	7,754	+130	+1.7%
Postamat ATM network	8,118	8,098	+20	+0.2%
ESG				
Green fleet (electric vehicles)*	4,297	3,653	+644	+17.6%
Charging points installed*	4,812	4,012	+800	+19.9%
SMART mailboxes*	418	418	-	n/s
No. buildings involved in the Smart Building project ²	1,806	1,617	+189	+11.7%
Photovoltaic Panels (no. of buildings)*	168	163	+5	+3.1%

n/s: not significant

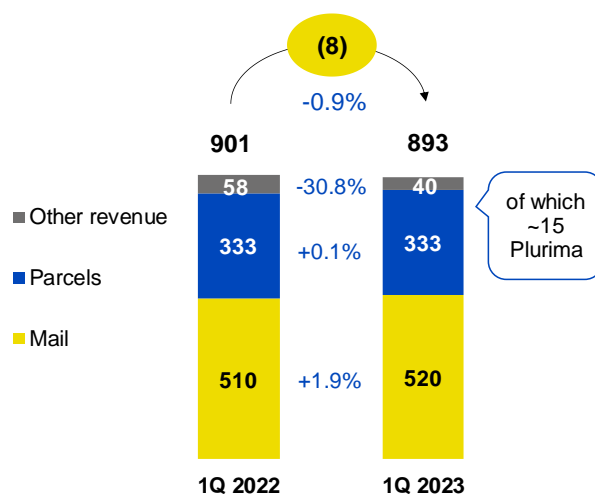
* The figure indicated in column 1Q 2022 refers to 31 December 2022

¹ Third-party networks. Calculated as parcel volumes delivered on the Punto Poste network (Lockers, tobacconists and other collect points) on total B2C parcel volumes

² Automated and remote management of buildings to achieve energy efficiencies

EXTERNAL REVENUE

(€m)

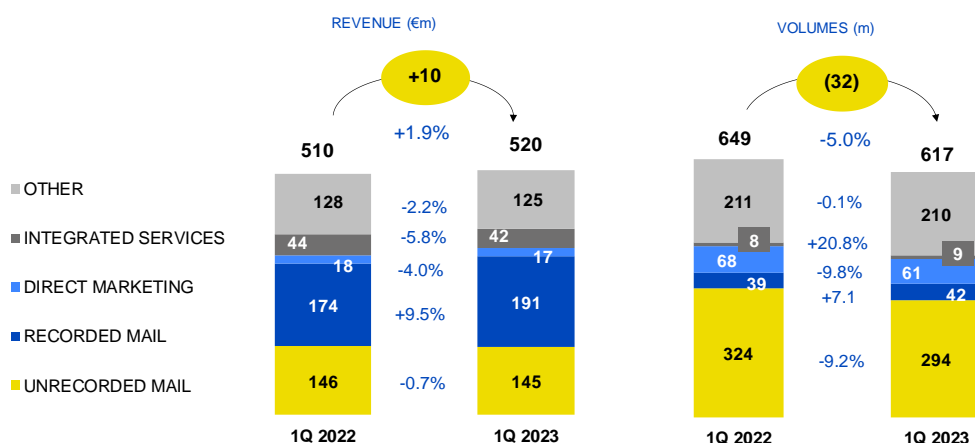


The External revenue of the Strategic Business Unit decreased from €901 million in the first quarter of 2022 to €893 million in the same period of 2023 (-€8 million, or -0.9%). This decrease is mainly attributable to the decrease in other revenue⁴⁹ and income (-€18 million, or -30.8%). The change in the period was mainly due to the lower contribution of revenue from the PosteMotori Consortium, whose activities ended on 31 March 2022, and the lower contribution of EGI, which earned revenue from the sale of real estate in the same period of the previous year.

Revenue of the Parcels segment in the period was stable and in line with expectations (+€0.4 million, +0.1%), thanks to the positive contribution of the hospital logistics performed by the company Plurima.

On the other hand, revenue of the traditional mail segment, thanks to the recovery of post-pandemic activities, recorded a positive result compared to the same period of the previous year (+€10 million, or +1.9%).

MAIL



Unrecorded Mail: standard mail service with mailbox delivery.

⁴⁹ "Other revenue" includes revenue of the subsidiaries Consorzio PosteMotori (management of Ministry of Infrastructures and Transport paperwork, which ended on 31 March 2022), PatentiViaPoste (licence delivery service), Europa Gestioni Immobiliari (management of Poste Italiane's real estate assets), Poste Air Cargo (commercial air transport), Poste Welfare Servizi (management of Supplementary Health Funds), Sourcesense and Agile Power (companies operating in the IT sector). The item also includes revenue from the sale of philatelic products (e.g., folders, postcards, albums), from the activity of issuing digital identities to citizens (SPID - Public Digital Identity System), from the services of the platform dedicated to the booking of vaccines, revenue from the sale of tax credits, and finally other revenue not strictly related to Poste Italiane's core business (e.g., property rentals).

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 acts.

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

Integrated Services: integrated and customised offers for specific customer segments, in particular Public Administration, large companies and professional firms. The most relevant integrated service is the Integrated Notification Service, for the management of the entire process of notification of administrative and judicial acts (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 Group's performance in mail services in the first quarter of 2023 shows a drop in volumes of 5% (-32 million items), accompanied, by contrast, by growth in revenue of 1.9% (+€10 million) compared to the same period of the previous year. This trend is attributable to a different product mix compared to the same period last year, with growth in volumes of some higher-value products in the Integrated Services and Recorded Mail range (Registered Mail and Judicial Document), against a decline in lower-value products.

Recorded Mail showed an increase of 7.1% in volumes (+3 million items), against a rise of 9.5% in revenue (+€17 million).

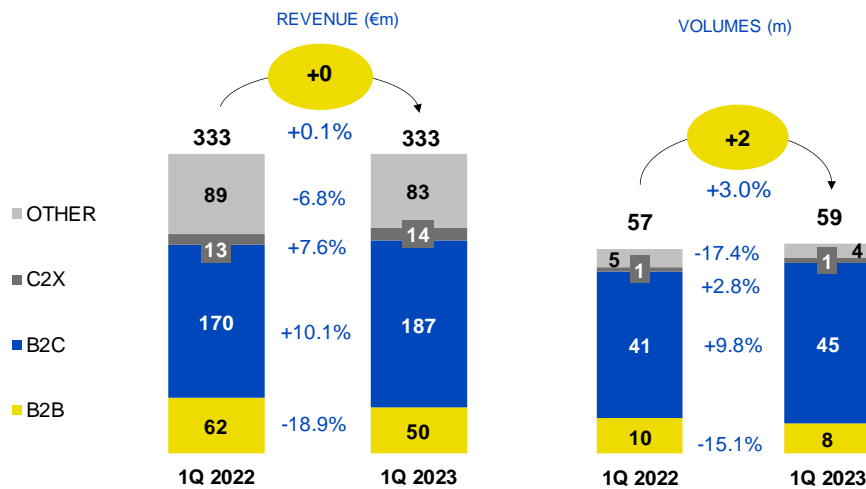
Unrecorded Mail showed a reduction in both volumes and revenue of 9.2% (-30 million items) and 0.7% (-€1 million) respectively compared to the same period of 2022, attributable to a natural decline.

On the other hand, Integrated Services showed an increase in volumes and a decrease in revenue compared to the same period of 2022, of 1.6 million items and -€2.6 million respectively, due to the positive contribution generated by the recovery of activities involving the notification of products such as administrative and judicial documents and the resumption of the dispatch of tax collection notices which, in the first quarter of 2022, had still been affected by the slowdown resulting from the continuing effects of the pandemic on service dispatch.

Direct Marketing continued to show a decrease in volumes of 9.8% (-7 million items), resulting in a negative change in revenue of approximately €1 million (-4%), attributable to the e-substitution phenomenon.

The item "Other", which also includes services marketed by Postel, shows volumes in the first quarter in line with 2022 (-0.3 million items, i.e. -0.1%), accompanied by a decrease in revenue of €3 million (-2.2%). This trend is mainly attributable to the decline in the publishing service and the services marketed by Postel. "Other" also includes: i) the Universal Service compensation (€66 million), in line with 2022, and ii) additional publisher tariff subsidies, which recorded growth of 8% compared to the previous year, as a result of AGCom Resolution 454/22/CONS, which defined a gradual increase in universal tariffs for publishing services as of 1 September 2022.

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 revenue and international shipments and from partnerships with logistics operators. The item also includes revenue from dedicated services (highly customised services designed to meet the specific needs of Banks, Insurance Companies, Public Administrations or customers with the same technical-operating characteristics), from integrated logistics services (warehouse management) also including the consideration for the contract awarded by the Ministry of the Interior for the distribution of personal protective equipment. Finally, it includes revenue from long-haul road transport, a service operated by the subsidiary sender Italia, and revenue from hospital logistics, a service performed by the company Plurima.

In the first quarter of 2023, the parcels segment showed a slight growth trend, with volumes and revenue up +3.0% (+2 million shipments) and +0.1% (+€0.4 million) respectively compared to the same period last year.

On the revenue side, the new hospital business conducted by the company Plurima (+€15 million), which was not present in the same period last year, made a positive contribution. This benefit, compared to 2022, compensates for the loss of revenue related to logistics services provided during the COVID pandemic emergency.

Net of this benefit, the segment's revenue decreased (-€14 million, -4.3%).

In the first quarter of 2023, the B2B segment generated revenue of €50 million, down 18.9% (-€12 million), against 8 million shipments (-1 million, -15.1%) compared to the same period of 2022.

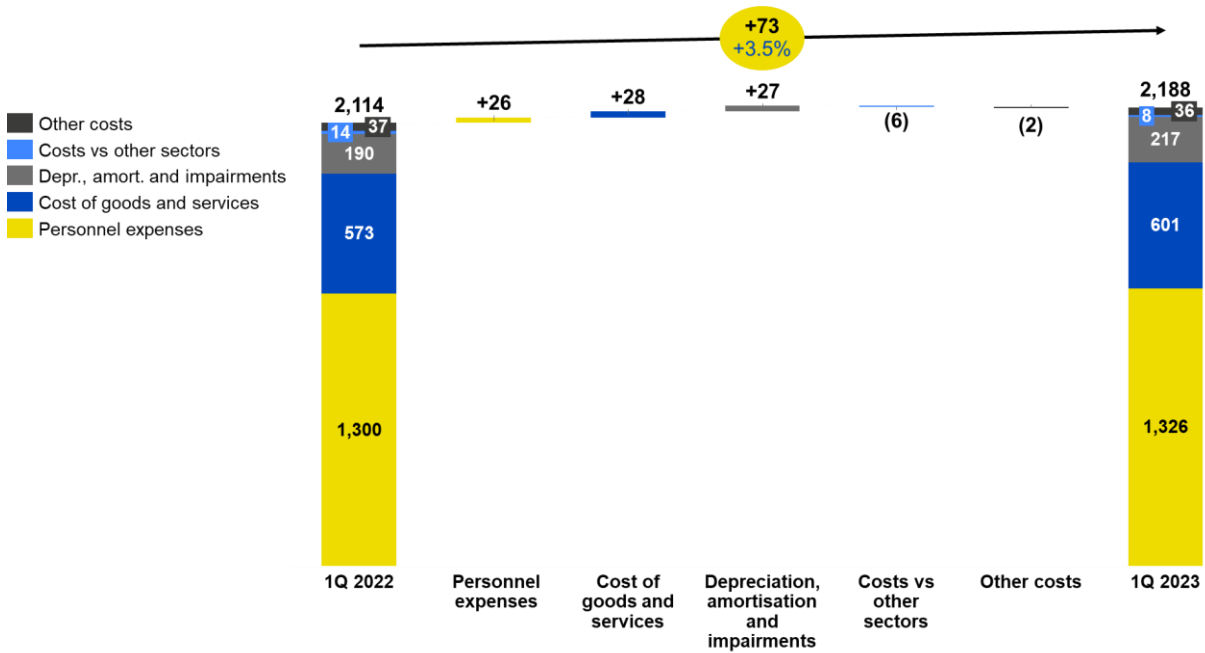
The B2C segment, on the other hand, recorded a positive performance with revenue of €187 million in the first quarter of 2023 (+€17 million, +10.1%), and 45 million items handled (+4 million items, +9.8%) in the first quarter of 2022.

The C2X segment showed volumes and revenue in line with the same period in 2022, with growth of +2.8% and an increase of €1 million (+7.6%), respectively.

"Other" showed a €6 million (-6.8%) decrease in revenue, accompanied by a related -17.4% decrease in volume, compared to the first quarter of 2022. The decrease is attributable to the expected drop in revenue from the Covid-19-related integrated logistics order.

COSTS

(€m)



Costs, including depreciation, amortisation and impairments for the first quarter of 2023, amounted to €2,188 million, an increase of €73 million (+3.5%), compared to the first quarter of 2022.

At €1,326 million, personnel expenses increased by €26 million (+2.0%) compared to the first quarter of 2022, mainly attributable to the increase in per capita personnel expenses related to contractual adjustments that took effect from July 2022.

Costs of goods and services also show an increase of €28 million (+4.9%), reaching €601 million in the first quarter of 2023. This trend is attributable to the combined effect of the increase in variable costs related to the recovery in parcel demand volumes and the increase in costs generated by inflationary pressures globally.

Depreciation, amortisation and impairments increased by €27 million (+14.2%) compared to the first quarter of 2022.

In light of the above, the Mail, Parcels and Distribution Strategic Business Unit posted an operating profit for the first quarter of the year of €88 million, an increase compared to the operating profit for the same period of the previous year, which amounted to €56 million (+€32 million, +57.7%).

6.3.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

The operating profit of the Strategic Business Unit for the first quarter of 2023 increased compared to the same period in 2022. The Total Capital Ratio at 31 March 2023 stood at 23.7%, confirming BancoPosta's capital solidity.

FINANCIAL SERVICES (€m)	1Q 2023	1Q 2022	Changes	
External revenue	1,414	1,311	+103	+7.9%
Revenue from other sectors	234	196	+37	+19.0%
Total revenue	1,648	1,507	+141	+9.3%
Costs	51	37	+14	+37.2%
Costs vs other sectors	1,341	1,239	+102	+8.2%
Total costs	1,392	1,276	+116	+9.1%
EBIT	256	231	+25	+10.8%
EBIT margin %	15.6%	15.4%		
NET PROFIT	187	171	+16	+9.2%

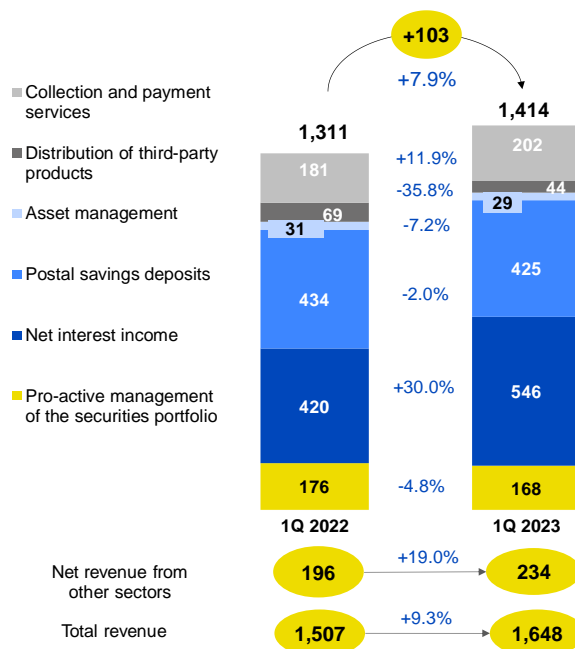
Operating KPIs	1Q 2023	1Q 2022	Changes	
Total financial assets (€bn)*	579.4	576.0	+3.4	+0.6%
Net inflows (€m)	787	1,998	(1,211)	-60.6%
Current accounts (average deposits for the period in €bn)	95.6	95.1	+0.5	+0.5%
Net return on deposits ¹	2.31%	1.79%		
Postal savings (average deposits in €bn)	315.8	319.2	(3.4)	-1.1%
Loans (disbursed in €m)	865	804	+60.3	+7.5%

* The figure indicated in column 1Q 2022 refers to 31 December 2022.

¹ Excluding returns from pro-active portfolio management

EXTERNAL REVENUE AND REVENUE FROM OTHER SECTORS

(€m)



Pro-active portfolio management: gains from the sale of securities in the BancoPosta Portfolio, net of losses.

Net interest income: income from investment of liquidity revenue via postal current account deposits, net of interest expense and other financial transaction costs. Including profits from tax credits.

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

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

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

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


External revenue for the first quarter of 2023 amounted to €1,414 million, up €103 million from €1,311 million in the same period of 2022 (+7.9%).

In detail, the period under review shows: (i) Net interest income up compared to the figure for the first three months of 2022 (+€126 million, +30%), essentially due to the higher yield on the Retail and Corporate segments (+€85 million) and the yield from the use of current account deposits in the Public Administration segment (+€30 million); (ii) Net capital gains realised as part of pro-active portfolio management of €168 million, down €8 million from €176 million in the same period of 2022.

Revenue from postal savings collection and management services amounted to €425 million, down by 2% (-€9 million) compared with the same period of 2022.

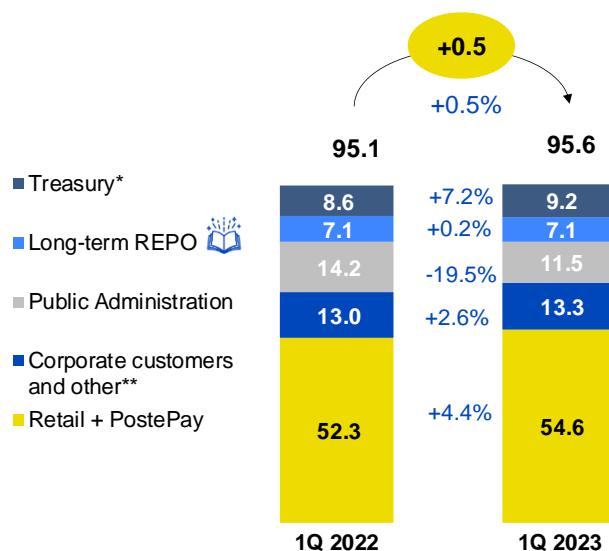
Revenue from collection and payment services amounted to €202 million, an increase of 11.9% (+€22 million) compared to the first quarter of 2022, growth attributable to higher current account maintenance fees (+€22 million) incurred by account holders following the repricing in July 2022.

Revenue from the distribution of third-party products amounted to €44 million, down by €25 million compared to the €69 million of the first quarter of 2022, mainly attributable to lower revenue from personal loans.

Revenue from other sectors amounted to €234 million (+19% compared to the first quarter of 2022). The positive change is mainly attributable to the increase in commissions  for the placement and management of insurance policies.

AVERAGE CURRENT ACCOUNT DEPOSIT

(€bn)



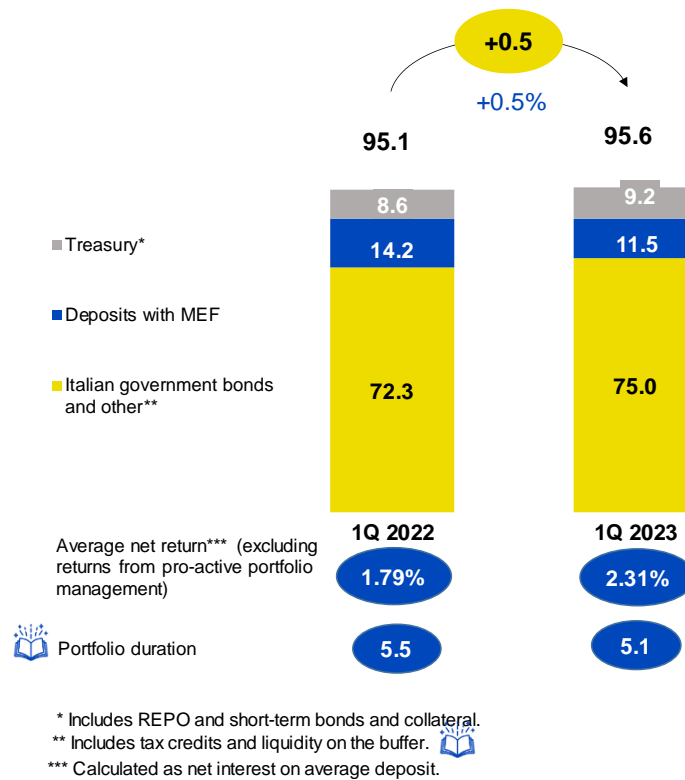
* Includes short-term REPO and collateral.

** Includes corporate current accounts and PostePay Business, Poste Italiane's liquidity and payables of other customers.

In the first quarter of 2023, the average balance of current accounts increased compared to the previous year, going from €95.1 billion to €95.6 billion. This increase, equal to €0.5 billion, is due to the growth of Retail and Postepay customers (+€2.3 billion; +4.4%), Corporate customers (+€0.3 billion, +2.6%), only partially offset by the negative contribution of the Public Administration (-€2.7 billion, -19.5%).

COMPOSITION OF INVESTMENT PORTFOLIO

(AVERAGE BALANCE in €bn)

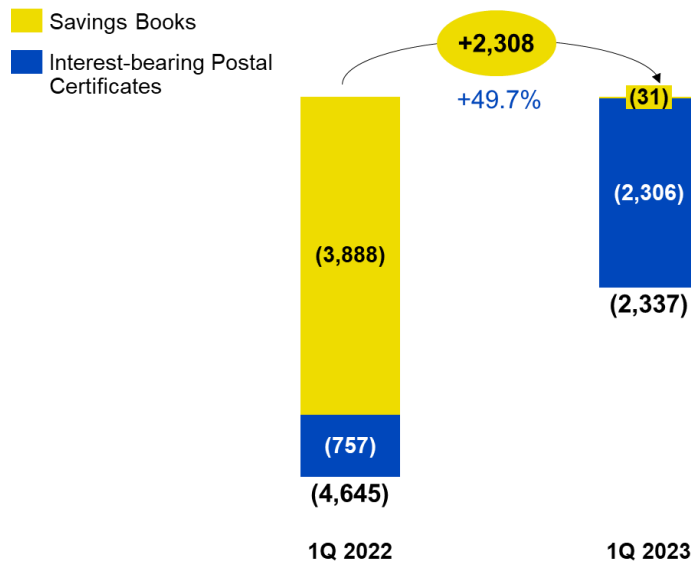


The average balance of the investment portfolio consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (approximately €75 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (more than €11 billion) represented by funding from postal current accounts belonging to public customers.

As part of the management of BancoPosta's securities portfolio, the new 20-year bond placed by the MEF was subscribed in the first few days of this year. In February and March, additional investments were made, partly at a fixed rate and partly covered by Fair Value Hedge swaps. In addition, hedging transactions were carried out to fix part of the return on the Public Administration funding deposited with the MEF.

POSTAL SAVINGS NET INFLOWS

(€m)

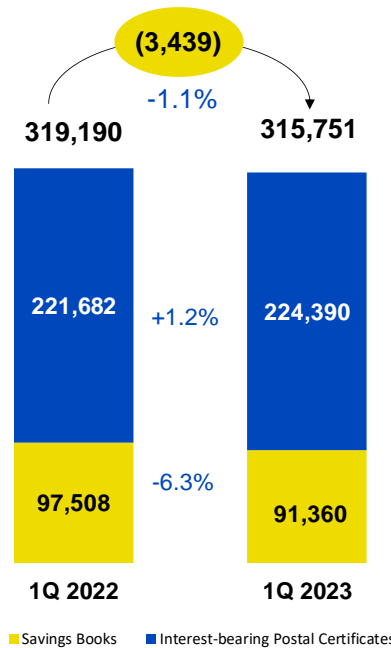


At 31 March 2023, Postal Savings Net Inflows amounted to approximately -€2.3 billion, roughly €2.3 billion higher than the value of the previous year. This positive change affected both products in the segment. Concerning Savings Books, there was an improvement of around €3.9 billion on the 2022 figure, which was mainly impacted by the initiatives dedicated to injecting new liquidity since the beginning of 2023; in addition, the year-on-year comparison is not homogeneous: two pension accruals were credited in the first quarter of 2022 as a result of the provisions related to the health emergency, compared to three in 2023 (the January 2022 pension accrual had been credited at the end of December 2021, while the March 2022 pension accrual, credited at the end of February, was the last accrual paid in advance) resulting in lower net inflows.

With regard to Interest-bearing Postal Certificates, the change compared to the figure in the first quarter of 2022 was negative by about €1.5 billion: the €5.7 billion increase in subscriptions was not sufficient to offset the growth in redemptions (€7.3 billion more), which was mainly influenced by the high amount of maturities in the quarter (double the maturities in the first quarter of 2022) and the continuation of the trend in early redemptions that began in the second half of 2022.

POSTAL SAVINGS AVERAGE DEPOSIT*

(€m)

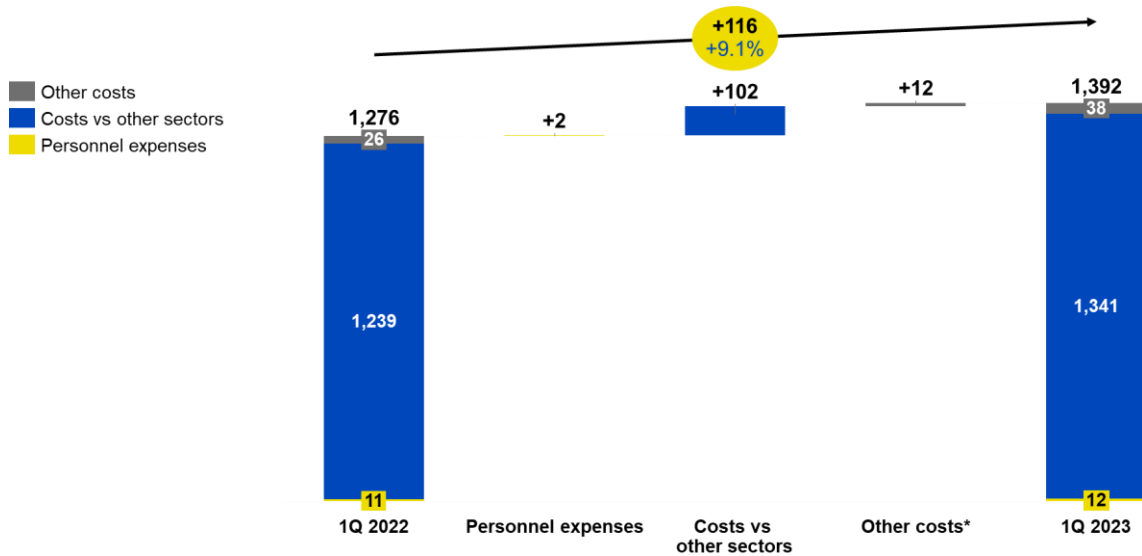


* Interest is calculated at the beginning of the year in respect of interest accrued in the previous year. Average value of deposits excluding both the capitalisation of interest for the period and interest accrued, but not yet due, on Interest-bearing Postal Certificates that have not expired at the reporting date.

The average balance of postal savings recorded a decrease of around €3.4 billion compared to the 2022 figure; the value of Savings Books is influenced by the highly negative result of net inflows recorded in 2022 which impacted the initial balance of 2023, while the growth in the Average Balance of Interest-bearing Postal Certificates (BFP) is mainly attributable to the capitalisation of interest.

TOTAL COSTS

(€m)



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

Total costs of the Strategic Business Unit amounted to €1,392 million, up €116 million (+9.1%) on the €1,276 million of the first quarter of 2022, primarily due to higher fees relating to the Operating Guidelines in relation to the activities entrusted to Poste Italiane.

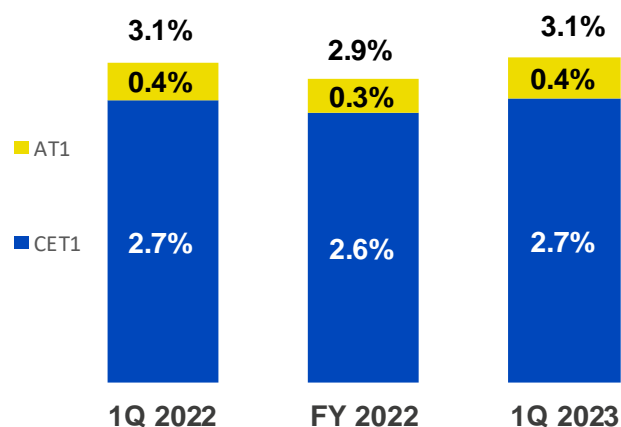
The operating profit (EBIT) of the sector for the first quarter of 2023 amounted to €256 million, up 10.8% compared to the same period of 2022 (+€25 million).

With positive financial management of €1 million and taking into account taxes for the period (€71 million), the net profit of the Financial Services Strategic Business Unit in the first quarter of 2023 amounted to €187 million, an increase of €16 million compared to €171 million in the same period 2022 (+9.2%).

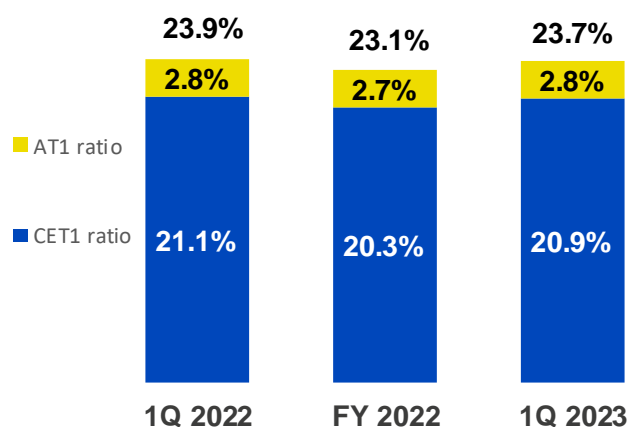
FINANCIAL KPIs

€m	1Q 2022	FY 2022	1Q 2023
CET1 CAPITAL	2,615	2,618	2,605
TOTAL CAPITAL	2,965	2,968	2,955
TOTAL ASSETS	107,164	104,438	99,958
RWA - Risk Weighted Assets	12,416	12,867	12,455

LEVERAGE RATIO



TOTAL CAPITAL RATIO



At 31 March 2023, the Leverage Ratio stood at 3.1%, slightly higher than at 31 December 2022 as a result of the decrease in assets on the statement of financial position, mainly due to the reduction in cash and the deposit with the MEF against funding from the Public Administration. The CET 1 Ratio at 31 March 2023 stood at 20.9%, while the Total Capital Ratio including Additional Tier 1 was 23.7%, confirming BancoPosta's capital solidity.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in the Annual Report for the year ended 31 December 2022.

6.3.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT

The SBU's operating performance in the first quarter of 2023 is solid and better than the results in the same period of 2022 due to revenue growth in both segments: Life and P&C. The Solvency Ratio of 267% at 31 March 2023 confirms the solvency of the insurance Group.

INSURANCE SERVICES (€m)	1Q 2023	1Q 2022	Changes	
External revenue	393	373	+20	+5.5%
Revenue from other sectors	(49)	(38)	(10)	-27.5%
Total revenue	344	335	+10	+3.0%
Costs	5	4	+1	+29.9%
Costs vs other sectors	6	6	(0)	-5.3%
Total costs	11	10	+1	+7.8%
EBIT	334	325	+9	+2.8%
NET PROFIT	245	235	+10	+4.1%

Operating KPIs	31 March 2023	31 December 2022	Changes	
Net technical provisions Poste Vita Group (€bn)	157.3	154.0	+3.3	+2.1%
Contractual Service Margin (CSM) ¹ (€bn)	13.2	12.9	+0.3	+2.3%
Solvency Ratio	267%	253%		

Life business	1Q 2023	1Q 2022	Changes	
Gross premium revenue - Life (€m) ²	6,044	4,991	+1,053	+21.1%
of which: Classes I-IV-V	5,293	3,751	+1,542	+41.1%
of which: Class III ³	751	1,240	(490)	-39.5%
Lapse rate	3.9%	3.7%		
% of ESG products on investment products ⁴	60%	56%		

P&C business	1Q 2023	1Q 2022	Changes	
Gross premium revenue - P&C (€m) ⁵	201	124	+78	+62.7%
Average daily premiums - Modular offer (€k) ⁶	306	294	+12	+4.0%
Combined ratio (net reinsurance) ⁷	93.8%	82.8%		

¹ Represents the expected, unrealised profit that the Group recognises on an accrual basis in the statement of profit or loss over the life of the contract.

² Includes premiums written, gross of outward reinsurance and intercompany portions of the Poste Italiane Group.

³ Gross premiums revenue in class III are inclusive of the target of the new Multi-branch products with "linked" quota definition.

⁴ For placement products, the presence of an ESG component is valued. Campaign products with an annual gross inflows of less than €100 million are excluded.

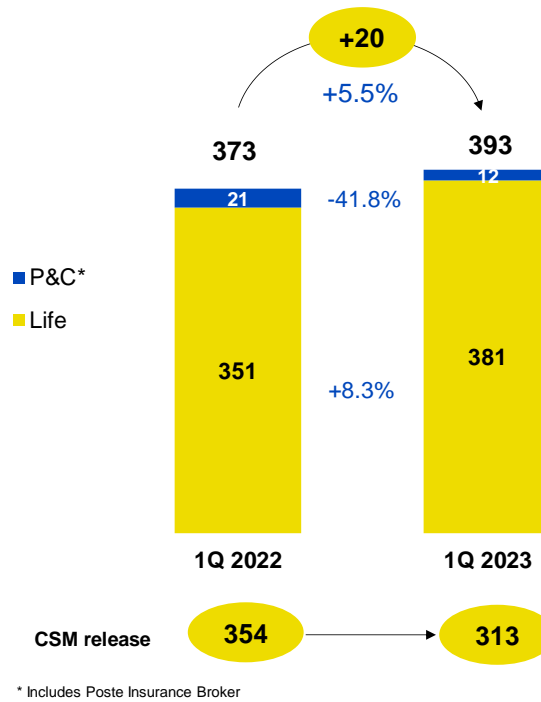
⁵ Includes gross premium revenue before the premium reserve, outward reinsurance and intra-group portions of the Poste Italiane Group.

⁶ Calculated on annualised net premiums, including Property and Personal policies.

⁷ Corresponds to the ratio of total costs incurred (claims and settlement expenses + net reinsurance expenses + attributable/non-attributable operating expenses + other technical expenses and income) to gross insurance revenue.

EXTERNAL REVENUE

(€m)



Life revenue: release of Contractual Service Margin (CSM) , expected claims and benefits from the release of expected cash flows, release of Risk Adjustment , recovery of contract acquisition costs, claims incurred during the reporting period (excluding investment components) and other directly attributable expenses, losses on groups of onerous insurance contracts and amortisation of acquisition costs of insurance contracts issued,, change in Liability for Incurred Claims (LIC) , maintenance and collection commissions and other acquisition expenses charged in full to profit or loss, investment management expenses to which the Variable Fee Approach (VFA) method is applied, net financial income/expenses related to investments and costs/revenue of a financial nature related to insurance contracts issued (with reference to contracts valued using the VFA method, account is taken of the "mirroring effect") and outward reinsurance and the balance of costs and revenue from outward reinsurance.

P&C revenue: release of Contractual Service Margin (CSM), expected claims and benefits from the release of expected cash flows, release of Risk Adjustment, recovery of contract acquisition costs, claims incurred in the reporting period and other directly attributable expenses, losses on groups of onerous insurance contracts and amortisation of acquisition costs of insurance contracts issued, change in Liability for Incurred Claims (LIC), commissions and other acquisition costs charged in full to profit or loss, net financial income/expenses related to investments and costs/revenue of a financial nature related to insurance contracts issued and outwards reinsurance, the balance of costs and revenue arising from outward reinsurance, and with respect solely to contracts accounted for under the Premium Allocation Approach (PAA), the premium release.

Please refer to the glossary in Chapter 11 for more details on the IFRS 17 quantities in the above definitions.

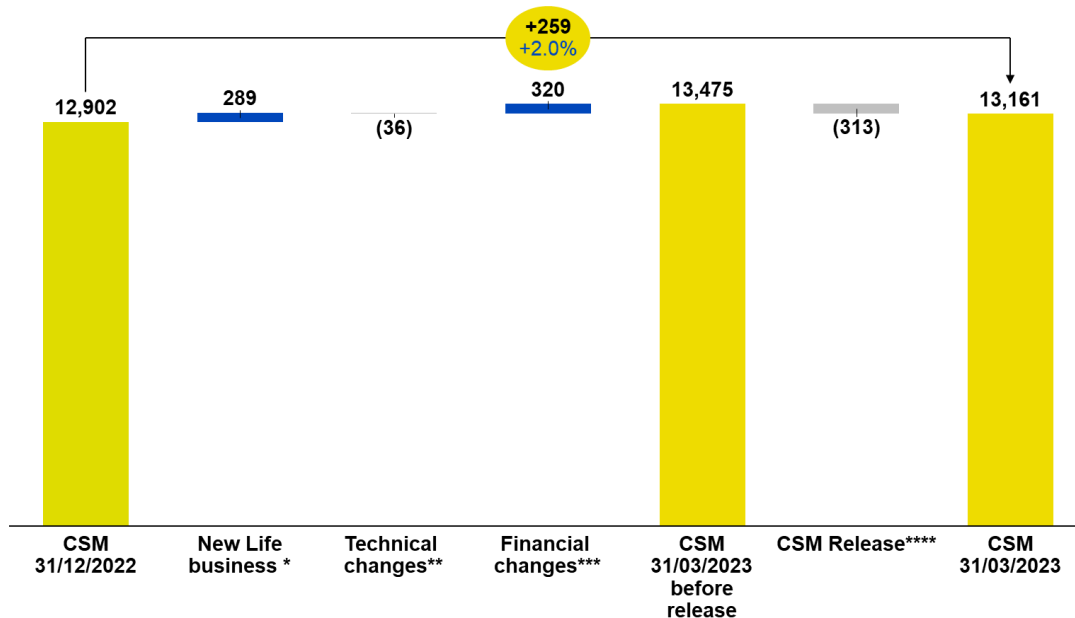
External revenue went from €373 million in the first quarter of 2022 to €393 million in 2023 (+5.5%) and are essentially attributable to the Life business, which contributed €381 million, while the contribution of the P&C business totalled €12 million.

Specifically, Life net revenue increased by 8.3% (+€29 million) compared to the same period of 2022, mainly due to the positive contribution of net income from financial management, given the improvement in financial trends compared to the same period of the previous year. The increase is only partly offset by the growth in maintenance expenses during the period.

P&C net revenue amounted to €12 million, a decrease of €9 million (-41.8%) compared to the same period of 2022, mainly due to the growth in claims paid as a result of the growth of the business and the impact of the Loss Component driven by the growth in volumes related to the welfare group policy business and the amortisation of acquisition costs, only partly mitigated by the change in Liability for Remaining Coverage (LRC) related to the increase in gross inflows.

CONTRACTUAL SERVICE MARGIN

(€m)



* This item includes: premiums collected, claims paid and commissions paid.

** This item includes: experience-related changes (changes between estimated and actual flows), changes in technical assumptions (e.g. actuarial assumptions, mortality rate, etc.).

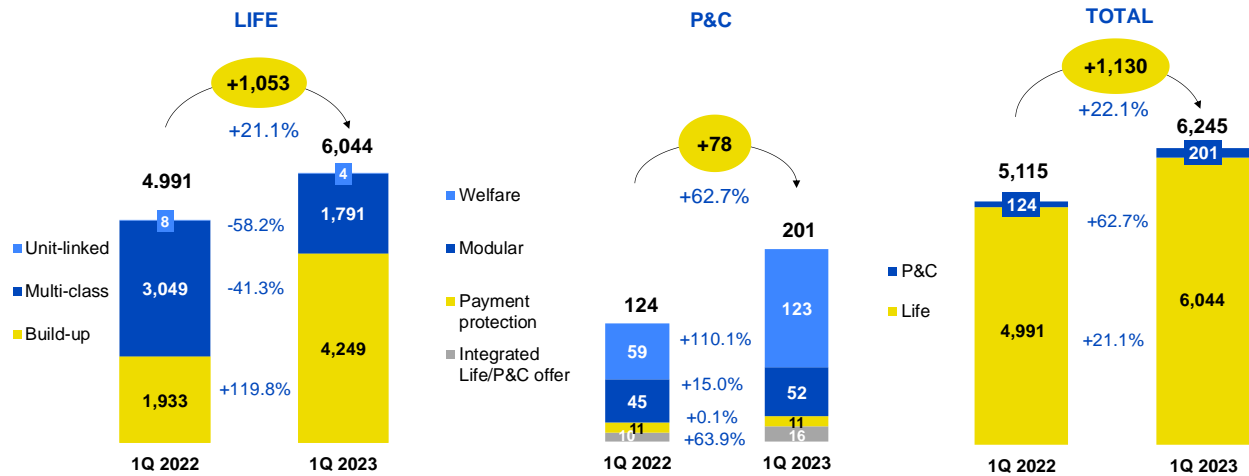
*** This item includes changes in the discount rate on CSM and flows as well as the change between estimated returns on separately managed accounts and actual flows.

**** This item represents the share for the reporting period determined on the basis of the coverage unit.

The Contractual Service Margin (CSM) showed a balance at the end of the period of €13,161 million, up by €259 million compared to the figure at the end of 2022. This increase was mainly due to: i) €320 million related to the positive financial trends (financial income from investments partially offset by the increase in related insurance liabilities) and ii) €289 million related to the positive impact of new business. These changes are partly offset by: (i) the release of the CSM in the period totalling €313 million; (ii) the €36 million decrease in the item "technical change" mainly attributable to the difference between actual and expected flows included in the initial valuation of the CSM.

GROSS PREMIUMS

(€m)

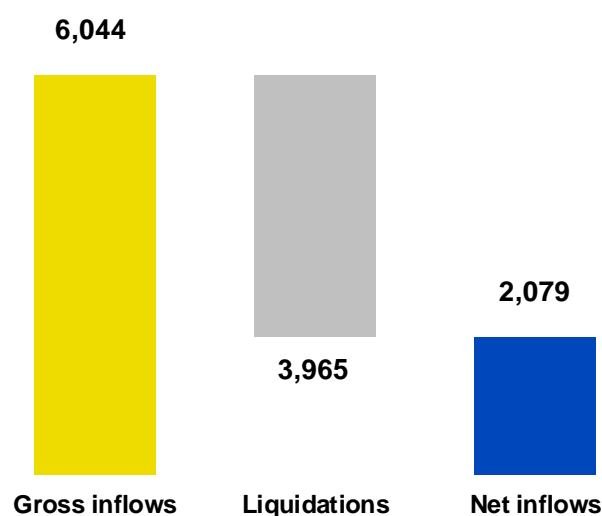


Gross premiums in the life business amounted to €6 billion, an increase of 21.1% (+€1.1 billion) compared to the same period last year. In particular, an increase was recorded in inflows from traditional build-up products, which grew by €2.3 billion during the period. This trend was only partially offset by the decrease in multi-class product business , which recorded a decrease of €1.3 billion in the period, but still accounted for a significant proportion of total inflows (around 30%).

Gross premiums for the P&C business amounted to €201 million, up €78 million (+62.7%) compared to the figure for the same period in 2022 (€124 million) driven by: (i) the "property, personal and modular protection" line +15%; (ii) the "Welfare" segment whose premiums rose from €59 million recorded at the end of the first quarter of 2022 to €123 million in the first quarter of 2023, mainly supported by new group policies underwritten with corporate clients (Employee Benefit); (iii) premiums pertaining to the integrated life/P&C offering, which increased by €6 million in the period.

LIFE NET INFLOWS AT 31 MARCH 2023

(€m)



Life net inflows amounted to €2.1 billion (€2.6 billion at the end of 2022), down mainly as a result of the trend in settlements, and remained positive on the Separately Managed Accounts⁵⁰ and Internal Funds portfolios⁵¹.

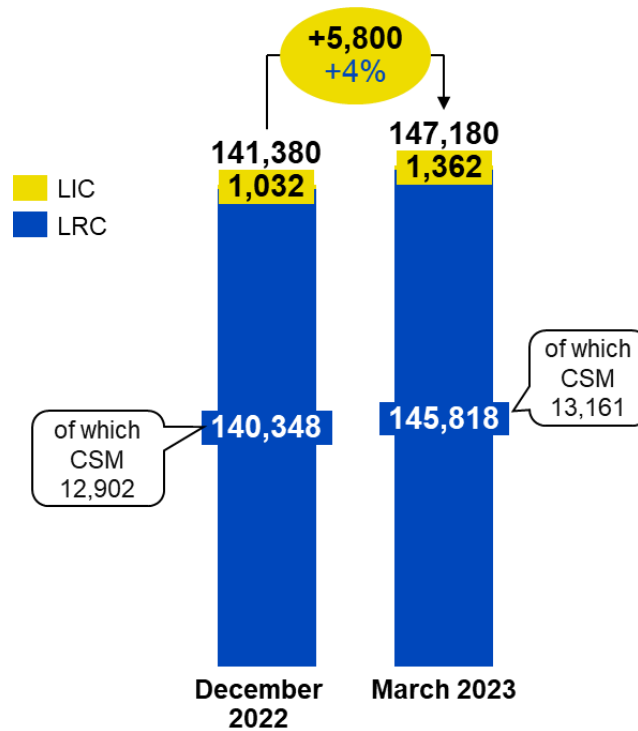
The lapse rate stood at 3.9% at 31 March 2023 compared to 3.7% for the same period in 2022; this figure remains well below the average market figure of 6.71% at 31 December 2022⁵².

LIABILITIES UNDER INSURANCE CONTRACTS

(€m)

Liabilities under insurance contracts at 31 March 2023 totalled €147,180 million, and consisted of €145,818 million from Liability for Remaining Coverage (LRC), including the Contractual Service Margin (CSM) of €13,161 million, and €1,362 million from Liability for Incurred Claims (LIC).

The 4% increase in the period (€+5,800 million) is mainly attributable to the increase (€+5,470 million) in the LRC Present Value of future cash flow due to the growth in inflows.



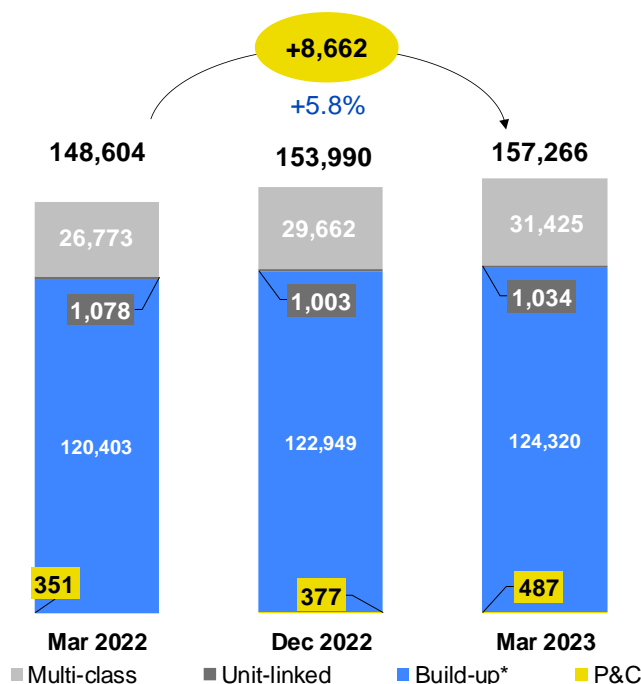
⁵⁰ The separately managed accounts identify an investment portfolio, specifically created by the insurance company, in which the premiums of customers who subscribe to a life insurance policy ("Class I" products) are invested and revalued on the basis of the account results.

⁵¹ The Internal Fund represents a type of investment management within a company in which the premiums invested flow into the company's assets (shares). The premiums, net of costs, are converted into units, invested in shares or bonds.

⁵² Source: Ania Trends - Life Flows and Provisions - Publication no. 4, 21 February 2023.

INSURANCE PROVISIONS⁵³

(€m)

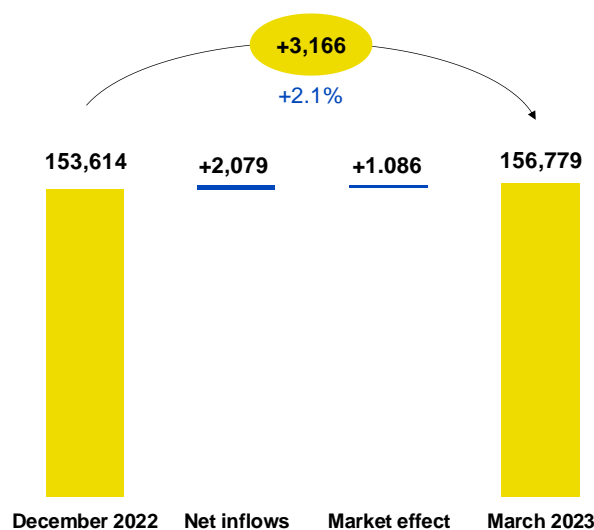


*Includes Protection, Welfare and other provisic

Life business technical provisions amounted to €156.8 billion and increased by €3.2 billion compared to 31 December 2022, mainly due to the increase in mathematical provisions related to both traditional build-up Class I products (+€1.8 billion) and unit-linked products (+€1 billion) mainly related to positive net inflows and, secondarily, to positive financial trends. P&C technical provisions amounted to €487 million at the end of the period, up from €377 million at 31 December 2022.

CHANGES IN LIFE INSURANCE PROVISIONS⁵⁴

(€m)

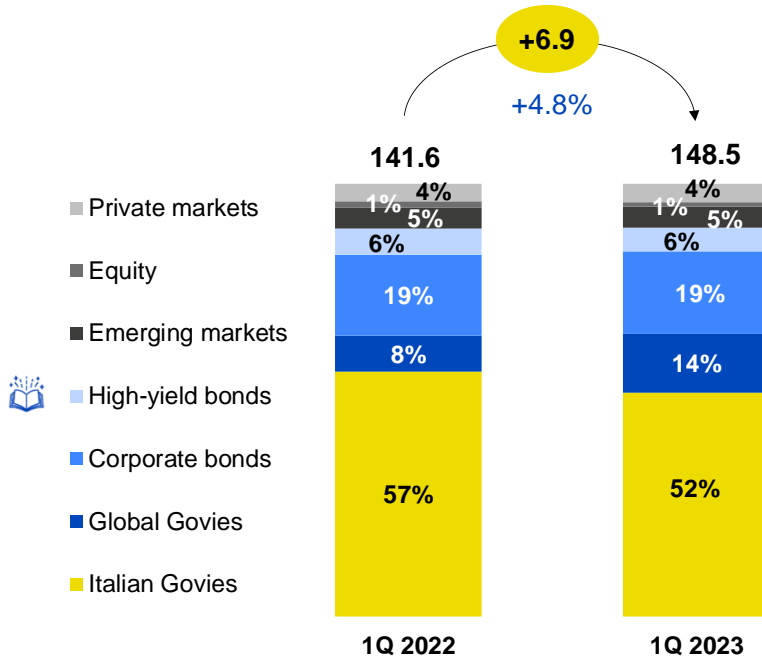


⁵³ Technical provisions of the insurance business (life and P&C) determined in accordance with the national accounting standards used to prepare the separate financial statements of the Group's insurance companies.

⁵⁴ Determined in accordance with the national accounting standards used to prepare the separate financial statements of the insurance company Poste Vita S.p.A.

BREAKDOWN OF THE INVESTMENT PORTFOLIO

(€bn)



In the first quarter of 2023, in line with the latest asset allocation approved by the Company, the portfolio diversification process continued, with the aim of reducing the concentration of Italian risk, in favour of asset classes that have a lower correlation to the risk associated with Italian government bonds⁵⁵, such as non-Italian government bonds⁵⁶. Within investment funds, diversification has been evident with a reduction in the concentration of risk associated with government securities.

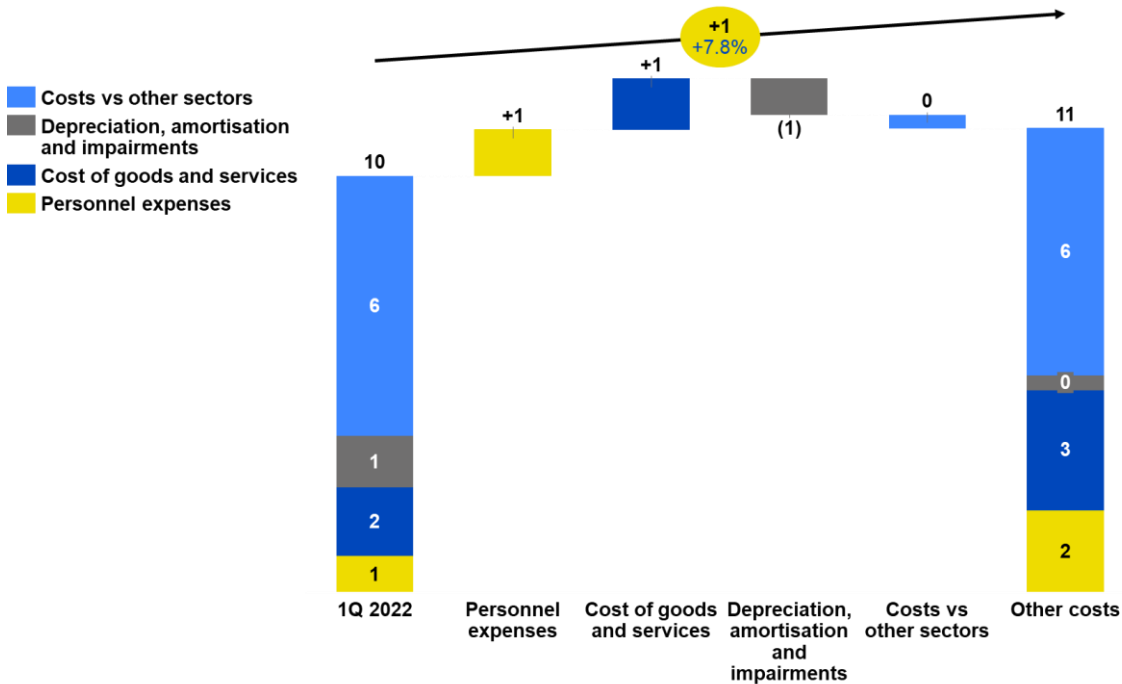
⁵⁵ Included within the Italy Govies asset class is the Company's financial liquidity (cash awaiting transfer to the different asset class managers). At 31 March 2023, financial liquidity as a percentage of the entire portfolio was approximately 1.55%.

⁵⁶ Government securities issued by states other than Italy, as these are shown as a separate item.

TOTAL COSTS

(€m)

The costs discussed in the remainder of this paragraph are only those not directly attributable to insurance contracts. In light of the entry into force of the new IFRS 17 standard, costs directly attributable to insurance policies are in fact shown as a direct reduction of insurance revenue. These costs, moreover, at the time the contract is concluded are considered within insurance liabilities and released periodically in the statement of profit or loss (within net insurance income).

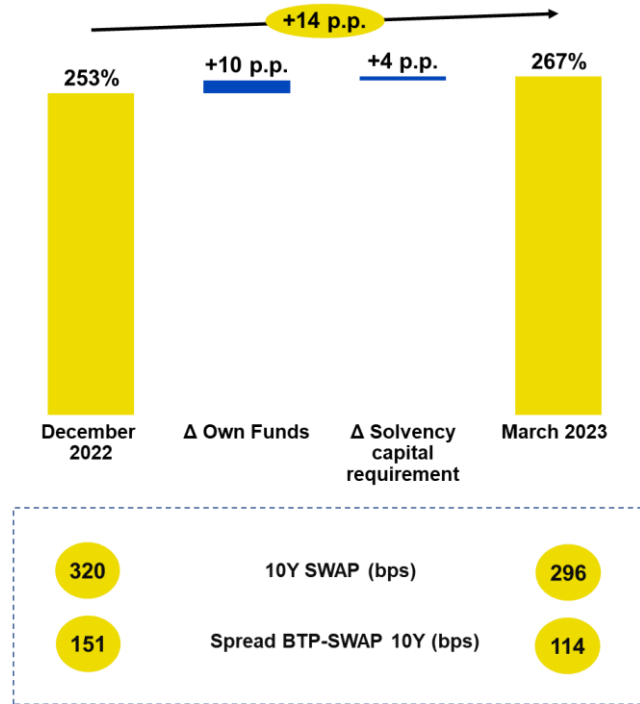


Non-attributable costs at 31 March 2023 amounted to €11 million, an increase of €1 million compared to 31 March 2022, and mainly related to personnel expenses, commercial expenses, IT service costs, and consultancy/professional services.

In light of the results illustrated, the economic performance of the Insurance Services Strategic Business Unit shows EBIT of €334 million in the first quarter of 2023, up by 2.8% (+€9 million) compared to the same period of 2022 (€325 million).

Taking into account financial management (positive for €14 million) and taxes for the period (€103 million), the Insurance Services Strategic Business Unit closed 31 March 2023 with a net result of €245 million, up 4.1% (+€10 million) compared to the same period of 2022.

SOLVENCY RATIO PERFORMANCE



The Poste Vita Group's Solvency Ratio stood at 267%⁵⁷ at 31 March 2023, up on the 253%⁵⁸ reported at December 2022 (+14 p.p.), and remains well above the regulatory requirements and management's expectations (200%).

The change in the period is due to: i) an increase in available own funds (+10 p.p.) as a result of the positive trends in the BTP-Swap spread (-37 bps) and a reduction in rates (-24 bps), which in total lead to an increase in **Own Funds**, due to the increase in the market value of investments, not offset by the increase in technical provisions related to the aforementioned financial trends; ii) a decrease in the capital requirement (+4 p.p.).

The slight reduction in the **Capital Requirement** (+4 p.p.) is mainly due to the reduction in underwriting risks and in particular the lapse risk, partially offset by the higher operational risks due to the higher inflows for the period and counterparty risks due to the higher liquidity held by the Company.

The Company signed a treaty to hedge the mass early lapse risk, referring to Class I and Multi-class products, which allows for an increase in the December 2022 and March 2023 Solvency Ratio (roughly +30 p.p.). Against the current backdrop of economic uncertainty, the current outlook for the Italian insurance market suggests that early policy termination behaviour by customers may show increasing trends in the future, although this phenomenon is not evident in the Company's portfolio to date.

⁵⁷ The value of the Solvency Ratio is being reviewed and will be communicated to IVASS by 5 May 2023

⁵⁸ The indicator takes account of the dividends resolved in favour of the Parent Company for 2022.

6.3.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

The SBU's performance in the first quarter of 2023 was up on the same period of 2022, with positive contributions from all segments (electronic money, collections and payments, and telecommunications). The Energy segment, which started in June 2022 on a narrow target customer base, also performed well in the period.

PAYMENTS AND MOBILE (€m)	1Q 2023	1Q 2022	Changes	
External revenue	343	231	+112	+48.2%
Revenue from other sectors	66	67	(1)	-1.1%
Total revenue	409	298	+111	+37.1%
Costs	195	109	+86	+79.4%
Costs vs other sectors	125	112	+14	+12.1%
Total costs	321	221	+100	+45.3%
EBIT	89	78	+11	+14.0%
EBIT margin %	21.7%	26.1%		
NET PROFIT	67	55	+11	+20.5%
Operating KPIs	1Q 2023	1Q 2022	Changes	
E-money and payments				
Total value of card transactions ("on us" and "off us") (€m) ¹	18,325	15,540	+2,785	+17.9%
Total value of card transactions ("off us") (€m) ²	14,596	12,488	+2,109	+16.9%
Number of cards (m) ³	28.8	28.9	(0.1)	-0.4%
of which Postepay cards (m)*	21.3	21.4	(0.1)	-0.5%
of which Postepay Evolution cards (m) ⁴	9.6	9.5	+0.1	+1.1%
of which Postepay Green (in thousands)*	87.5	72.7	+14.8	+20.4%
of which Postepay Connect (in thousands)*	567.3	539.7	+27.6	+5.1%
Number of card transactions (m)	615	519	+96	+18.5%
of which number of e-commerce transactions (m) ⁵	166	140	+26	+18.6%
Instances of payments slips accepted on alternative channels** (in %)	34%	40%		
Instances of Postepay top-ups made on alternative channels** (in %)	75%	83%		
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)*	4,887	4,815	+72	+1.5%
of which mobile Sim (stock in thousands)*	4,524	4,459	+66	+1.5%
of which Casa Sim (stock in thousands)*	362	356	+6	+1.8%
of which Fibra Sim (stock in thousands)*	107.1	99.1	+8	+8.1%
MNP (Mobile Number Portability) - acquisitions (in thousands)	84.0	155.9	(72)	-46.2%
Energy				
Contracts signed (in thousands) ⁶	223	47	+176	n/s

n/s: not significant

* The figure indicated in column 1Q 2022 refers to 31 December 2022

** Includes transactions carried out on Third-Party Networks and Digital Channels (Properties Poste Italiane Retail, Business and Other digital channels)

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

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

³ Includes PostePay cards and debit cards

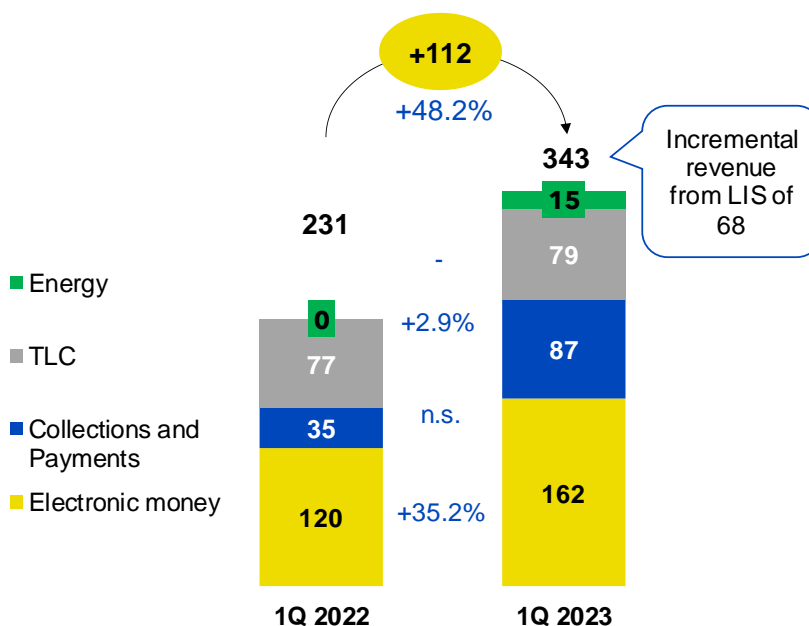
⁴ Including business customers and Postepay Connect

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

⁶ The value refers to the period from the beginning of the service to April 2023

EXTERNAL REVENUE

(€m)



Electronic money: prepaid cards (top-ups, payments, withdrawals, fees, issuance), debit cards (Postepay debit – interchange fee on card transactions; from October 2021, also withdrawals, P2P top-ups and fees to customers); acquiring services (transaction fee, fees and services) related to the supply of POS (mobile, physical, virtual) for accepting card payments (debit, credit, prepaid). Phone top-ups for all mobile network operators (MNOs) and mobile virtual network operators (MVNOs), commercial services for tobacconists/HORECAs.

Collections and payments: tax payment service through acceptance of the F23 and F24 models; funds transfer for sending money abroad via Moneygram and Western Union, post giro transfers and direct debit made by Postepay Evolution, payments on the PagoPA system, MAV, payment collection, revenue stamps, acceptance of postal pay slips and other direct LIS payments.

TLC: mobile phones (revenue from traffic, and the sale of mobile phones and routers from PO corners) and fixed line (PosteMobile Casa and PosteCasa Ultraveloce offers).

Energy: revenue from electricity and gas sales following the start of the employee and family promo in mid-June 2022 (mass market offer from January 2023) and revenue from optimising the energy management portfolio.

External revenue in 2023 amounted to €343 million, marking an increase of €112 million compared to March 2022 (+48.2%) thanks to the positive contribution of all segments. In particular, the Collections and Payments business strengthened its performance following the acquisition in September 2022 of LIS Holding S.p.A., which contributes incremental revenue of €68 million (distributed between the Electronic Money and Collections and Payments segments), while the Energy business benefited from the launch of the mass market offer in January 2023, complementing the "Poste Energia 160" offer reserved to employees, family members and pensioners of the Group.

More specifically, revenue from Collections and Payments services grew by €52 million, rising from €35 million in the first quarter of 2022 to €87 million in the same period of 2023, driven by the acquisition of LIS Holding S.p.A. in September 2022, plus the PagoPA payment advices and instant transfers⁵⁹ from Postepay Evolution.

Revenue from the Electronic money segment increased by €42 million from €120 million in the first quarter of 2022 to €162 million in the same period of 2023, due to higher revenue from payment card operations also as a result of the

⁵⁹ Transfers settled within seconds of the transaction being ordered, via the pan-European TIPS (Target Instant Payment Settlement) platform dedicated to real-time settlement of instant payments. Source: www.bancaditalia.it

aforementioned acquisition of LIS Holding S.p.A. in September 2022 (incremental revenue of €23 million), as well as higher revenue from acquiring services.

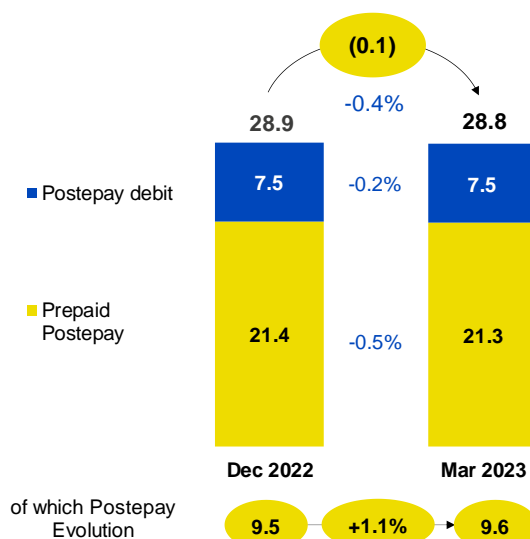
The Telecommunications segment recorded growth of €2 million, compared to the €77 million revenue achieved in the first quarter of 2022 (+2.9%). The increase is attributable to higher revenue from the fibre optic connectivity service.

Revenue from other sectors decreased by €1 million (-1.1%) from €67.0 million in the first quarter of 2022 to €66 million in the same period of 2023.

At 31 March 2023, the Energy segment reported €15 million in revenue, of which, €10 million from the sale of energy services and €5 million from energy management activities. In addition to the energy offer reserved for employees and their relatives launched in June 2022, the mass market offer was launched in January 2023, with the advertising campaign starting on 12 February 2023: at 31 March 2023, 138 thousand subscriptions had been registered (of which 99 thousand for commodity power and about 39 thousand for gas).

CARD STOCK

(figures in millions)



At 31 March 2023, the total stock of prepaid and Postepay Debit cards amounted to 28.8 million, down slightly compared to 31 December 2022 (-0.1 million, -0.5%) with total transactions⁶⁰ equal to €18.3 billion, up by approximately €2.8 billion (+17.9%) compared to the first quarter of 2022.

Outstanding prepaid Postepay cards amounted to 21.3 million (-0.5% compared to December 2022) and of these, Postepay

+18.6%
Growth of e-commerce transactions in the first quarter of 2023

Evolution cards, equal to approximately 9.6 million at 31 March 2023, showed an increase of 1.1% compared to the value at 31 December 2022. The sale of Postepay Connect⁶¹ continued in the first quarter of 2023, with approximately 64 thousand activations at 31 March 2023

28.8 mln
the card stock at 31 March 2023

and a stock of 567 thousand cards (+5% compared to December 2022). The stock of PostePay Green cards rose sharply from 72.7 thousand in December 2022 to 87.5 thousand in March 2023.

⁶⁰ The figures refer to the transaction value of on-us and off-us payments.

⁶¹ Offer integrating the Postepay Evolution prepaid card and the Postemobile SIM.

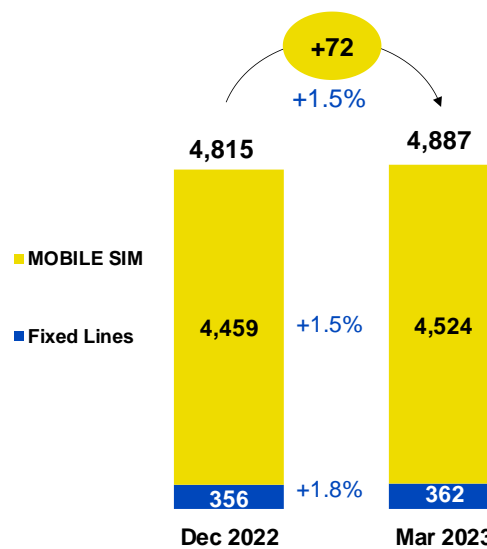
In the first quarter of 2023, there was an increase in payment card transactions of 18.5% (+96 million transactions) compared to 2022, also thanks to the contribution of e-commerce⁶² and web transactions (+26 million transactions).

In the area of acquiring, against a number of POS installed at 31 March 2023 of about 280 thousand, a transaction volume of €6.9 billion was developed (+13.3% compared to 2022, an increase of €0.81 billion).

At 31 March 2023, the percentage of slips accepted on third-party networks and digital channels was down slightly compared to the same period in 2022, as was the incidence of PostePay top-ups on channels other than the post office.

SIM STOCK

(figures in thousands)

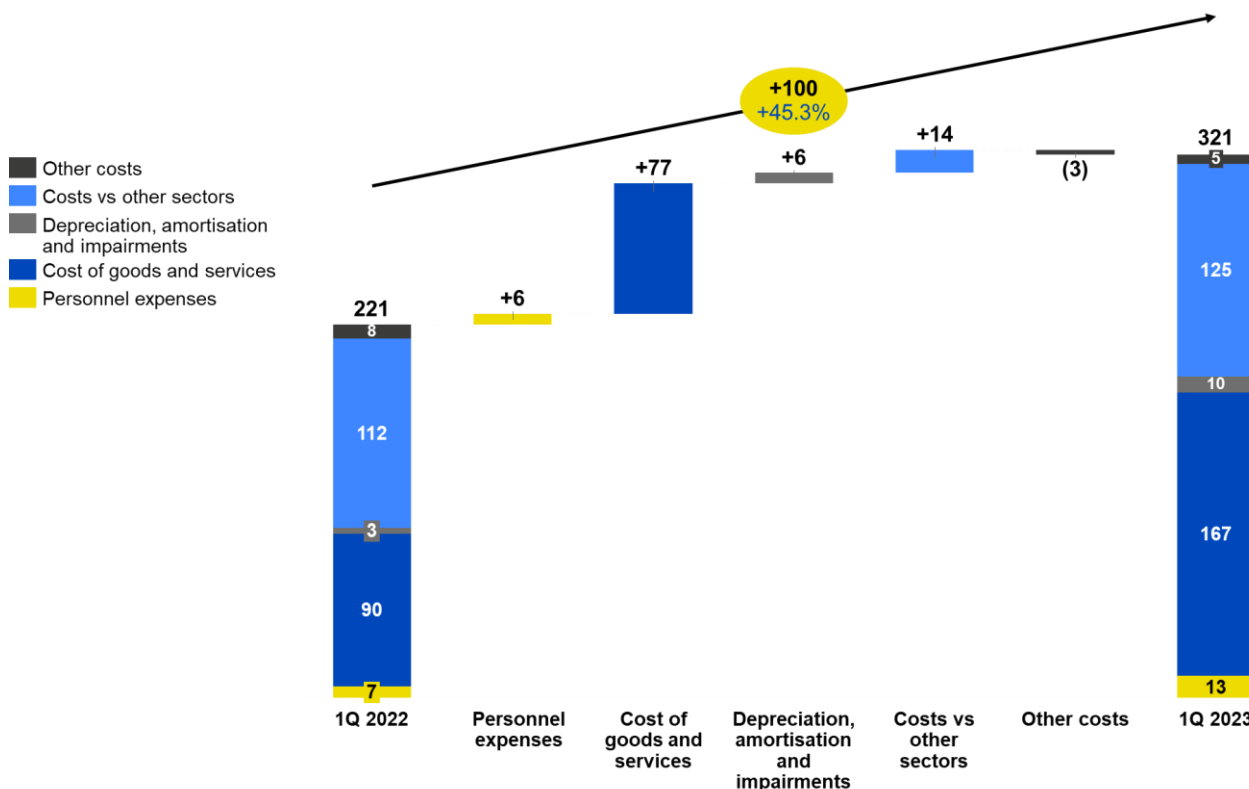


In Telecommunications, the customer base related to mobile telephony services, at 31 March 2023, is represented by approximately 4.5 million lines, up slightly by +1.5% compared to 31 December 2022. With reference to Fixed Telephony services, the "PosteMobile Casa" offer and the "PosteCasa Ultraveloce" fibre optic data connectivity offer recorded a 1.8% increase in lines, rising from 356 thousand lines at 31 December 2022 to 362 thousand lines in March 2023. In detail, the lines of the "PosteMobile Casa" offer decreased by 0.6% compared to December 2022, from 257 thousand lines in 2022 to 255 thousand lines in March 2023, while the lines of the "PosteCasa Ultrafast" offer reached 107 thousand units in March 2023, an increase of 8 thousand lines compared to December 2022.

⁶² Includes e-commerce and web transactions (on Poste Italiane's digital properties).

TOTAL COSTS

(€m)



The total costs of the Strategic Business Unit amounted to €321 million, an increase of 45.3% (+€100 million) compared to the €221 million incurred in the first quarter of 2022.

The increase in the cost of goods and services compared to the first quarter of 2022 (+€77 million, +85.6%) was mainly attributable to the expansion of the scope of operations generated by the acquisition of LIS. There was also an increase in costs in the Energy segment following the launch of the commercial offer during the period.

The increase in costs to other sectors compared to the first quarter of 2022 (+€14 million, +12.1%) was mainly due to higher outsourcing costs to the Parent Company, with particular reference to the placement and back office activities of payment services and to call centre, information systems and contract placement activities at post offices related to the start-up of the energy business.

Personnel expenses increased by €6 million (+88.5%) million compared to March 2022, due to the expansion of the workforce following the acquisition of LIS and the new Energy business.

In light of the results described, the economic performance of the Payments and Mobile Strategic Business Unit in the first quarter of 2023 shows an operating profit (EBIT) of €89 million, up by 14.0% compared to the previous year (€78 million).

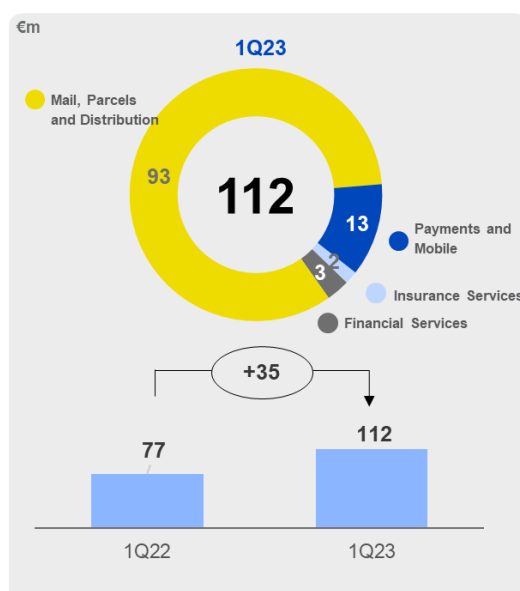
Profit in the first quarter of 2023 amounted to €67 million, up 20.5% from the 2022 figure (€55 million).

6.4 GROUP FINANCIAL POSITION AND CASH FLOW

€m	31 March 2023	31 December 2022	Changes	
NON-CURRENT ASSETS	5,799	5,852	(52)	-1%
NET WORKING CAPITAL	1,254	1,288	(35)	-3%
GROSS INVESTED CAPITAL	7,053	7,140	(87)	-1%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(648)	(310)	(338)	-109%
NET INVESTED CAPITAL	6,405	6,830	(425)	-6%
EQUITY	9,320	7,842	+1,478	+19%
NET DEBT/(FUNDS)	(2,915)	(1,012)	(1,903)	-188%
<i>of which: Net debt/(funds) of the Mail, Parcels and Distribution SBU</i>	<i>2,520</i>	<i>2,839</i>	<i>(319)</i>	<i>-11%</i>

The Poste Italiane Group's **non-current assets** at 31 March 2023 amount to €5,799 million, a decrease of €52 million compared with the end of 2022. Investments of €112 million and an increase in rights of use for new stipulations, renewals and contractual changes falling within the scope of application of IFRS 16 equal to a total of €58 million contributed to the formation of non-current assets. These changes were more than offset by depreciation and amortisation of €227 million. The balance of the item also includes investments valued using the equity method for a total of €272 million, mainly referring to the investment held in Anima Holding, Financit and Replica SIM.

Group **investments** in the first quarter of 2023 amounted to €112 million. Investments classified as ESG, i.e. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent more than 70% of the total value. The main projects include energy efficiency measures for real estate, the introduction of three-wheeled vehicles for deliveries, improving the customer experience of products and services offered to customers from a multi-channel and digital perspective, and the adoption of management systems, equipment and infrastructure for health and safety.



In line with the investment programme for the period 2021-2024, designed to support the objectives of the "24SI Plus" Strategic Plan, around 80% of the Group's investments (€93 million) focused on the automation and modernisation of the **Mail, Parcels and Distribution Strategic Business Unit**.

In particular, the renewal of the fleet dedicated to delivery continued during the first quarter of 2023, with the introduction of about 900 new vehicles, of which about 650 electric, around 200 hybrid

~23,500

low-emission vehicles available in the fleet, of which approximately 4,300 **electric**

and the remainder low emissions vehicles. In addition, an additional 800 electric vehicle charging infrastructures were installed. At 31 March 2023, approximately 4,800 electricity columns are installed.

During the quarter, new zero-emission delivery lines were also implemented on 2 city centres (Naples and Foggia) in addition to the 28 city centres already implemented in 2021-2022, for a total of 30 city centres. As far as municipalities are concerned, there are 177 municipalities with zero-emission deliveries.

With reference to the Polis Project, investments continue in the "One-stop shop" line of intervention for the restructuring and technological adaptation of post offices. At 31 March 2023, work had been completed on 173 post offices and with reference to the "Spaces for Italy" line of intervention, renovation work had begun on 9 sites relating to co-working spaces.

In the area of reducing environmental impacts, work continued on the automation and remote control of facility management (more than 180 buildings involved in the Smart Building project in the first quarter of 2023) in order to reduce electricity consumption and CO₂ emissions.

~1,800

buildings involved in the
Smart Building project at
31 March 2023

In the [Financial Services Strategic Business Unit](#), total investments amounted to €3 million and mainly related to the expansion of the Postal Savings and Funds product range based on a multi-channel perspective.

With regard to the [Insurance Services Strategic Business Unit](#), design activities continued in the first quarter of 2023 to support industrial development and the continuous functional/infrastructural improvement of the most important business support systems, as well as the initiatives to adapt the systems to comply with regulatory obligations. Total investments in the quarter amounted to €2 million.

Investments in the [Payments and Mobile Strategic Business Unit](#) amounted to €13 million in the period. Developments in support of the fixed and mobile network offers continued with the aim of increasing their competitiveness on the market, as did investments in IT systems aimed at supporting the new sales processes in post offices relating to certain prepaid cards (Postepay Evolution retail, Postepay Green, Carta IoStudio Postepay).

Net working capital at 31 March 2023 amounted to €1,254 million and decreased by €35 million compared to the end of 2022, mainly due to:

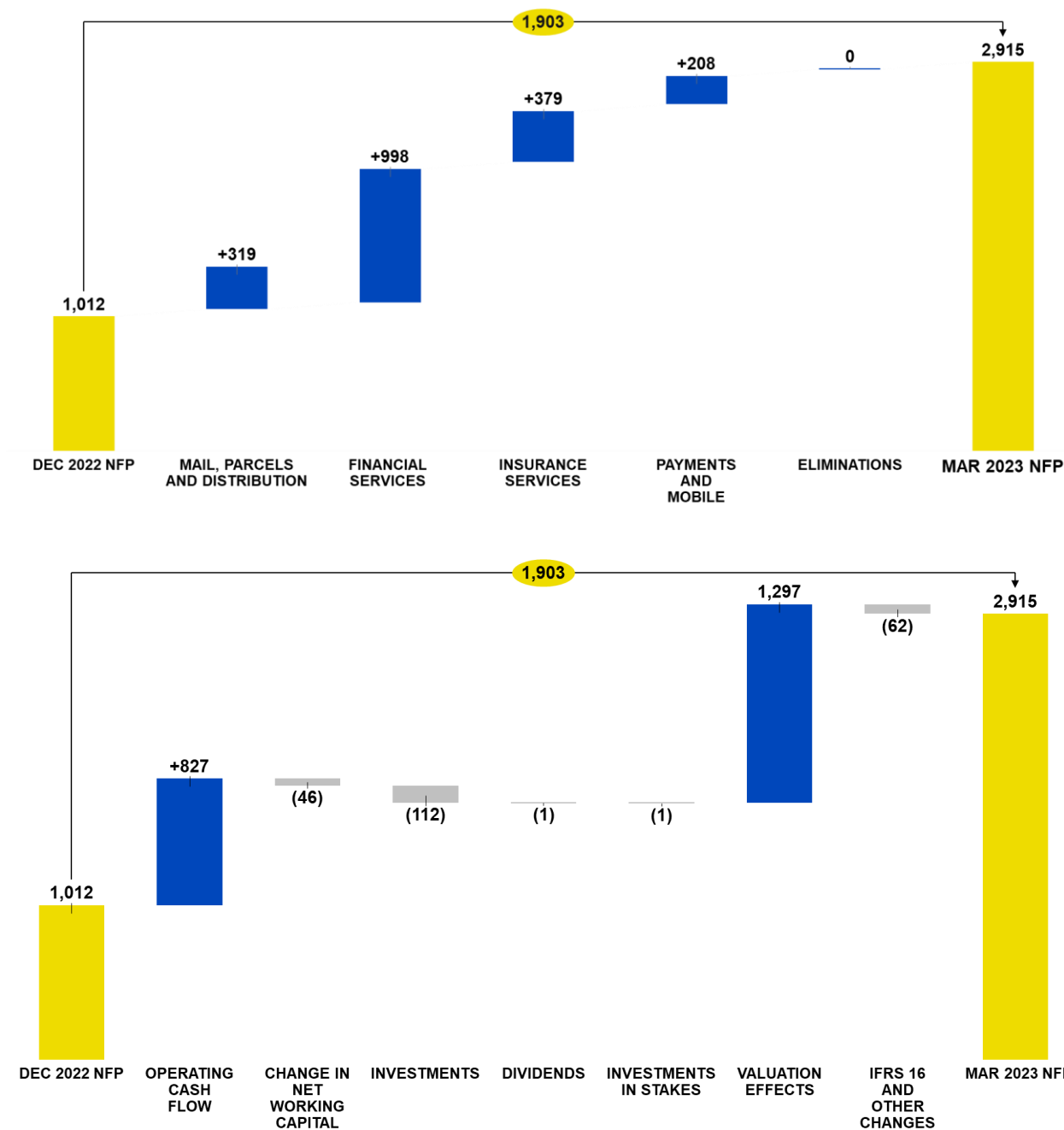
- higher trade receivables of €137 million and lower trade payables of €242 million;
- decrease in other receivables and assets net of other liabilities of approximately €157 million (mainly due to the change in tax items related to the operations of the Insurance Services and Financial Services Strategic Business Units and personnel);
- an increase in Current tax liabilities, net of Current tax assets, of €256 million.

The balance of **Sundry provisions and Other assets/liabilities** at 31 March 2023 amounted to €648 million and increased by €338 million compared to 31 December 2022, mainly due to lower net deferred tax assets of €273 million (largely due to the positive changes in the fair value of financial instruments classified in the FVOCI category) and the increase in provisions for risks and charges for €94 million (mainly due to the increase in the provision for personnel expenses net of uses of the provision for early retirement incentives), partially offset by the decrease in the provision for leaving indemnities of €29 million.

Equity at 31 March 2023 amounts to €9,320 million, an increase of €1,478 million compared to 31 December 2022. This change is mainly attributable to the positive effect of the profit for the period of €540 million and the increase in the fair value reserve resulting essentially from the positive change in the fair value of financial instruments classified in the FVTOCI category for €2,732 million, partially offset by the decrease in the reserve for insurance contracts for €1,596 million.

Group Net Debt/(Funds)

(€m)



Total net debt/(funds) at 31 March 2023 showed funds of €2,915 million, up €1,903 million from 31 December 2022 (funds of €1,012 million). The following mainly contributed to this change:

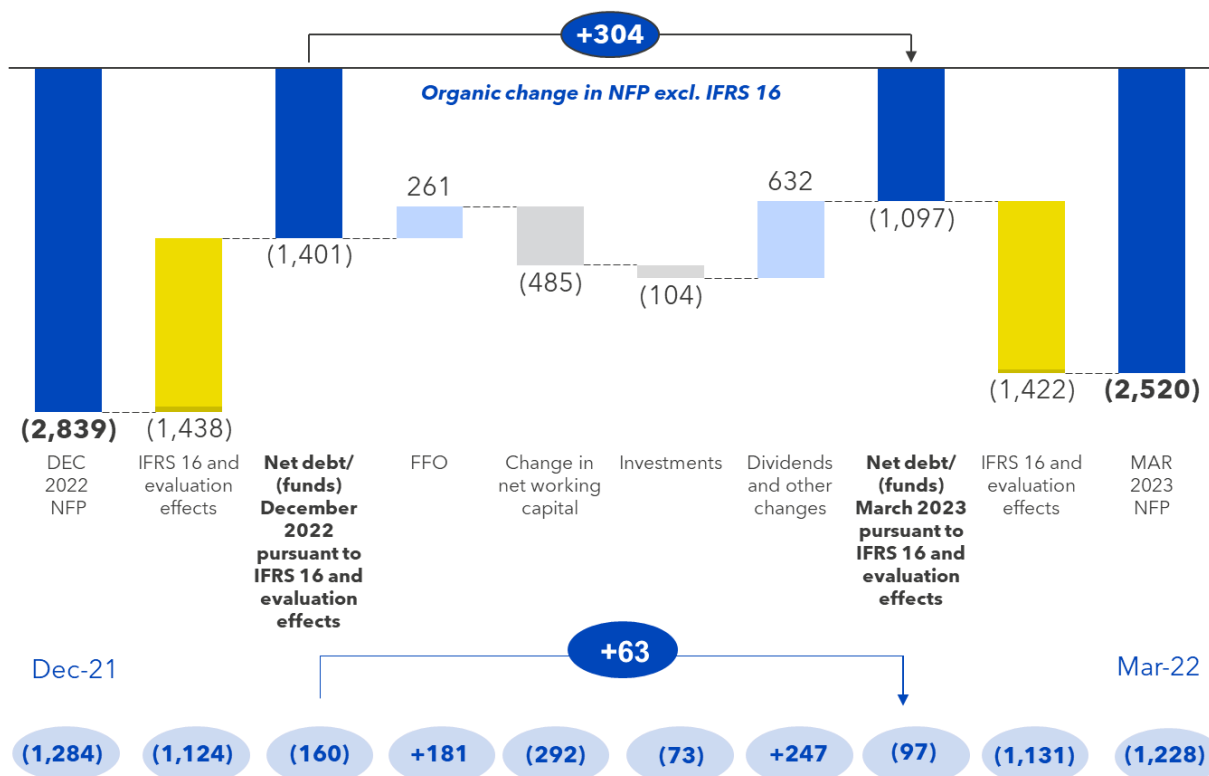
- a positive operating result of €827 million (of which €540 million related to profit for the year, €227 million to depreciation and amortisation, and €61 million to other residual items);
- the negative seasonal effect of the change in working capital and taxes amounting to approximately €46 million of which:
- investments in assets for €112 million;

- the positive valuation effects for the period amounting to €1,297 million, mainly attributable to positive fluctuations in the value of investments classified in the FVTOCI category, held mainly by the Financial Services Strategic Business Units, and residually by the other SBUs;
- other decreases totalling €62 million, mainly attributable to the increase in financial liabilities for leases falling under IFRS 16.

At 31 March 2023, the total balance of fair value hedging derivatives was positive for €5.4 billion, in line with the value at 31 December 2022.

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

(€m)



The **Net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit** at 31 March 2023 showed a deficit of €2,520 million (€1,097 million net of lease liabilities and valuation effects), an improvement of €319 million compared to 31 December 2022, when it showed a deficit of €2,839 million (€1,401 million net of lease liabilities and valuation effects).

In detail, this change reflects mainly:

- a positive operating result of €261 million due to the positive result for the period of €41 million, amortisation and depreciation (excluding utilisation rights) of €151 million and net changes in provisions for risks of €94 million (mainly due to accruals for personnel expenses net of utilisations of the provision for early retirement incentives), partially offset by net utilisations of the provision for severance indemnities and other minor changes of approximately €26 million;
- a negative seasonal effect related to the change in net working capital of €485 million:
 - the net decrease in net trade payables and receivables of approximately €410 million;
 - the change in other receivables and other payables to third parties totalling approximately €99 million;
- new investments in fixed assets for €104 million;

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

€m	At 31 March 2023	At 31 December 2022
EIB loan due March 2026	173	173
EIB loan due October 2026	400	400
EIB loan due May 2028	150	150
EIB loan due May 2028	100	100
Use of uncommitted credit lines for short-term loans	-	-
Private placement due October 2023	50	50
Senior unsecured bonds issued on 10 December 2020	1,000	1,000
maturity December 2024	500	500
maturity December 2028	500	500
Total	1,873	1,873

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

€m	At 31 March 2023	At 31 December 2022
A. Cash and cash equivalents	(949)	(575)
B. Cash equivalents	-	-
C. Other current financial assets	(2)	(1)
D. Liquidity (A + B + C)	(951)	(577)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	375	379
F. Current portion of the non-current financial payable	3	1
G. Current financial debt (E + F)	378	381
H. Net current financial debt (G + D)	(572)	(196)
I. Non-current financial debt (excluding current portion and debt instruments)	1,997	2,001
J. Debt instruments	998	997
K. Trade payables and other non-current payables	18	18
L. Non-current financial debt (I + J + K)	3,013	3,017
M. Total financial debt (H + L)	2,440	2,821

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

€m	At 31 March 2023	At 31 December 2022
M. Total financial debt (H + L)	2,440	2,821
Non-current financial assets	(548)	(539)
K. Trade payables and other non-current payables	(18)	(18)
Tax credits Law no. 77/2020	(530)	(420)
Net debt/(funds)	1,343	1,843
Intersegment financial receivables and payables	1,176	996
Net debt/(funds) including intersegment transactions	2,520	2,839

Existing cash and credit lines are amply sufficient to cover expected financial requirements. More specifically, at 31 March 2023, the cash and cash equivalents of the Mail, Parcels and Distribution Strategic Business Unit amounted to €0.9 billion (relating almost exclusively to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €3.5 billion.

The table below provides details of the credit lines at 31 March 2023 and 31 December 2022.

Description (€m)	Balance at 31.03.2023	Balance at 31.12.2022
Committed credit lines	2,450	2,450
Short-term loans	2,450	2,450
Uncommitted credit lines	2,219	2,159
Short-term loans	1,005	1,005
Current account overdrafts	185	145
Unsecured loans	1,028	1,008
Total	4,669	4,609
Uncommitted uses	610	652
Short-term loans	-	1
Unsecured loans	610	652
Total	610	652

7. OTHER INFORMATION

[EVENTS AFTER 31 MARCH 2023](#)

[SIGNIFICANT TRANSACTIONS](#)

[INDUSTRIAL RELATIONS](#)

[WELFARE – DIVERSITY AND INCLUSION](#)

[PROCEEDINGS PENDING AND MAIN RELATIONS WITH THE AUTHORITIES](#)

7.1 EVENTS AFTER 31 MARCH 2023

Other events after the end of the interim reporting period have been described in other sections of the document.

7.2 SIGNIFICANT TRANSACTIONS

At its meeting of 14 December 2022, the Board of Directors of Poste Italiane S.p.A., having obtained the favourable opinion of the Related and Connected Parties Committee issued on 13 December 2022, passed the Framework Resolution authorising financial transactions with the counterparty Cassa Depositi e Prestiti S.p.A. up to a maximum total amount of €2 billion and for a duration of one year starting from 1 January 2023. In particular, financial transactions relate to the spot purchase and sale of Euro-government and/or Italian government-guaranteed securities and repurchase agreements for lending and funding to be carried out within the limits of the "Poste Italiane Financial Management" Guidelines, BancoPosta's Risk Appetite Framework and/or the resolutions of the Board of Directors. Financial operations take the form of support activities for BancoPosta ordinary operations and are therefore of an ordinary nature within the meaning of Consob regulations. No transactions were carried out in the first quarter of 2023 to implement the Framework Resolution.

At its meeting of 14 December 2022, the Board of Directors of Poste Italiane S.p.A., having obtained the favourable opinion of the Related and Connected Parties Committee issued on 13 December 2022, passed the Framework Resolution authorising financial transactions with the counterparty MPS Capital Services Banca per le Imprese S.p.A. up to a maximum total amount of €4 billion and for the duration of one year starting from 1 January 2023. In particular, financial transactions relate to the spot and forward purchase and sale of government and/or Italian government-guaranteed securities, repurchase agreements for lending and funding, and hedging financial derivatives to be carried out within the

limits of the Poste Italiane Financial Management Guidelines, BancoPosta's Risk Appetite Framework and/or the resolutions of the Board of Directors. Financial operations take the form of support activities for BancoPosta ordinary operations and are therefore of an ordinary nature within the meaning of Consob regulations. In the first quarter of 2023, two interest rate swap transactions were carried out to hedge interest rate risk for a total amount of €216 million in implementation of the Framework Resolution. The transactions were concluded at market conditions.

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors approved the signing of a framework agreement with the subsidiary, SDA Express Courier S.p.A., for the management of domestic and international parcels, with an estimated maximum value of approximately €1,704 million for the two-year term of the agreement from 1 January 2023 to 31 December 2024, net of VAT and eventual fifth obligation. In the absence of significant interests of other parties included in the Combined Perimeter of related parties and connected parties of Poste Italiane S.p.A., the transaction benefited from the exclusion from the application of the decision-making procedures of the Related and Connected Parties Committee. The Agreement was signed on 10 January 2023.



7.3 INDUSTRIAL RELATIONS

Voluntary Mobility	<p>On 2 March 2023, an Agreement Report was signed whereby, pending the definition of the new agreement that will regulate the matter for the years 2023/2024, the Company and the Trade Unions acknowledge that any transfers - both at national and regional and provincial level - will be carried out taking as a reference the 2022 rankings drawn up on the basis of the Agreement of 4 May 2021.</p>
Smart Working	<p>On 2 March 2023, the Agreement Report was signed by which the Company and the Trade Unions agreed to extend the effects of the agreements of 1 March and 3 August 2022 until 30 September 2023.</p>
Digital, Technology & Operations	<p>With the Agreement of 1 February 2023, the Company and Trade Unions defined some important aspects concerning both Back Office and Customer Services. In particular, a rationalisation and new micro-organisation of the Territorial Sites has been planned, which will gradually decrease the territorial sites from the current 10 to 5. The new Credit Management model was presented, which will be tested for the first time, with the aim of creating a single credit management system to reduce past due items and make the entire process more efficient.</p> <p>In relation to "Customer Assistance" services, the Company presented the new Value Assistance model that will provide support in the phase of purchasing products/services and in interacting with customers through sales proposition initiatives.</p> <p>With regard to Information Technology services, and especially with reference to the Technology Poles, the operational model and the micro-organisation model were redefined, also through the introduction of specific support figures for the territorial technical structures. Field Technical Services were also reorganised with the aim of ensuring a better coordination of technical support actions and offering a quick response to business structures. Finally, as of March 2023, the timetables remodelled according to the new organisation of the Technology Hubs entered into force, through a single nationwide model with a Saturday presence as well.</p>

Smart working:
extended to 30
September 2023

Joint National Body for Health and Safety at Work

On 20 March 2023, the *Organismo Paritetico Nazionale per la Salute e Sicurezza nei Lavoratori* (OPN, Joint National Body for Health and Safety at Work), in order to follow up on the new process of detection and assessment of work-related stress (SLC) risk, identified - by drawing lots - the workers who will be part of the Regional SLC Assessment Teams, whose task will be to proceed with the compilation of the INAIL check list. These members will be the recipients of a specific training and information plan.

7.4 WELFARE – DIVERSITY AND INCLUSION

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 initiatives in favour of employees and their families based on an approach of growing proximity and personalisation of caring.

As part of the initiatives in favour of the new generations, school orientation and soft skills development actions for young people from vulnerable social backgrounds were launched in continuation of the "Next Generation" programme. In addition, the **two-year "School4Life 2.0" project** is continuing with the aim of helping to combat school drop-outs by supporting educational quality through intervention plans overseen by company professionals as role models, mentors and masters of trades in secondary and high schools throughout Italy.

In view of the launch of the new edition of the welfare programme intended for the conversion of the performance bonus, a listening process was undertaken with colleagues to identify the main individual and family needs with respect to the goods and services to be made available in the dedicated platform, so as to ensure the continuous improvement of the initiative.

As part of the inclusive welfare actions for vulnerabilities, a call for participation was launched for the summer holiday initiative for disabled children of employees, which provides two 15-day summer holidays in accessible tourist facilities.

To accompany the actions in support of the Diversity and Inclusion business plan, project priorities and implementation time-frames were identified in line with the strategic objectives. In this framework, the **"We are here" initiative** continues, which, in relation to the value and effectiveness of the caring measures put in place, has been extended to employees in vulnerable and fragile situations to accompany their inclusive return and support their overall well-being.

Since February, three new podcasts of the serial series "In other words" dedicated to the topics of interculturality and gender have been published in the internal communication channels.

With regard to the enhancement of Science, Technology, Engineering and Mathematics (STEM) skills, an internal communication campaign was launched to demonstrate the company's active commitment to reducing the gender gap in science and technology.

Since March, as part of the "Multi-Ethnic Post Offices" project, the first intercultural workshop has been running, involving multilingual counter operators as testimonials for disseminating and raising awareness of intercultural issues.

	<p>Lastly, in terms of raising awareness on affective/sexual orientation, initiatives are being intensified both through meetings organised by the Parks, Liberi e Uguali association, which the company has joined, and through webinars aimed at all company managers.</p>
<p>Corporate University</p>	<p>During the first quarter of 2023, a total of 1.3 million training hours were provided; in particular, training continued on sales techniques, delivered in a face-to-face setting, aimed at supporting the sales network to better meet customers' needs in the changed market context.</p> <p>Compulsory regulatory training also continues for the entire workforce (Safety in the Workplace, Legislative Decree no. 231/01, GDPR, integrated quality and corruption prevention system, etc.) as well as compulsory training for certain professionals in the banking, finance and insurance sectors.</p> <p>Finally, also in support of the Diversity and Inclusion plan, innovation workshops addressed to local area managers continued; they address the issues related to the four dimensions: Diversity, Gender, Generations, Vulnerability and Interculturality.</p>

Over 1 million training hours delivered in the first three months of 2023

7.5 PROCEEDINGS PENDING AND MAIN 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 three months of 2023. For full details, please refer to the Financial Statements at 31 December 2022.

<p>IVASS (the insurance regulator)</p>	<p>With regard to the sanctioning proceedings arising from objections by the Supervisory Authority, on 23 February 2023, IVASS communicated a notice of objection for the alleged breach of Article 183, paragraph 1, letter "a", of the Private Insurance Code relating to the lateness of the settlement of insurance benefits beyond the contractually established deadline. The Company submitted its counter-arguments within 60 days of the notification of the notice of objection and is therefore currently awaiting the outcome of the proceedings.</p> <p>With regard to the IVASS inspection, concerning the governance, management and control profiles of investments and financial risks concluded on 7 May 2021, discussions are continuing with IVASS in view of the start of the "decision-making phase", which must be completed by 26 July 2023 in accordance with the terms set forth in Article 28(4) of IVASS Regulation no. 39 of 2 August 2018.</p> <p>On 7 March 2023, the company Poste Vita was notified by the Supervisory Authority of the start of an inspection to verify the management process of dormant policies. At the date of this report, the inspections are still in progress.</p>
---	---

8. CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(€m)		
ASSETS	31 March 2023	31 December 2022	1 January 2022
Non-current assets			
Property, plant and equipment	2,373	2,404	2,267
Investment property	30	31	32
Intangible assets	1,799	1,817	873
Right-of-use assets	1,326	1,334	1,116
Investments accounted for using the equity method	272	267	277
Financial assets	199,959	191,851	221,226
Trade receivables	4	3	3
Deferred tax assets	2,271	2,566	1,608
Other receivables and assets	3,978	4,119	4,012
Tax credits Law no. 77/2020	7,845	7,458	5,551
Assets for outward reinsurance	41	44	48
Total	219,898	211,891	237,012
Current assets			
Inventories	163	157	155
Trade receivables	2,315	2,179	2,508
Current tax assets	147	140	115
Other receivables and assets	823	986	1,097
Tax credits Law no. 77/2020	1,689	1,563	905
Financial assets	29,197	34,290	27,630
Cash and deposits attributable to BancoPosta	4,855	5,848	7,659
Cash and cash equivalents	3,850	4,983	7,958
Total	43,041	50,146	48,027
TOTAL ASSETS	262,939	262,037	285,039
LIABILITIES AND EQUITY	31 March 2023	31 December 2022	1 January 2022
Equity			
Share capital	1,306	1,306	1,306
Reserves	430	(509)	3,676
Treasury shares	(63)	(63)	(40)
Retained earnings	7,603	7,064	6,226
Total equity attributable to owners of the Parent	9,276	7,798	11,168
Equity attributable to non-controlling interests	44	44	8
Total	9,320	7,842	11,176
Non-current liabilities			
Liabilities under insurance contracts	147,180	141,380	160,334
Provisions for risks and charges	828	804	693
Employee termination benefits	676	705	922
Financial liabilities	9,925	10,939	15,122
Deferred tax liabilities	794	815	953
Other liabilities	1,919	2,004	1,750
Total	161,322	156,647	179,774
Current liabilities			
Provisions for risks and charges	622	551	575
Trade payables	1,992	2,234	2,029
Current tax liabilities	324	60	16
Other liabilities	1,942	1,997	1,860
Financial liabilities	87,417	92,706	89,610
Total	92,297	97,548	94,090
TOTAL LIABILITIES AND EQUITY	262,939	262,037	285,039

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(€m)	
	First quarter 2023	First quarter 2022
Revenue from Mail, Parcels and other	893	901
Net revenue from Financial Services	1,414	1,311
Revenue from Financial Services	1,520	1,362
Expenses from financial activities	(106)	(51)
Net revenue from insurance services	393	373
Revenue from insurance contracts issued	599	563
Costs from insurance contracts issued	(226)	(175)
Revenue/(costs) from outward reinsurance	(4)	(2)
Income and (expenses) from financial operations and other income/expenses	1,578	(1,138)
Net finance (costs)/revenue related to insurance contracts issued	(1,554)	1,125
Net finance revenue/(costs) related to outward reinsurance	(0)	(0)
Revenue from Payments and Mobile	343	231
Net operating revenue	3,044	2,816
Cost of goods and services	763	660
Personnel expenses	1,235	1,224
Depreciation, amortisation and impairments	208	179
Capitalised costs and expenses	(13)	(8)
Other operating costs	83	53
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	(0)	19
Operating profit/(loss)	767	690
Finance costs	29	24
Finance income	34	39
Impairment losses/(reversals of impairment losses) on financial assets	(0)	0
Profit/(Loss) on investments accounted for using the equity method	5	5
Profit/(Loss) before tax	777	709
Income tax expense	237	215
PROFIT FOR THE PERIOD	540	494
of which attributable to owners of the Parent	539	492
of which attributable to non-controlling interests	1	1
Earnings per share	0.415	0.378
Diluted earnings per share	0.415	0.378

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

	First quarter 2023	FY 2022	First quarter 2022
Profit/(Loss) for the period	540	1,583	494
Items to be reclassified in the Statement of profit (loss) for the period			
FVOCI debt instruments			
Increase/(decrease) in fair value during the period	3,746	(27,742)	(5,826)
Transfers to profit or loss from sale	153	(286)	(120)
Increase/(Decrease) for expected losses	(5)	4	0
Cash flow hedges			
Increase/(decrease) in fair value during the period	20	279	(70)
Transfers to profit or loss	(297)	(409)	(121)
Revenue or costs of a financial nature relating to insurance contracts issued	(2,331)	22,784	5,592
Revenue or costs of a financial nature relating to outward reinsurance	(0)	(1)	(0)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit/(loss) for the period	(354)	1,542	167
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	(0)	1	0
Change in translation reserve	(0)	(1)	0
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			
Equity instruments measured at FVOCI - increase/(decrease) in fair value during the period	6	(315)	(163)
Actuarial gains/(losses) on employee termination benefits	0	125	-
Revenue or costs of a financial nature relating to insurance contracts issued			
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit/(loss) for the period	(0)	(31)	2
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	(0)	0	(0)
Actuarial gains /(losses) on employee termination benefits related to group of assets and liabilities held for sale (after taxes)	-	-	-
Other	0	-	-
Total other comprehensive income	938	(4,048)	(538)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	1,478	(2,465)	(45)
of which attributable to owners of the Parent	1,477	(2,471)	(46)
of which attributable to non-controlling interests	1	6	1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity											Total equity			
	Share capital	Treasury shares	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outwards reinsurance	Translation reserve	Reserve for investments accounted for using the equity method	Incentive plans reserve		Retained earnings	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests
Balance at 31 December 2021	1,306	(40)	299	1,210	800	1,307	(33)	-	1	3	13	7,236	12,102	8	12,110
Adjustment for first-time adoption of IFRS 17	-	-	-	-	-	7,945	-	(7,868)	-	-	-	(1,010)	(933)	-	(933)
Balance at 1 January 2022	1,306	(40)	299	1,210	800	9,251	(33)	(7,868)	1	3	13	6,226	11,168	8	11,176
Total other comprehensive income for the period	-	-	-	-	-	(4,264)	(137)	3,862	0	0	-	492	(46)	1	(45)
Incentive plans	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1
Other changes	-	-	-	-	-	(54)	-	-	-	1	-	54	1	(0)	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	1	-
Balance at 31 March 2022	1,306	(40)	299	1,210	800	4,933	(170)	(4,006)	1	3	15	6,771	11,124	10	11,133
Total comprehensive income for the year	-	-	-	-	-	(15,525)	43	11,882	(1)	1	-	1,176	(2,425)	4	(2,420)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(526)	(526)	(3)	(529)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(273)	(273)	-	(273)
Purchase of treasury shares	-	(25)	-	-	-	-	-	-	-	-	-	(0)	(25)	-	(25)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(69)	(69)	-	(69)
Incentive plans	-	2	-	-	-	-	-	-	-	-	4	0	7	-	7
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	1	-	0	1	0	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	33	33
Balance at 31.12.22	1,306	(63)	299	1,210	800	(10,592)	(127)	7,876	(0)	5	19	7,064	7,798	44	7,842
Total other comprehensive income for the period	-	-	-	-	-	2,732	(198)	(1,596)	0	(0)	-	539	1,477	1	1,478
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Incentive plans	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1
Other changes	-	-	-	-	-	-	-	-	-	0	-	-	0	0	0
Balance at 31 March 2023	1,306	(63)	299	1,210	800	(7,860)	(325)	6,280	(0)	5	21	7,603	9,276	44	9,320

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	First quarter 2023	First quarter 2022
Unrestricted net cash and cash equivalents at the beginning of the period	1,228	2,589
Restricted net cash and cash equivalents at the beginning of the period	3,755	5,369
Cash and cash equivalents at the beginning of the period	4,983	7,958
Result for the period	540	494
Depreciation, amortisation and impairments	226	195
Losses and impairment losses/(Reversals of impairment losses) on receivables	0	19
(Gains)/Losses on disposals	(2)	(1)
(Increase)/Decrease in Inventories	(5)	5
(Increase)/Decrease Receivables and Other assets	64	152
Increase/(Decrease) Payables and Other liabilities	(36)	174
Change in tax credits Law no. 77/2020	(108)	(273)
Change in provisions for risks and charges	94	51
Change in employee termination benefits and Provision for retirement benefits	(29)	(47)
Difference in accrued financial expenses and income (cash adjustment)	14	6
Other changes	(29)	73
Net cash flow from/(for) non-financial operating activities [a]	730	846
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	(7,517)	729
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	4,434	(4,593)
(Income)/Expense and other non-cash components	(2,066)	760
Increase/(Decrease) in net liabilities for insurance contracts	3,421	961
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	(1,727)	(2,143)
Net cash flow from/(for) operating activities [c]=[a+b]	(997)	(1,297)
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(112)	(77)
Investments	(1)	(3)
Other financial assets	(0)	(9)
Disposals:		
<i>Property, plant and equipment, inv. property, intangible assets and assets held for sale</i>	3	2
Other financial assets	14	1
Investments in consolidated companies net of cash acquired	-	0
Net cash flow from/(for) investing activities [d]	(96)	(86)
Proceeds from/(Repayments of) borrowings	(39)	(113)
Dividends paid	(1)	-
Net cash flow from/(for) financing activities and shareholder transactions [e]	(39)	(113)
Effect of exchange rate differences on cash and cash equivalents [f]	0	0
Net increase/(decrease) in cash [g]=[c+d+e+f]	(1,133)	(1,496)
Cash and cash equivalents at the end of the period	3,850	6,462
Restricted cash and cash equivalents at the end of the period	(2,765)	(4,005)
Unrestricted net cash and cash equivalents at the end of the period	1,084	2,458

9. DECLARATION OF THE FINANCIAL REPORTING MANAGER

The financial reporting manager, 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 31 March 2023 is consistent with the underlying accounting records.

10. 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:

AVERAGE PORTFOLIO YIELD EXCLUDING PRO-ACTIVE 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).

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 the 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): technical indicator of P&C business, determined as the ratio of total costs incurred (claims and liquidation expenses, net reinsurance expenses, attributable/non-attributable operating expenses and other technical expenses and income) to gross insurance revenue.

EARNINGS PER SHARE: 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.

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.

FUND FROM OPERATIONS (FFO): financial indicator represented by the Group's net result, adjusted for non-monetary costs and revenue (depreciation and amortisation, Expected Credit Loss - ECL of receivables, financial expenses from discounting) and the net change in provisions for risks and severance pay. In the Mail, Parcels and Distribution SBU, the indicator is also neutralised by the IFRS 16 effect (amortisation and financial expenses) and includes financial outlays for rents.

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, insurance contracts liabilities, reinsurance contract assets and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

INSURANCE PROVISIONS: they represent the obligations undertaken vis-à-vis policyholders as well as the tariff premiums net of loadings. Technical Provisions are calculated, in accordance with the application rules set out in Annex 14 of ISVAP Regulation no. 22 of 4 April 2008, analytically, contract by contract with reference to the portfolio issued by the Company and in force at the valuation date (Mathematical Provisions). This item also includes Outstanding claims provisions and Miscellaneous Technical Provisions (provisions for future expenses, supplementary insurance premium provisions, profit-sharing and reversal provisions).

LAPSE RATE: this is an indirect measure of customer loyalty. It is based on surrenders during the period as a percentage of average mathematical provisions of the period.

It is calculated as a percentage of Surrenders/Average mathematical reserves (linearised over 12 months in the intermediate periodic situations).

LEVERAGE RATIO: this is the ratio between Total Capital (Own Funds) and total balance sheet assets, the latter including adjustments for derivatives and off-balance sheet exposures.

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

NET DEBT/FUNDS OF THE MAIL, PARCELS AND DISTRIBUTION SBU PURSUANT TO IFRS 16: calculated as the net financial position of the Mail, Parcels and Distribution Services Strategic Business Unit excluding the financial liabilities for leasing (IFRS 16) and the fair value and cash flow hedge reserves.

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.

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.

RWA (Risk Weighted Assets): is the indicator that measures the risk exposure of assets in accordance with Basel 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.

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

11. GLOSSARY

ACQUIRING

All the services provided by an independent party (Acquirer) aimed at managing authorisations for payments made with cards belonging to national and international circuits, by virtue of an agreement with the merchant.

ASSET ALLOCATION

It is a strategy implemented by the investor and aimed at diversifying his or her portfolio across different asset classes, based on his or her time and expected return objectives.

ASSET CLASS

Investment category, i.e. set of financial instruments with similar characteristics and similar behaviour in the markets, e.g. bond (short term, medium/long term, government, corporate, high yield, etc.), equity (Europe, America, emerging countries, etc.), real estate. The choice of asset classes is crucial for portfolio construction because it is the individual components that are evaluated in the asset allocation process.

ATM (AUTOMATED TELLER MACHINE)

This is an automated counter, activated directly by users by inserting their card and typing in their PIN (personal identification code), which allows them to carry out both ordering and informative operations (e.g. balance request or movement list).

BTP (MULTI-YEAR TREASURY BOND)

Medium-/long-term Italian government bonds. The return is given by six-monthly fixed-rate interest coupons and the difference between the redemption price, equal to the nominal value (100), and the issue or subscription price on the secondary market.

BUFFER

The agreement with the Ministry of Economy and Finance (MEF) provides that a percentage of the funds deriving from private customer deposits may be placed in a special "Buffer" account at the MEF, with the objective of ensuring flexibility with regard to investments in view of daily movements in amounts payable to current account holders.

CAPITALISATION

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

CLOUD

Literally "computer cloud", it refers to the technology that allows data to be processed and stored on a network and enables access to applications and data stored on remote hardware instead of the local workstation. **HYBRID CLOUD** is a solution that combines a private cloud with one or more public cloud services, with proprietary software enabling communication between each service. A hybrid cloud strategy offers companies greater flexibility by moving workloads between cloud solutions according to needs and costs.

CONTACTLESS

It is the innovative payment method that allows to make purchases by simply bringing the card close to the card reader (POS terminal) with the Contactless symbol; the transaction takes place in a few moments.

CONTRACTUAL SERVICE MARGIN (CSM)

It represents the expected and unrealised profit that the Company must show in the statement of profit or loss over the life of the contract.

COHORTS

Cohort means the division of contracts according to the year of signing.

COVERAGE UNIT

This is the balance through which the pattern of the Contractual Service Margin (CSM) is defined.

CREDIT CARD

It is a payment instrument that enables the holder, on the basis of a contractual relationship with the issuer, to make purchases (via POS or online) of goods or services at any establishment belonging to the relevant international circuit or cash withdrawals (via ATMs). The amounts spent are debited to the cardholder at predefined intervals in arrears (usually monthly) either as a lump sum ("classic" credit card) or in instalments (the so-called instalment/revolving credit card).

CYBERSECURITY


This term is intended to represent the tools and processes needed to ensure the security of computers, networks, commonly used devices (such as smartphones and tablets), applications and databases, protecting them from potential attacks that may come from inside or outside the organisation. Cyber Security has become increasingly important because protecting digital technologies, protects processes and above all information, which are the true assets of individuals and organisations.

DEBIT CARD

A card that allows holders, on the basis of a contract with their bank or the Post Office, to purchase (via POS) goods and services at any establishment merchants belonging to the circuit to which the card is authorised or to withdraw cash (via ATMs) with immediate debit from the current account linked to the card. The best known circuit is the Bancomat circuit, hence the name by which it is commonly referred to. If the card is linked to international circuits, it can be used abroad both for withdrawals of local currency and for making payments,

by entering the same secret code (PIN) as is used domestically for ATM withdrawals and POS withdrawals in shops.

DIGITAL PAYMENTS

The term refers to all payments made using electronic means, such as credit cards, debit and prepaid cards, digital wallet , telephone credit, direct debit to current account, for the purchase of goods and services

DIGITAL PROPERTIES

The digital properties (website, BancoPosta app, PostePay app, Post Office app, PostelD app) represent one of the 3 channels of customer care to support the Group's omnichannel strategy.

DIGITAL OR ELECTRONIC WALLET

It is a virtual wallet within which one can load credit or combine one or more payment instruments such as credit, debit, prepaid or current account cards, in order to carry out transactions without sharing the private information of the payment method with the seller.

DURATION

Average maturity of bond payments. It is generally expressed in years and corresponds to the weighted average of the dates of payment of the cash flows (the so-called cash flows) from the security, where the weights assigned to each date are equal to the present value of the corresponding cash flows (the various coupons and, for the maturity date, also the principal). It is an approximate measure of the sensitivity of the price of a bond to changes in interest rates.

FINANCIAL DURATION OF THE PORTFOLIO

Average of the duration  of the securities that comprise it.

FTSE MIB (FINANCIAL TIMES STOCK EXCHANGE - MILAN STOCK EXCHANGE INDEX)

It is the most important index of the Milan Stock Exchange where the securities with the highest market

capitalisation and liquidity are gathered. On the FTSE MIB are listed a total of 40 stocks representing companies, the majority of which belong to the banking, insurance and industrial sectors.

GENERAL MODEL (GM) OR BUILDING BLOCK APPROACH (BBA)

The General Model is a methodology for the valuation of insurance contracts based on the discounting of expected cash flows, on the explication of a Risk Adjustment (cash flow adjuster for non-financial variables) and a Contractual Service Margin (present value of expected profit).

GROSS PREMIUMS REVENUE

Amount accrued during the reporting period for insurance contracts, irrespective of whether these amounts have been collected or whether they relate in whole or in part to subsequent years.

HYBRID POLICY - MULTI-CLASS

In multi-class products, a part of the premium is invested in separate asset management schemes and determines the guaranteed capital share, while a part is invested in unit-linked funds, which are characterised by diversified asset allocations that aim to seize return opportunities by investing in funds linked to financial market trends.

HIGH YIELD BONDS

These are high-yield (and high-risk) bonds issued by companies, sovereign states or other entities in financial distress, which are given a low rating (Standard & Poor's rating of BB or lower). High Yield bonds are often referred to as Junk Bonds.

INSURANCE CLASS

A class of insurance is defined as a category into which it is possible to classify policies pertaining to the same, or similar, type of risk. Two macro sections can be distinguished:

- P&C insurance: covers policies that compensate the client in the event of material and physical damage, relating to personal property, assets, person;

P&C contracts are divided into the following classes:

1. Accidents (including accidents at work and occupational diseases); lump sum benefits; temporary benefits; mixed forms; transported persons;
2. Sickness: lump sum benefits; temporary benefits; mixed forms;
3. Land vehicles (excluding rail vehicles): all damage suffered by: self-propelled land vehicles; non-self-propelled land vehicles;
4. Railway vehicle bodies: any damage suffered by railway vehicles;
5. Aircraft bodies: any damage suffered by aircraft;
6. Sea, lake and river vehicles: all damage suffered by: river vehicles; lake vehicles; sea vehicles;
7. Transported goods (including goods, luggage and any other property): any damage suffered by transported goods or luggage, regardless of the nature of the means of transport;
8. Fire and natural elements: any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) caused by: fire; explosion; storm; natural elements other than storm; nuclear energy; land subsidence;
9. Other damage to property: any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) caused by hail or frost, as well as any other event, such as theft, other than those included in class 8;
10. Land motor vehicle liability: any liability arising out of the use of land motor vehicles (including carrier's liability);
11. Aircraft liability: any liability arising out of the use of aircraft (including carrier's liability);
12. Sea, lake and river vehicle liability: all liability arising from the use of river, lake and sea vehicles (including carrier's liability);

13. General Liability: any liability other than those mentioned in no. 10, 11 and 12;

14. Credit: asset losses from defaults; export credit; hire purchase; mortgage credit; agricultural credit;

15. Bail: direct bail; indirect bail;

16. Pecuniary losses of various kinds: risks related to employment; insufficient income (general); bad weather; loss of profits; persistent overhead; unforeseen business expenses; loss of market value; loss of rents or income; indirect business losses other than those mentioned above; non-commercial pecuniary losses; other pecuniary losses;

17. Legal protection: legal protection;

18. Assistance: assistance to people in difficult situations.

- Life class: this includes policies taken out in order to guarantee a lump sum to the chosen beneficiaries indicated in the insurance contract, upon the occurrence of the event that is the subject of the policy (e.g. the death of the insured in the case of a death policy)

Life insurance policies are further divided into six classes:

Class I - Life insurance;

Class II - Nuptial and birth insurance;

Class III - Insurance included in classes I and II, the main benefits of which are directly linked to the value of units in collective investment undertakings or internal funds or to indices or other reference values;

Class IV - Health insurance and insurance against the risk of non-self-sufficiency covered by long-term, non-cancellable contracts for the risk of severe disability due to illness or accident or longevity;

Class V - Capitalisation operations;

Class VI - Management operations of collective funds set up to provide benefits in the event of death, survival or cessation or reduction of employment.

LIABILITY FOR INCURRED CLAIMS (LIC)

It is the liability that quantifies the issuer's obligation to compensate for insured events that have already occurred (claims incurred).

LIABILITY FOR REMAINING COVERAGE (LRC)

It is the liability that quantifies the issuer's obligation to provide cover for insured events that have not yet occurred.

LOSS COMPONENT

The loss component is the loss that is recognised in the statement of profit or loss upon initial recognition of "onerous" contracts if the sum of the present value of future cash flows, adjusted for risk, is negative.

MANAGEMENT COMMISSIONS

Fees paid to the manager by direct debit from the fund's assets to remunerate management activity in the strict sense. They are calculated daily on the fund's net assets and drawn at larger intervals (monthly, quarterly, etc.). They are generally expressed on an annual basis.

MUTUAL FUNDS

These are collective investment undertakings, managed by asset management companies (AMC), which pool the liquidity provided by their clients and invest it, as a single asset, in movable financial assets (shares, bonds, government securities, etc.) or, for some of them, in real estate assets, respecting rules aimed at reducing risk. Each investor becomes the owner of a number of units whose value varies over time and according to the performance of the securities purchased by the Management Company with the fund's assets. There are different types of funds, classified, for example, according to the type of financial instruments in which they invest (e.g. European equities or American bonds) or according to the type of profit-sharing of investors. Funds can be either 'closed' (with the subscription of units only during the offer period and the redemption of units taking place, as a rule, only at the Fund's maturity)

or 'open' (with the subscription and redemption of units at any time).

OPEN API (APPLICATION PROGRAMME INTERFACES)

Procedures and interfaces that enable 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".

OPEN BANKING

Sharing of data between different players in the banking ecosystem. With the entry into force of the European Digital Payments Directive (PSD2), European banks are obliged to open up their API (Application Program Interface) to finance companies and other companies involved in financial products and services. This allows external companies (third parties) access to payment data thus increasing competition in the system.

OTP (ONE TIME PASSWORD)

A one-time password or one-time code is a security alphanumeric code generated by an algorithm, at the user's request, to gain access to a system or to authorise specific transactions, e.g. in home banking operations. It is a highly secure authentication system since the code is sent directly to a device in the holder's possession (SMS on mobile phone, token, etc.) and once used is no longer valid.

PENSION FUNDS

They are collective investment undertakings that collect employees' and/or employers' contributions and invest them in financial instruments for the purpose of providing a pension benefit (life annuity or lump sum) at the end of an employee's working life that is supplementary to the mandatory public system. There are various forms of pension funds: Negotiated (or closed) funds, open-ended funds, individual pension plans (PIP or FIP), pre-existing pension schemes.

PISP (PAYMENT INITIATION SERVICE PROVIDERS)




Persons who, with the express authorisation of the customer, provide the service of disposition of payment orders in favour of the customer; they act as intermediaries between the Bank and the holder of the payment account - accessible online - they initiate the payment in favour of a third party, the beneficiary of the order.

POS (POINT OF SALE)

It is the telematic location (consisting of a device for the automatic payment of purchases) where payment transactions take place, using debit or credit cards through their chips or magnetic stripes. Connected to the banking system, it allows merchants to have sums credited to their bank account and buyers to settle purchases without using physical money.

PREMIUM ALLOCATION APPROACH (PAA)

The PAA is an insurance contract valuation methodology used to simplify the measurement of certain types of contracts, compared to the General Model. This model is used by the Company, in particular, for the following types of contracts:

- Short-term damage insurance (not exceeding one year);
- Some multi-year contracts as long as they give the same result as the General Model .

PREPAID CARDS

Payment instrument, issued against an advance payment of funds made to the issuer, the value of which decreases each time it is used to make payments or withdrawals. With a prepaid card, it is possible, without using cash, to purchase (via POS or online) goods or services, or to withdraw cash at ATMs and with the use of a PIN, within the limits of the amount previously paid to the issuing institution. Prepaid cards are issued by banks, electronic money institutions (IMEL) and the Italian Post Office. Reloadable prepaid cards have a maximum reloadable value that differs from issuer to issuer and can be reloaded several times. The prepaid card can also be equipped with an IBAN (International Bank Account Number), which allows the main operations of a current account to be carried out, by

means of transfers or direct debits, such as, for example, crediting wages or pensions, and paying utility bills. With the prepaid card, it is possible to make purchases without using cash and to make withdrawals and other transactions at ATMs belonging to the payment circuit indicated on the card.

REINSURANCE

Transaction whereby an insurer (the reinsured) - for a fee - reduces its economic exposure, either on a single risk (optional reinsurance) or on a large number of risks (compulsory or treaty reinsurance), by transferring to another insurer (the reinsurer) part of its liabilities arising from insurance contracts.

REPO (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).

RISK ADJUSTMENT

This refers to the adjustment of cash flows related to insurance contracts, reflecting uncertainty due to non-financial risks (e.g. mortality risk, longevity risk, early termination risk, assumption risk, catastrophe risk).

SALARY-BACKED LOAN

It is a special type of guaranteed financing, intended for pensioners and employees. The repayment of instalments is made by assigning a portion of the pension or salary to the lender. This share, deducted directly from the pension or pay slip, may not exceed the fifth part of the net monthly emolument. This type of financing requires insurance to cover life risk (for Pensioners) and life and loss of employment risk (for Employees). The policies are underwritten directly by the Bank/Financial Company (as policyholder and beneficiary), which bears the costs. The customer is not required to pay any insurance premium.

SEPARATELY MANAGED ACCOUNTS

In life insurance, a fund specifically created by the insurance undertaking and managed separately from the overall business of the undertaking. Separately managed accounts are used in Class I contracts and are characterised by a typically conservative investment composition. The return obtained by the separately managed account which is relegated to the members is used to revalue the benefits under the contract.


SOLVENCY RATIO

The Solvency Ratio is calculated as the ratio between the own funds eligible to cover the capital requirement and the regulatory minimum level calculated on the basis of the Solvency II regulation.

SPID - PUBLIC DIGITAL IDENTITY SYSTEM

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

STRONG CUSTOMER AUTHENTICATION (SCA)

SCA or **STRONG CUSTOMER AUTHENTICATION** requires that all electronic payment transactions, and some remote transactions that carry a risk of fraud, be confirmed and authorised by combining two or more authentication factors, chosen from something that only the person making the transaction possesses (an app on a mobile device or a key that generates OTP codes ) or an element of inherence, i.e. something that uniquely distinguishes the user (a fingerprint, facial geometry, or another biometric feature).

TRANSITIONAL MEASURES

The transitional measures on technical provisions (MTRT) were introduced by Directive 2014/51/EU (the so-called Omnibus II) to allow for a gradual transition from the previous prudential regime (so-called Solvency

l) to the Solvency II regime, preventing the new requirements from having undesirable effects on companies and the market.

The rules provide that insurance companies, as of 1 January 2016 and until 31 December 2031, may, subject to authorisation by the Institute, apply a transitional deduction to the technical provisions calculated at the end of each financial year, determined as a share of the (positive) difference between the amount of technical provisions calculated in accordance with Solvency II on 1 January 2016 and those recorded in the statement of financial position at 31 December 2015 (Solvency I).

UNIT LINKED POLICY

A life policy for which the investment risk is borne by the policyholder and whose benefits are directly linked to units in collective investment undertakings or to the value of assets held in an internal fund.

VARIABLE FEE APPROACH (VFA)

The Variable Fee Approach (VFA) is a valuation methodology that applies to insurance contracts with direct profit-sharing features, such as insurance pension funds, separately managed accounts and unit-linked insurance policies.

