

INTERIM REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Translation from the Italian original which remains the definitive version.

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1. READING GUIDE


This consolidated Interim Report of the Poste Italiane Group at 30 September 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 International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the end of the period.



The international macroeconomic scenario in the first nine months of 2023 was conditioned by the Russian-Ukrainian conflict, for which the Group did not record any significant impact on its business or significant repercussions on profitability during the period, nor did it have any fears about the impairment of its ability to continue as a going concern as a result of the conflict.

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. For the Poste Italiane Group, the application of IFRS 17 concerned the insurance companies of the Poste Vita Group (Poste Vita S.p.A., Poste Assicura S.p.A., Net Insurance S.p.A. and Net Insurance Life S.p.A.) as well as the Parent Company, limited to the related impact on the consolidated financial statements.

For more information on the scope of application of the standard and the methodological choices made by the Poste Italiane Group, as well as the effects of the application of the new standard (including the effects of First Time Adoption, please refer to the section "Changes in accounting policies" in the condensed consolidated half-year financial statements at 30 June 2023.

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 are composed of periodic releases of liabilities under 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 (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 are 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.


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 as at 31 December 2022. Following the application of IFRS 17 from 1 January 2023, certain figures for the comparative period have been restated to reflect the new provisions of the standard.

It is highlighted 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

In the first nine months 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: €8.9 bn (+6.8% y/y)

EBIT: €2.1 bn (+1.5% y/y)

Net profit: €1.5 bn (+5.8% y/y)

Total financial assets: €580 bn

Life insurance net inflows: €3.4 bn

Lapse rate on Life business: 4% 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. to launch "fresh" express courier service for home delivery of fresh food products: pilot deliveries in major Italian cities

Strategic partnership between Poste Italiane and DHL for the development of the international parcels market

12,755 Post Offices and ~119 thousand people employed (zero offices closed in small municipalities during the period)

Omnichannel Strategy: 22.6 million (+9.7% y/y) daily interactions and over 6 million daily visitors on digital channels (+11.1% y/y)

Third-party networks: ~55,000 physical contact points strengthened by the acquisition of LIS in September 2022

~27 mln digital identities (SPID) issued (~75% market share)

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

Inauguration of Poste Italiane new Fraud Management Centre, which monitors security of transactions carried out in post offices and online round the clock

Poste Energia launch campaign wins the Best Engagement special award at the Key Award, the Italian award dedicated to marketing communication

Poste Italiane wins the "Premio Impatto" (Impact Award) promoted by the Corporate Social Responsibility and Social Innovation Show, for measures to reduce CO₂ emissions thanks to the fleet renewal plan

Poste Italiane receives Platinum Medal from Ecovadis and enters the top 1% of best companies for corporate social responsibility along the supply chain

Poste Italiane also consolidated its AA rating by Morgan Stanley Capital International (MSCI)



HUMAN



**SOCIAL
RELATIONAL**



NATURAL



~4.3 million training hours provided in the first nine months of 2023

Trade union agreement to regulate Agile Work, extended until 31.12.2024

Poste Italiane is Top Employer for the 4th consecutive year

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

Record number of sign-ups for the Corporate Welfare programme with ~28,000 sign-ups: X3 compared to 2022

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. One-stop shops activated with first PA services

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

Memorandum of understanding with the Third Sector Forum on sustainability and volunteering projects: the online platform dedicated to the promotion of projects proposed by Third Sector organisations is operational

Poste Italiane is among the top three companies in the "Integrated Governance Index (IGI) 2023" ranking for the integration of sustainability policies into corporate strategies

Poste Italiane on the podium of the "best communicators" according to Lundquist's "trust Italia 2023" research

Poste Italiane confirms its leadership in sustainability by taking 1st place among the Blue Chip of the Italian Stock Exchange in the MIB® ESG GLOBAL SCORE index

Poste Italiane confirms its leadership in ESG policies by obtaining for the second year in a row the advanced category in Moody's Analytics' ESG overall score

The Poste Italiane Group enters the energy sector with a 100% green omnichannel accessible mass market offer: nearly 400 thousand contracts reached since service launch

~ 25,200 low-emission vehicles in the company fleet, of which ~5,300 electric

Full green delivery: zero-emission delivery in 33 city centres

~ 1,900 buildings involved in the Smart Building project*, over 210 photovoltaic systems with an installed capacity of over 12,000 KWp.

* Automated and remote management of buildings to achieve energy efficiencies

3. OUTLOOK

After the stagnation in the last quarter of 2022, the first months of 2023 saw GDP growth in Italy driven by the manufacturing sector, which benefited from falling energy prices and the easing of "bottlenecks" along supply chains. In the following months, the economy slowed down, recording a drop in GDP in the second quarter. The phase of weakness in Italian economic activity, which extended to both manufacturing and services, continued in the third quarter of the year due to domestic demand still being negatively affected by the tightening of conditions for access to credit, the erosion of household incomes due to inflation, and the loss of vigour in the labour market¹.

For the remainder of the year, growth estimates remain moderate and characterised by high uncertainty and downside risks mainly related to: the timing and outcome of the Russian-Ukrainian conflict, recent tensions in the Middle East, risks of international financial instability, and a level of inflation that, although declining, will remain above the Central Banks' targets for the whole of next year. According to recent October estimates by the International Monetary Fund, Italy's GDP growth in 2023 will be 0.7%, and will remain at that level in 2024 as well.

Against this backdrop, the Poste Italiane Group posted positive performance in the first nine months of the year in terms of both revenue growth and operating result, thanks in part to the benefit of recent corporate transactions and careful cost discipline. On the basis of the results achieved, at the presentation of the closing results at 30 September 2023, the financial community was informed of the increase to €2.6 billion in the EBIT guidance expected for the end of this year. The payment of the 2023 interim dividend of €0.237 per share in November 2023 was also confirmed.

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 range of financial offering characterised by products with reduced risk exposure and volatility, which guarantee significantly lower churn/lapse rates than the market. The Group's cost structure is flexible, with a significant revenue-related variable cost component. The Group also benefits from the effects of actions implemented at favourable market times, aimed at mitigating fluctuations in input prices. The Group confirms its role as a system operator, participating in the securing of Eurovita, with a strong contribution to maintaining the country's financial stability.

The objective is confirmed 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. In early 2024, the new Business Plan will be presented to the market, which will aim to consolidate the Group's leadership in logistics and evolve the service model. The Group will also continue to strengthen customer relations within the post office network, third-party networks and on digital properties by implementing omnichannel experiences, and will confirm the relevance of the ESG strategy.

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.

As part of the National Recovery and Resilience Plan, the Group will continue with 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, transforming the Post Office into 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.

¹ Bank of Italy - Economic Bulletin no. 4 – 2023.

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

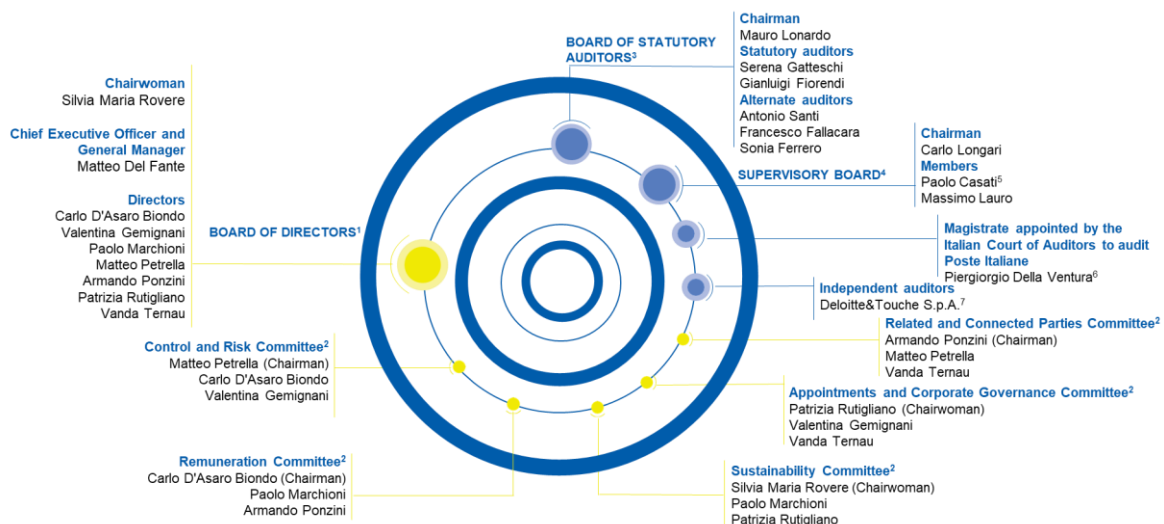
[POSTE ITALIANE'S CORPORATE GOVERNANCE](#)

[POSTE ITALIANE'S ORGANISATIONAL STRUCTURE](#)

[SHAREHOLDERS AND SHARE PERFORMANCE](#)

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

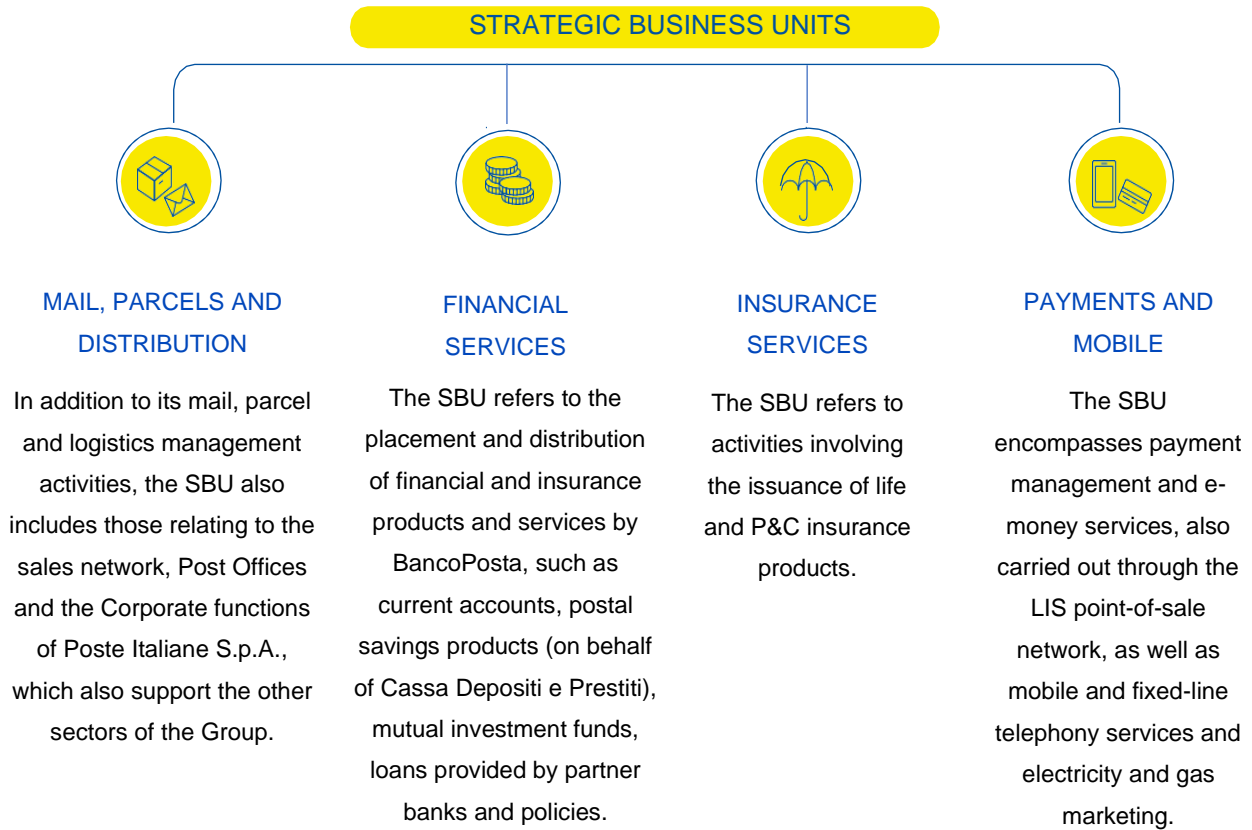
4.1 POSTE ITALIANE'S CORPORATE GOVERNANCE



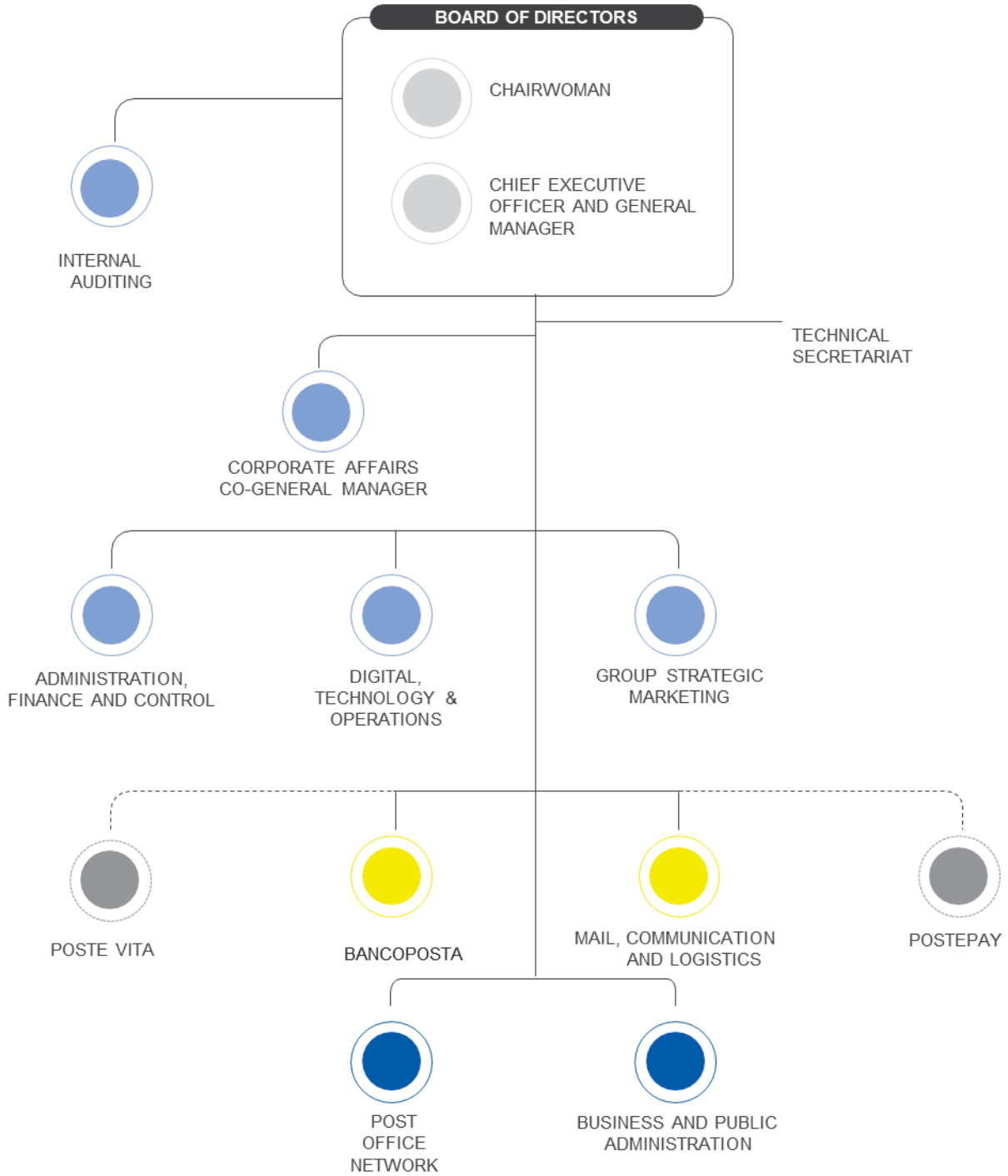
1. The Board of Directors was elected by the Ordinary General Meeting held on 8 May 2023 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2025. Moreover, following the Board of Directors' resolution of 8 May 2023, the Co-General Manager and Head of Corporate Affairs participates in Board meetings without voting rights.
2. Committee members were appointed by the Board of Directors' meeting of 30 May 2023.
3. 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.
4. The Supervisory Board was renewed by the Board of Directors' at the meeting of 28 September 2022 for a three-year term and will remain in office until 28 September 2025. All members were confirmed.
5. The only internal member, Head of Poste Italiane SpA's Internal Auditing Function.
6. Assigned by the Court of Auditors with effect from 1 January 2020.
7. Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the 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 the Poste Italiane financial statements): Mail, Parcels and Distribution; Financial Services; Insurance Services and Payments and Mobile.



Below is the Poste Italiane organisational structure:



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

The organisation of Poste Italiane S.p.A. envisages **business functions**² 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, 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 overcoming of the commercial oversight for the management of partner channels in the **Business and Public Administration Market**.

Third-party network development model entrusted to LIS

In June 2023, the Transformation Governance function was created in **Mail, Communication and Logistics** in order to foster and accelerate the Group's transformation process towards the role of an all-round logistics operator.

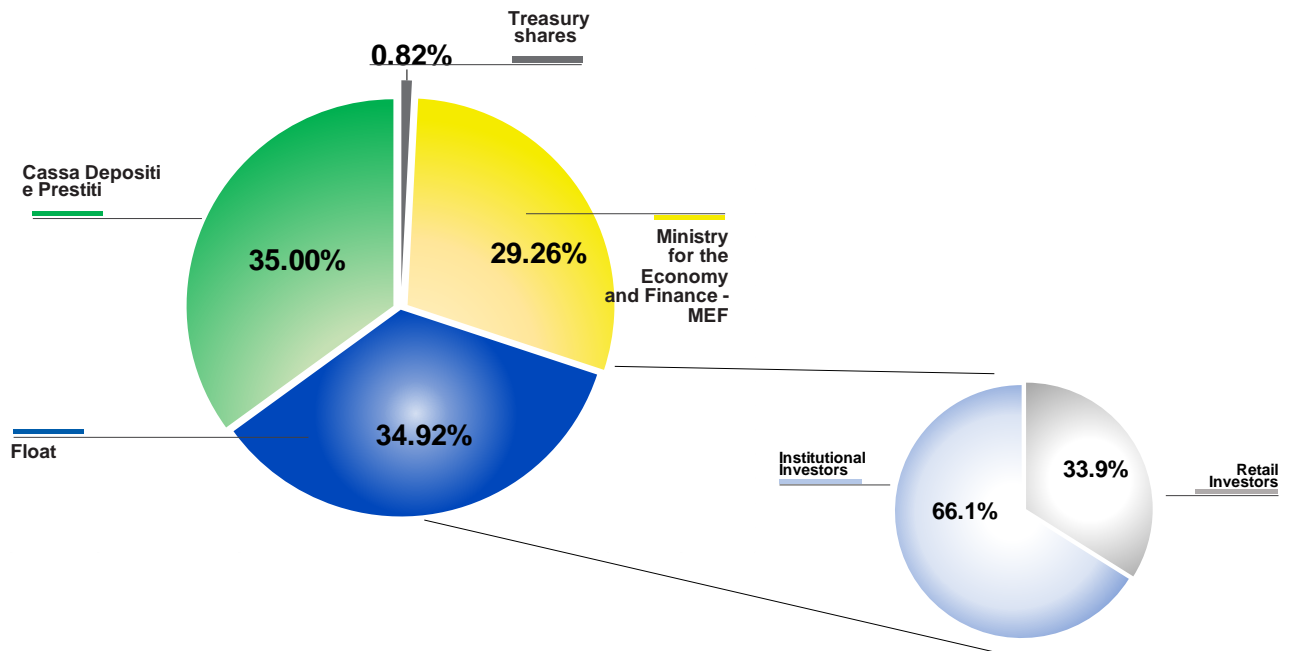
In September 2023, two Sales Areas were created in the **Business and Public Administration Market** dedicated respectively to the offer of express courier and parcel products and services, as well as to the commercial development of integrated logistics solutions and indirect Express Courier and Parcel sales.

Subsequently, two commercial functions specialising in health care logistics and digital solutions were set up to ensure better commercial coverage of new business.



4.3 SHAREHOLDERS AND SHARE PERFORMANCE

4.3.1 POSTE ITALIANE'S OWNERSHIP



Poste Italiane has issued shares listed on the Mercato Telematico Azionario (Electronic Stock Exchange - MTA) organised

² 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.


and managed by Borsa Italiana S.p.A. as of 27 October 2015. At 30 September 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%³ 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 1,295,434,202 are outstanding at 30 September 2023.

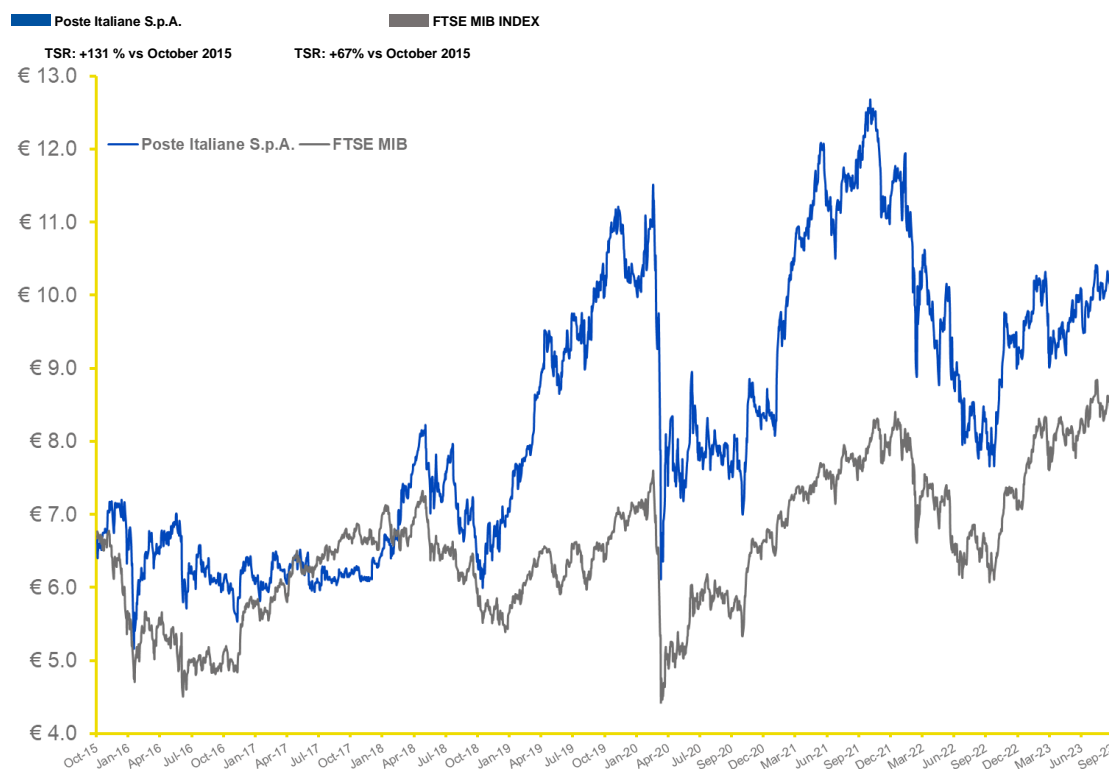
In execution of the authorisation to purchase treasury shares resolved by Poste Italiane's Shareholders' Meeting of 8 May 2023, aimed at acquiring a supply of shares to service the Group's long-term incentive plans benefiting members of management (including the Chief Executive Officer and General Manager), on 9 May 2023, the market was informed of the launch of a share buyback programme under which, between 10 May 2023 and 31 May 2023, Poste Italiane purchased 3,500,000 treasury shares (equal to 0.268% of the share capital), at an average price of €9.709971 per share, for a total countervalue of €33,984,897.83.

Following the transaction, considering also the treasury shares in the portfolio deriving from previous buy-back transactions and the delivery to the beneficiaries of the incentive plans, at 30 September 2023, Poste Italiane holds 10,675,798 treasury shares, equal to 0.817% of the share capital.

4.3.2 SHARE PERFORMANCE


The value of the Poste Italiane share in the first nine months of 2023 recorded an increase of 7.97%, going from €9.232 at the beginning of the year to €9.968 at the end of September 2023.

From the date of listing on the stock exchange (27 October 2015) to 30 September 2023, Poste's share price increased by 47.7% (while the FTSEMIB  index increased by 24.8% in the same period), guaranteeing an overall return for shareholders (TSR) of 131% while the main Italian stock exchange index recorded an increase of 67%.



³ 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.

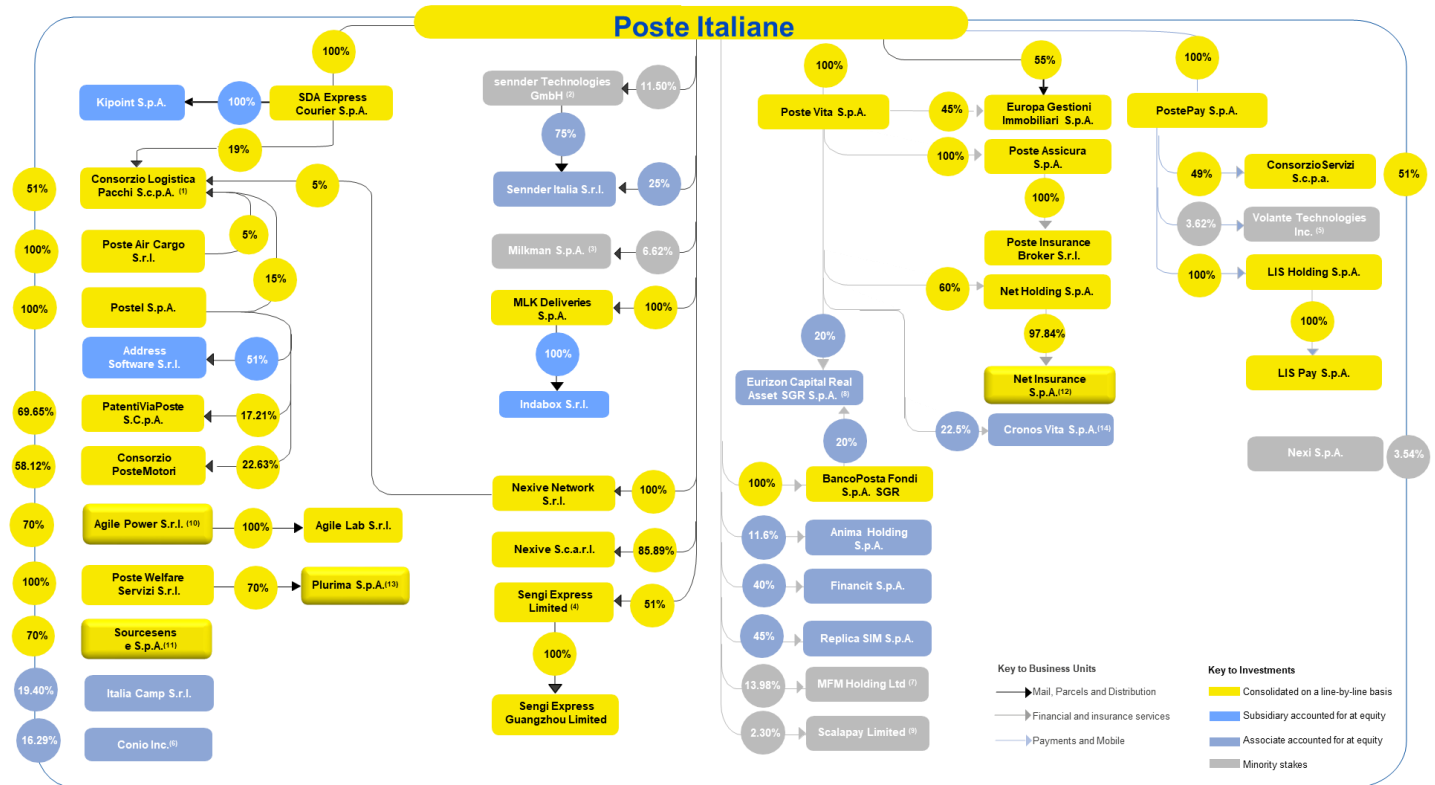
Share KPIs	9M 2023	FY 2022	9M 2022	FY 2021
Closing price at the end of the period (€)	9.968	9.126	7.790	11.540
Minimum price of the period (€)	9.012	7.658	7.658	8.076
	17/03/2023	29/09/2022	29/09/2022	29/01/2021
Maximum price of the period (€)	10.410	11.940	11.940	12.675
	28/07/2023	03/02/2022	03/02/2022	26/10/2021
Average price of the period (€)	9.831	9.373	9.513	10.996
 Stock exchange capitalisation at the end of the period (€m)	13,019	11,920	10,175	15,073
TSR of the period (%)	14.21	(15.42)	(29.39)	44.83
Earnings per share* (€)	1.175	1.163	1.108	1.214

Source: Bloomberg.

*The indicators shown in the 9M 2023 and 9M 2022 columns are calculated as: Group net profit for the period (9M)/number of shares outstanding.





4.4 GROUP STRUCTURE AND MAIN CORPORATE ACTIONS DURING THE PERIOD

At 30 September 2023, the Group held, directly and indirectly, equity investments in 53 companies and consortia, of which 36 are consolidated on a line-by-line basis, 3 are subsidiaries and valued using the equity method, 8 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 10.17%.
 (3) The investment in Milkman S.p.A. fully diluted is equal to 6.03%.
 (4) The investment in Sengi Express Limited is equal to 51% of the shares with voting rights (40% of property rights).
 (5) The investment in Volante Technologies Inc fully diluted is equal to 2.39%.
 (6) The investment in Conio Inc fully diluted is equal to 14.53%.
 (7) The investment in MFM Holding Ltd is equal to 13.98% of the shares with voting rights (14.81% of property rights).
 (8) 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).
 (9) The investment in Scalapay Limited fully diluted is equal to 2.15%.
 (10) 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.
 (11) Sourcesense S.p.A. wholly owns Sourcesense Digital S.r.l., Sourcesense Technology S.r.l., Sourcesense Limited (UK) and Sourcesense Platforms S.r.l. and holds 20% in Consorzio Italia Cloud.
 (12) Net Insurance S.p.A. wholly owns Net Insurance Life S.p.A. The investment in Net Insurance S.p.A. fully diluted is equal to 97.66%.
 (13) Plurima S.p.A. wholly owns Bridge Technologies S.r.l. and Logos S.r.l.
 (14) The company changed its name to Cronos Vita Assicurazioni S.p.A. in October 2023.

Below are the main transactions that took place during the period and after 30 September 2023:

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<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, the Poste Italiane stake in sennder Italia went from 65% to 60%.</p> <p>On 30 May 2023, Poste Italiane's Board of Directors approved the renegotiation of the current partnership with sennder Technologies GmbH ("sennder Tech"). As part of the renegotiation, Poste Italiane contributed 35% of its shares in sennder Italia to sennder Tech, increasing its stake in the latter from 1.7% to 10.2% on a fully diluted basis. It should be noted that following the completion of the transaction in June 2023, Poste Italiane holds a 25% stake in sennder Italia.</p> <p>In addition, the transaction resulted in the recognition of a total gain of approximately €109 million classified as revenue since it was a sale of a controlling interest, with a positive impact on the Group's EBIT, as a result of ordinary operations.</p>
 <p>INSURANCE SERVICES</p>	<p>Net Insurance</p>	<p>On 28 September 2022, Poste Vita's Board of Directors 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 insurtech⁴, thanks to agreements with technology partners.</p> <p>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.</p> <p>On 20 April 2023, the squeeze-out procedure was finalised, as a result of which Net Holding (the corporate vehicle directly controlled by Poste Vita that promoted the bids) holds a controlling interest of 97.84% in Net Insurance (which in turn holds 100% of Net Insurance Life S.p.A.), and the current CEO of Net Insurance, who acted in concert with the takeover bid, holds a minority interest of 2.16%. The total outlay paid by Net Holding for the acquisition of the stake amounted to approximately €181 million.</p> <div data-bbox="1117 952 1420 1142" style="border: 1px solid blue; background-color: #e6f2ff; padding: 5px; text-align: center;">  <p>acquired a controlling interest</p> </div>

⁴ 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).

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 amounted to around €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. Following receipt of the necessary approvals from the UK regulator (FCA⁵) on 5 July 2023, the closing of the transaction was formalised at the end of July.

On 24 January 2023, Sourcesense finalised the acquisition of **Eco Mind Ingegneria Informatica S.r.l.** ("**Eco-Mind**") 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 about €1 million. In order to simplify the corporate structure of the Sourcesense Group, the two companies Eco Mind and HeadApp were merged into the NewCo named Sourcesense Platforms S.r.l. The merger transaction took effect from 1 July 2023.

On 29 June 2023, Poste Italiane notified **Milkman S.p.A.** ("**Milkman**") of its intention to exercise its call option on the shares held by the latter in **MLK Deliveries S.p.A.** ("**MLK**"), equal to approximately the remaining 30% of the share capital of MLK itself (the "**Milkman Stake**"). Based on the criteria originally agreed upon in the contractual agreements signed in 2020, the exercise price of the option was estimated at €19.6 million. Following the transfer of the Milkman Stake, formalised in July, Poste Italiane acquired full control of MLK.

On 28 September 2023, as a result of the cash received from the sale to Poste Italiane of the 30% stake held in MLK, the Milkman extraordinary shareholders' meeting resolved to distribute dividends in the amount of approximately €15.3 million, of which €3.6 million in favour of Poste Italiane.

On 3 August 2023, as part of a system-wide transaction to take over the policy portfolio of **Eurovita S.p.A.** ("**Eurovita**") following the latter's crisis, Poste Vita contributed to the establishment of the corporate vehicle **Cronos Vita S.p.A.** ("**Cronos**"), invested in by, in addition to Poste Vita itself, Allianz, Generali Italia, Intesa Sanpaolo Vita and UnipolSai Assicurazioni, with the purpose of acquiring a business unit consisting essentially of the assets and liabilities relating to the Eurovita insurance business, following the latter's admission to compulsory liquidation proceedings.

In September 2023, the insurance companies involved, Cronos, the banks distributing Eurovita products and certain system banks signed the final agreements within their respective competences to regulate their rights and obligations in relation to the transaction.

As part of the aforementioned transaction, on 18 September 2023, Poste Vita participated in the first capital increase of Cronos, with a share of around €1.7 million.

On 17 October 2023, IVASS authorised Cronos to carry out insurance activities (with a consequent change of company name from "**Cronos Vita S.p.A.**" to "**Cronos Vita Assicurazioni S.p.A.**"). On 27 October 2023, Poste Vita participated, together with

⁵ Financial Conduct Authority.

the other shareholders of Cronos, in proportion to its 22.5% stake, in the second capital increase of this company of around €212.5 million, of which around €47.8 million was attributable to Poste Vita.

Upon completion of the transaction, on 30 October 2023, IVASS authorised the sale of the business unit from Eurovita to Cronos, effective from 27 October 2023.

In June and July 2023, **Volante Technologies Inc** ("Volante") issued in two tranches a convertible loan totalling \$16.6 million, which was subscribed by some of the company's shareholders, including PostePay, in the amount of \$508 thousand. In September 2023, Volante also carried out a senior debt refinancing transaction, as part of which the warrants to be assigned to subscribers of the convertible loan became exercisable. PostePay exercised its warrants, converting them into newly issued ordinary shares. Therefore, as a result of the transactions described, the PostePay stake in Volante went from 2.9% to 2.4% (on a fully diluted basis).

Intra-group transactions

In order to simplify the corporate structure of the Group, 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.

On 26 April 2023, Plurima S.p.A. finalised the purchase of a further 40% of the share capital of **Bridge Technologies S.p.A.** for a consideration of approximately €0.9 million, thus achieving 100% ownership.

In June and July, respectively, the Boards of Lis Holding and PostePay approved the project for the **Partial demerger of Lis Holding in favour of PostePay**, with direct assignment of the 100% stake in LIS Pay to the EMI RFC. In this regard, on 28 June 2023, Poste Italiane's Board of Directors authorised the participation of Poste Italiane S.p.A. in the extraordinary shareholders' meeting of PostePay S.p.A. to approve the demerger transaction and the amendment of the rules of the EMI RFC, in order to allow the allocation to the latter of investments in other payment institutions and the removal of the restriction on the allocation to the EMI RFC of the investment in LIS Holding. The demerger transaction, which is expected to become effective by the end of 2023, once authorisation has been obtained from the Bank of Italy, will produce the following benefits for the subsidiary PostePay: (i) strengthening the system of internal controls; (ii) accelerating the integration of the LIS Pay business; (iii) optimising capital absorption.

On 12 October 2023, the deed of purchase and sale of the shares in Address Software S.r.l. held by third-party shareholders amounting to 49% of the company's capital was signed; as a result, as of that date, Postel S.p.A. holds 100% of the shareholding in Address Software S.r.l.

5. STRATEGY, INNOVATION AND DIGITALISATION, 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

The global economy in 2023 is conditioned by declining global demand, high geopolitical uncertainty due to both the protracted Russian-Ukrainian conflict and the escalation of the Israeli-Palestinian conflict since October, and increasingly less favourable financial conditions for households and businesses.

After the strong recovery observed at the beginning of the year, the world economy slowed down, mainly reflecting the loss of momentum in the recovery of the Chinese economy. In recent months, economic surveys have indicated a renewed weakening of manufacturing activity in the manufacturing industry, accompanied by a decline in trade volumes and a lower offsetting capacity on the part of services. In Western countries, the normalisation in services is coming to an end following the withdrawal of pandemic-related containment measures, while the dampening effect on demand as a result of monetary restriction is growing; in China, the effect of the easing of sanitary measures has proved to be less than robust, not least because of the worsening real estate crisis.

The International Monetary Fund (IMF), in its latest World Economic Outlook in October, estimates a decreasing global growth of 3% in 2023 (3.5% in 2022) due mainly to the monetary tightening taking place in the major advanced economies and the stability risks for the financial system, which became apparent in March with the collapse of some banking intermediaries in the US and Switzerland. In 2024, growth is revised downwards to 2.9%, 0.1% lower than forecast in July.

The central banks' restrictive tone, focused on controlling inflationary dynamics, further increased fears for the resilience of growth: the ECB adopted 9 interventions in 12 months, bringing key interest rates to their highest levels since 2001, and the Fed adopted 11 upward interventions over 16 months.

Increased uncertainty has had a significant effect on the **European economy**, affecting demand, supply, investment, prices, trade and overall economic growth: the IMF⁶ estimates growth of 0.7% this year and 1.2% in 2024. The sharp slowdown, from 3.3% in 2022, is conditioned by the ongoing recession in Germany, where GDP contracted by 0.5% and is expected to be 0.9% in 2024. According to the IMF, emerging economies are expected to grow at a rather strong 4% per annum in 2023 and 2024.

The outlook for the **Eurozone** continues to be unfavourable. The European Commission's composite Economic Sentiment Indicator (ESI) in September fell for the fifth consecutive month (93.3 from 93.6)⁷. In detail, there was the first rise in industrial confidence after seven months of declines and the fifth consecutive decline in services. Sentiment in retail trade, construction and households also deteriorated. Among the major European economies, confidence worsened in Spain (-3.2 points) and Italy (-2.2 points), while it improved in France (+2.7 points) and to a lesser extent in Germany (+0.3 points).

During the period, the prices of the main commodities resumed their upward trend, while the price of Brent crude stabilised above USD 90 per barrel in September. After reaching \$1.12 per euro in July, the euro-dollar exchange rate depreciated and

⁶ <https://24plus.ilsole24ore.com/art/fmi-frenano-ancora-eurozona-germania-recessione-e-cina-atterraggio-morbido-gli-usa-AFIL4AB>.

⁷ Source: ISTAT - Monthly report on the performance of the Italian economy of September 2023.

by the end of September was back around the values of the beginning of the year at \$1.05 per euro.

The global economic outlook is reliant on the gradual easing of global supply bottlenecks, falling energy prices and the recovery of the Chinese economy, but remains fragile due to lingering uncertainty fuelled by Russia's war with Ukraine and the possibility that pressures in global energy and food markets could reappear, leading to new price spikes and accelerating inflation.

With regard to the latter, the recovery phase driven by the dynamics of energy commodity prices continues. In this context, the IMF⁸ 2023 headline inflation forecast drops to 6.9% from 8.7% in 2022. A further easing of price pressures is expected in 2024, with an expected dynamic of 5.8%. In the euro area, consumer inflation is falling sharply. In September, there was a 4.3% year-on-year growth from 10.1% in January. The trend slowdown is spread across all major components. Energy fell to 4.7% in September due to favourable base effects, which more than offset the recent increase in fuel prices. The low point for energy inflation is expected to be reached in October and then it should rise to a positive level in early 2024, to be followed by an acceleration from spring next year as the anti-inflation measures wear off.

For the **Italian economy** in the first quarter of 2023, after a slight decline at the end of 2022, the expansion phase continued (+0.6% change in the economy), bringing the 2023 growth forecast to +0.9%⁹. In May, the Istat indexes of household and especially business confidence worsened, interrupting the positive trend that had characterised the previous months. In the second quarter, gross domestic product decreased by 0.4%. The change acquired for 2023 was 0.7%.

After peaking in the fourth quarter of 2022 with values above 12%, consumer inflation started to decline and stood at 5.6%¹⁰ according to preliminary estimates in September. The decline reflected in the first half 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. More recently, the decline in the inflation rate is attributable to the trend in food prices, the year-on-year growth of which slowed down considerably, although remaining at relatively strong levels (+8.4% in September), with the rekindling of tensions in energy good prices and the growth in transport service prices. Italian inflation remains higher than the Eurozone average (as it has been since October 2022) due to a higher contribution from the energy component. However, the difference between the two indices continues to narrow over the course of the year. The Council of Ministers approved the Update Note of the Economic and Financial Document (NADEF) outlining the scenario under current legislation and the public finance targets for the three-year period 2024-2026. The NADEF incorporates a downward revision of GDP growth estimates¹¹ to 0.8% from 1% previously for 2023 and to 1% (in the trend framework) from 1.4% estimated in April for 2024; GDP growth is then seen at 1.4% in 2025 and 1% in 2026. The 2023 trend deficit was revised to 5.2% from a previous 4.5% due to the accounting of the Superbonus, which is expected to have weighed over 20 billion. The trend deficit for 2024 was revised to 3.6% from 3.7% expected in April.

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. 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 letter mail market, after a trend of substantial stability in volumes in 2021 (+0.2% compared to 2020)¹², the structural downturn in the market continued in 2022 and there was a substantial decrease in mailings (-5.2% compared to 2021)¹² as an inevitable consequence of digitalisation processes and the transition from physical to electronic forms of

⁸ Source: IMF – World Economic Outlook October 2023 - https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023?cid=ca-com-compd-pubs_belt.

⁹ Source: ISTAT Quarterly Economic Accounts – First Quarter 2023 - www.istat.it/it/archivio/285054.

¹⁰ Source: ISTAT - Consumer Prices-September 2023 - <https://www.istat.it/it/archivio/289234>. Harmonised Index of Consumer Prices (HICP)

¹¹ Source: Bank of Italy - Preliminary hearing on the examination of the 2023 Update Note of the Economic and Financial Document - <https://www.bancaditalia.it/pubblicazioni/interventi-vari/int-var-2023/Altimari-09.10.2023.pdf>.

¹² Internal calculations based on AGCom data (quarterly observatories and annual report 2023) and the latest available financial statements of companies operating in the postal sector.

communication (e-substitution). In 2023, market volumes are expected to decline further, albeit at a slower rate than in the pre-pandemic period.

The parcel sector, after its exponential increase in the pandemic years, experienced a period of uncertainty in 2022 that did not, however, affect the value of the market.

The effects conditioning the slowdown of the growth trend recorded in 2022 can be summarised as the generalised increase in costs with the consequent decrease in consumer purchasing power, and the lower propensity for private purchases (including online).

For the year 2022¹³, the market value was higher than in 2021, but still below pre-pandemic levels.

In 2023, the value of the parcel market is expected to grow, mainly due to the positive trend in e-commerce. According to the first estimates¹⁴ for the current year, online shopping shows signs of recovery with a value of €35.2 billion, up 8% compared to 2022 (also affected by the effects of inflation) and with annual growth in absolute terms returning to the standard level of the pre-pandemic period. Apparel, Beauty and IT will be the most dynamic sectors in 2023 (after the generalised slowdown in 2022), with annual growth rates (approx. +10%) higher than the average rate of product e-commerce purchases; Food & Grocery, which was the most dynamic sector in 2022 with an annual trend of +15%, will, on the other hand, have very limited growth in 2023 (approx. +1%).

REGULATORY CONTEXT AND EVOLUTION OF THE REGULATORY SCENARIO

The main legislative and regulatory interventions updated in the first nine months of 2023 are shown below. 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 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

¹³ Internal calculations on Cerved Databank data.

¹⁴ Source: Politecnico di Milano, B2C eCommerce Observatory.

and AGCom appealed the Regional Administrative Court ruling to the Council of State and the hearing on the merits was held 18 May 2023. Poste Italiane, AGCom and A.I.C.A.I. (Italian Association of International Air Couriers) lodged separate appeals with the Council of State against the Regional Administrative Court ruling. The appeal proceedings were joined and the hearing on the merits before the Council of State was held on 21 September 2023. The Council of State, in its ruling 09021/2023 published on 17 October 2023, annulled the contested ruling and referred it back to the same TAR (Regional Administrative Court).

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 July 2023, the procedure was initiated for notification of the Service of General Economic Interest (SGEI) to the Commission for the period 2020-2026, currently being finalised.

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 (Autorità per le
Garanzie nelle
Comunicazioni) – the
Italian Communications
Authority

Tariff Manoeuvres

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 a further procedure for the determination of new maximum tariffs for universal postal services and with Resolution 95/23/CONS of 2 May 2023, it initiated the public consultation lasting 30 days; Poste Italiane submitted its comments for public consultation. On 27 June 2023, by Resolution 160/23/CONS, the new tariffs of the universal service were defined and came into force on 24 July 2023.

AGCom - the Italian
Communications
Authority
Access Obligations

With Resolution 171/22/CONS, AGCom amended and supplemented the access obligations defined by the AGCM in the context of the acquisition of Nexive.

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

In compliance with regulatory requirements, Poste Italiane published the access offers on its website on 24 March 2023. These offers came into force on 1 May 2023. At the Authority's request, on 31 July 2023, Poste Italiane published its proposed changes to the access offers for the year 2024.

With Agcom Resolution 235/23/Cons of 27 September 2023, the approval and public consultation procedure concerning Poste Italiane offers of wholesale access services for the year 2024 was initiated, pursuant to Resolution no. 171/22/CONS.

Replicability of offers

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 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.

On 15 June 2023, with Resolution 139/23/CONS, AGCom launched the public consultation on the definition of the replicability test for Poste Italiane multiple item delivery service offerings and the criteria for conducting it.

With AGCom Resolution 236/23/CONS of 27 September 2023, the Authority concluded the proceedings on the updating of the criteria for verifying the replicability of Poste Italiane offers. The new provisions are scheduled to enter into force 30 days from the date of publication.

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. The Agreement with PagoPA governing the scope of services, responsibilities and economic remuneration for the developments and services required from Poste Italiane for the implementation of the Platform is currently being finalised. In the meantime, the platform was made operational by PagoPA with the currently available functionalities.

AGCM (Autorità
Garante della
Concorrenza e del
Mercato) - the Italian
Antitrust Authority

Obligations of
Nexive Group S.r.l.

As part of the acquisition of Nexive, finalised in January 2021, and the related commitments on the part of Poste Italiane, in relation to the compliance checks by the Authority, technical discussions took place regarding the interpretation of the behavioural measure of maintaining the offering portfolio in the two years following the transaction.

In December 2022, Poste Italiane sent the annual report on compliance with the behavioural measures prescribed by the AGCM. As part of the compliance checks by the AGCM, technical discussions took place about the interpretation of the behavioural measure related to the maintenance of the offering portfolio in the two years following the transaction. Following the public consultation launched on 23 November 2022 on wholesale access offers, by means of AGCom Resolution 30/23/CONS, published on 22 February 2023, the Authority approved the offers of Poste Italiane relating to wholesale access services. On 24 March 2023, Poste Italiane published the access offers in compliance with regulatory requirements. The offers came into force on 1 May 2023.

At the Authority's request, on 31 July 2023, Poste Italiane published its proposed changes to the access offers for the year 2024.

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. On 13 April 2023, the Authority published the final Resolution on the amendments to the Regulation¹⁵ confirming the substantial structure of the Regulation in its qualifying features, although it made some changes aimed at fostering competition in the notification market (e.g. the abolition of the exclusivity clause between the parent operator and operators forming part of its permanent organisation, the reduction of the minimum number of employees and training hours). The Resolution confirmed the prohibition of reposting, i.e. the entrusting of volumes of judicial documents to Poste Italiane by the successful bidders, and maintained the division of licences into two types (one all-inclusive for judicial documents and traffic violations and another for traffic violations only).

AGCom - the Italian
Communications
Authority

Regulation public
consultation
Compensation in the
postal sector

With Resolution no. 159/23/CONS, published on 27 June 2023, AGCom initiated a public consultation aimed at adopting a Regulation on indemnities for the protection of users in the postal sector, providing for the possibility for interested parties to submit their comments by 14 August 2023 and to be heard by the Authority. Poste Italiane sent its contribution to the consultation in due time and explained its position at a hearing held on 22 September 2023. The time limit for concluding the proceedings is set at 180 days from the date of publication of the Resolution, subject to any suspensions and extensions ordered by the Authority.

OTHER INFORMATION

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

¹⁵ Regulations on the issuance of licences to carry out the service of judicial documents and related communications by post (Law no. 890 of 20 November 1982) and traffic violations (Article 201 of Legislative Decree no. 285 of 30 April 1992).

OPERATING REVIEW

Also in the first nine months of the year, 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 transport¹⁶, in order to build a unique offer¹⁷ dedicated mainly to Italian food and wine SMEs. During the period, a pilot delivery chain was launched in major Italian cities¹⁸.</p> 
	<p>With a view to the continuous development of the offer and business, the marketing continued of the new offer of Integrated Logistics¹⁹, which began in 2022 and aims to position Poste Italiane as a Logistics Solution Provider²⁰ in the Contract Logistics market and, since April 2023, the new Logistics Hub in Vidigulfo (Pavia) has been in operation. With a surface area of 62,000 sqm and 74,000 pallet spaces, it is the largest of the Poste Italiane's warehouses dedicated to warehousing. The site handles the order of an important customer who has entrusted the Group with the entire activity of storage, order picking and distribution of its products for its shops located in Central-Northern Italy.</p>
	<p>At the end of July 2023, the Poste Italiane new offer dedicated to cancer prevention campaigns, organised by local health authorities and hospitals in order to increase their participation, was launched on an experimental basis. The initiative offers the possibility of home collection of diagnostic samples self-collected by citizens participating in screening campaigns and their return to the relevant ASL laboratory.</p> 
Mail	<p>On 27 June 2023, the new universal service tariffs were defined by AGCom Resolution 160/23/CONS, which came into force on 24 July 2023.</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>Started selling the new product Judicial Document Market Veloce²¹. The service replicates all the features and functionalities of the Judicial Document Market (tracking, notification and reporting) with improved service levels and dedicated forms.</p> <p>Since May 2023, the Online Judicial Document has been available, through which the judicial document can be sent via the Postaonline²² solution at any time directly from customers' management software.</p>

¹⁶ A mode of transport that involves maintaining a constant temperature inside the vehicle - whether hot or cold - whatever the outside temperature.

¹⁷ 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 the Mazzocco cold logistics platform.

¹⁸ The provinces where the service is currently active are: Milan, Monza, Pavia, Cremona, Lodi, Bergamo, Brescia, Turin, Verona, Vicenza, Padua, Piacenza, Parma, Reggio Emilia, Modena, Bologna, Rome.

¹⁹ Integrated logistics offer: it represents the integration of warehousing services (goods entry, goods storage, order management/arrangement, shipment preparation) and distribution services both B2B and B2C (Full Truck Load (FTL) - and Less Than truckLoad (LTL) - and Poste Delivery Business Services).

²⁰ Single logistics provider able to offer services covering the entire customer supply chain, from warehousing to distribution to the final recipient.

²¹ Judicial Document Market Veloce is used for the notification of traffic violations and administrative acts (e.g. for acts relating to taxes).

²² The service is provided in accordance with Law no. 890 of 20 November 1982 "Notification of documents by post and communications by post connected with the notification of judicial documents".

5.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

Financial markets

The year 2023 started with a bullish phase in the equity segment that continued throughout January due to the less aggressive policies of central banks, resulting in lower long-term rates. Already in February, this bullish phase began to fade, mainly due to the more aggressive tones used by 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.

Overall, in the first nine months of 2023, equity markets overcame the correction recorded in August induced by investors' concerns about the deterioration of economic growth caused by the significant rise in interest rates, recording strong positive performance²³: the FTSE MIB is up 16% since the start of the year. In the USA, the progress of the Nasdaq in New York is even more pronounced, with the index up 26% in the first nine months of 2023. On the Tokyo Stock Exchange, the Nikkei index gained around 22% in the first nine months of 2023, absorbing the 4.14% drop recorded in the third quarter of 2023.

The credit market, after a start of the year characterised by a significant tightening of spreads, experienced a sharp turnaround 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. In the summer months, the European and US corporate markets suffered from both rising benchmark rates and widening spreads, of a larger magnitude on the High Yield segment, in tandem with deteriorating economic growth.

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)²⁴ on the widening trend that had affected the latter part of 2022. However, already in the first few days of the year, the trend 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)²⁵ and then closing the first quarter with a marginal widening (10-year BTP around 4.1% and BTP-Bund spread around 185 bps)²⁶. In the second quarter, both the yields on the Italian ten-year bond and the BTP-Bund spread fell further to 4.07% and 167 bps respectively on 30 June 2023²⁷. In the third quarter, the actions of the central banks led to a generalised rise in yields, with the yield on the 10-year BTP reaching 4.8% at the end of September, while the BTP-Bund spread remained around 190 bps²⁸.

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 Swaps²⁹.

	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
BTP 10Y	4.52	4.72	4.10	4.07	4.78
SWAP 10Y	3.08	3.20	2.96	3.02	3.39
BTP 15Y	4.40	4.75	4.36	4.26	5.04
SWAP 15Y	3.07	3.14	2.96	2.96	3.43
BTP 30Y	4.34	4.79	4.32	4.44	5.25
SWAP 30Y	2.40	2.53	2.50	2.54	3.09

²³ Source: Bloomberg.

²⁴ Source: Bloomberg.

²⁵ Source: Bloomberg.

²⁶ Source: Bloomberg.

²⁷ <https://www.borse.it/articolo/ultime-notizie/chiusura-borse-oggi-30-giugno-2023#indici-europa-e-italia>.

²⁸ Source: Bloomberg.

²⁹ Source: Bloomberg.

The following graph shows the trend of the 10-year BTP-Bund spread in recent years with the values recorded up to 30 September 2023.




Banking system

Based on available estimates provided by the Italian Banking Association (ABI)³⁰, at the end of August 2023, customer deposits of all banks in Italy, represented by deposits from resident customers (current accounts, certificates of deposit and repurchase agreements) and bonds, decreased by 3.4% on an annual basis, settling at approximately €1,985 billion (-€69 billion compared to the previous year). This reflected a significant reduction in deposits from resident customers in the first eight months of 2023, amounting to around €103 billion (-5.5% y/y), partially offset by a recovery of around €34 billion in bond deposits (+16.7% y/y).

In August 2023, the average cost of bank funding (which includes the return on deposits, bonds and repos from households and non-financial companies) was around 1% (0.61% at 31 December 2022).

Asset Management

Assogestioni data show, as at 31 August 2023³¹ total assets of €2,274 billion, up 2.9% on the €2,210 billion at the end of 2022. With regard to portfolio management, assets amounted to approximately €1,071 billion, up 2.1% from €1,050 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 about €1,203 billion at the end of August 2023 (+3.7%). With regard to open-ended investment funds  alone, client assets stood at around €1,112 billion at the end of August 2023, up 3.4% from around €1,075 billion at the end of December 2022.

In terms of net inflows, the asset management industry presents a negative balance of around €26.3 billion in the first eight months of 2023 (compared to a positive balance of around €11.8 billion in the same period of 2022).

³⁰ Source: ABI, Monthly outlook September 2023.

³¹ Assogestioni, Monthly map of asset management, published on 27 September 2023.

REGULATORY CONTEXT

Below are the main regulatory initiatives that will be updated in the course of the first nine months of 2023. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context 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. On 31 August 2023, BancoPosta submitted a report to the Bank of Italy describing the actions taken in order to comply with the regulatory amendments introduced.


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.

On 30 March 2023, the Bank of Italy published the 42nd update. This update, concerning the "Covered Bank Bonds" provisions³², has no material impact on BancoPosta business.

Delegated Regulation (EU) 2022/2360

Strong Customer Authentication

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 innovations introduced concern, on the one hand, the exemption, under certain conditions, from the obligation of strong authentication (Strong Customer Authentication – SCA ) of the customer for the specific case in which access to the data takes place through an Account Information Service Provider³³ and, on the other hand, that strong customer authentication must be renewed after 180 days from the last time the user had online access to information relating to payment account data and strong authentication was applied.


BancoPosta has finalised the appropriate adaptation activities on the CBI Globe - Global Open Banking Ecosystem platform usable by Third Parties³⁴, as well as on the systems of the external provider Tink with regard to the BancoPosta Open service³⁵.

³² A supervisory regime for covered bank bond (OBG) issuance programmes is established that requires prior authorisation by the Bank of Italy for the launch of new issuance programmes.

³³ Account Information Service Providers (AISP) are financial institutions that have been given access to information about consumers' accounts (with their explicit consent) by their banks.

³⁴ Third parties are the following entities provided for and regulated by the European PSD2 Directive:

AISP (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;

the PISP  (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;

CISP (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.

³⁵ BancoPosta Open is the open banking service which allows, 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.

ESG
Investment
Services Disclosure

With reference to ESG regulations in the area of investment services, Delegated Regulation (EU) 2022/1288 came into force on 1 January 2023, related to the disclosure obligations for financial operators on sustainability issues in pre-contractual/contractual documents and periodic product reports and websites.

The website pages dedicated to sustainability have been updated to highlight that the Company, in providing the consultancy service, takes into account the main effects of the sustainability factors in line with the methodologies declared by the companies issuing the financial/insurance products.

ESMA
Sustainability in
product
governance and
internal reporting

The enactment of EU sustainability legislation has had an impact on the regulatory framework of MiFID II, which has been amended to take sustainability factors into account in the processes concerning the provision of investment services with particular reference both to the provision of the financial advice service and the related organisational requirements for authorised intermediaries (Delegated Regulation (EU) 2017/565 hence the update by ESMA of the Final Report "Guidelines on certain aspects of the MiFID II suitability requirements" in September 2022), and with reference to the product governance process (Delegated Directive (EU) 2017/593).

With regard to the latter, the ESMA Final Report³⁶ "Guidelines on MiFID II product governance requirements" was published on 27 March 2023, with the aim of revising the same 2017 Guidelines in order to integrate sustainability objectives into the forecasts regarding the identification of the reference market by both producers and distributors of financial instruments and structured deposits³⁷. The forecasts in the Final Report confirm the Group's alignment with the regulatory framework on sustainability with respect to what is being implemented with reference to the product governance process and the models used to exchange information related to product sustainability with the Group companies³⁸ that produce investment and insurance products (producers).

ESMA has foreseen the same application date (October 2023) for both Guidelines and therefore, actions have already been addressed and are being implemented.

Bank of Italy
Revolving Credit

In April 2023, the Bank of Italy published a document containing supervisory guidelines on so-called "revolving"³⁹ credit, a form of financing, also associated with credit cards, characterised by high flexibility of use for the customer. The aim of the Authority is to draw the attention of intermediaries to the main problems in customer relations and to promote rule-compliant and correct behaviour towards consumers (so-called "Good Practices"). BancoPosta, together with its Financing Partners, has concluded the impact analysis relating to the products falling within

³⁶ Among the important changes resulting from the new ESMA Guidelines are:

- an indication of any sustainability goals with which a product is compatible;
- identification of the target market by product cluster, rather than by individual product;
- the determination of a compatible distribution strategy when a distributor considers that a more complex product can be distributed as part of non-advised sales;
- the periodic review of products and the application of the principle of proportionality.

³⁷ Deposits the return on which is linked to indicators such as indices, financial instruments, commodities or exchange rates; variable-rate deposits whose return is directly linked to an interest rate are excluded. Source: Bank of Italy.

³⁸ This refers to companies belonging to the Poste Vita Group and BancoPosta Fondi SGR.

³⁹ Revolving credit is a form of financing usually with an indefinite maturity characterised by a high degree of flexibility of use for the customer, who can use a sum of money equivalent to the credit facility granted in one or more instalments; the amount of funds made available is restored in an amount corresponding to the instalments paid to the intermediary by way of repayment of the principal (source: https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/credito_revolving.pdf).

the scope of the aforementioned measure and of the Guidelines directly applicable to BancoPosta as distributor; the related action plans are being defined.

ANAC
Guidelines on
Whistleblowing

In March 2023, Legislative Decree no. 24 of 2023 was approved, repealing the existing national regulations on Whistleblowing, which encompasses in a single regulatory text - for the public sector and the private sector - the protection regime for individuals who report unlawful conduct of which they have become aware in a work context. In July, ANAC published the new Guidelines⁴⁰ on the protection of persons who report violations of EU law and breaches of national legislation (so-called whistleblowers) and the Regulation⁴¹ for the handling of external reports and the exercise of sanctioning powers.

Poste Italiane is currently updating its process management procedures to incorporate these new features.

Bank of Italy
Outsourcing of
business functions
for supervised
intermediaries

On 1 June 2023, the Bank of Italy published its Provision of 31 May 2023 containing instructions for reporting on the outsourcing of business functions for supervised intermediaries. The purpose of this report, to be submitted by 31 December 2023, is to collect information⁴² on outsourcing contracts of supervised intermediaries, service providers and subcontractors, and the type of functions outsourced.

**European
Parliament and
Council**
Consumer Code

On 18 March 2023, Legislative Decree no. 26 of 7 March 2023 implementing Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 (amending previous Directives) for better enforcement and modernisation of Union rules on consumer protection was published; the Legislative Decree contains amendments to the text of the "Consumer Code"⁴³. The measure came into force on 2 April 2023 and the relevant BancoPosta personnel participated in specific training events on these regulatory amendments.

⁴⁰ Resolution no. 311 of 12 July 2023.

⁴¹ Resolution no. 301 of 12 July 2023.

⁴² The collection of information is functional to the analysis and monitoring of risks arising from the use of third parties for the performance of functions, services and activities of supervised intermediaries, in order to ensure the stability of the intermediaries themselves and of the banking and financial system. Intermediaries are required to provide, in particular, the following information:

- for all outsourcing agreements: signatories and users of the contracts, service providers, type and characteristics of the outsourced function, certain provisions of the contracts;
- for services provided in cloud computing mode (i.e. the provision of computing resources, including storage, databases and software applications over the internet): the cloud model used and the cloud provider;
- for agreements to outsource essential or important functions (FEI) or important operating functions (FOI): the rationale for the classification as an FEI/FOI, the assessment of the risks arising from the outsourcing, the decision-making body that decided on the outsourcing, the audits performed and planned, the assessment of the level of substitutability of the service provider, the sub-outsourcing and any subcontractors, the country of service delivery and the country of data storage.

⁴³ New regulatory provisions are planned to strengthen consumer protection in cases of unfair terms, unfair commercial practices, unfair competition or untruthful commercial communications.

OTHER INFORMATION

Bank of Italy

Following the initiative, carried out at the turn of the first half of 2023, to cancel cheques belonging to the so-called old materiality (i.e. lacking the new anti-fraud security requirements indicated by the ABI in circular no. 21 of 12 June 2014), contacts were made with the Bank of Italy, as a result of reports of unpaid cheques complained of by some intermediaries, which led to specific and additional (with respect to what had already been implemented prior to the initiative itself) customer contact campaigns aimed at returning the materiality to the post office and in any case discouraging its use.

CONSOB

On 21 March 2023, CONSOB launched a thematic investigation into the processes and procedures adopted, or under development, with regard to ESG. The reply was provided on 19 May 2023.

On 24 July 2023, CONSOB sent a request for specific insights into: i) customer profiling, ii) concentration control, iii) transparency measures on ex post costs and charges, and iv) how to identify off-premises personnel. On 7 September 2023, feedback was provided within the deadline requested by the Authority.

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

OPERATING REVIEW

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

SEGMENT	OPERATING REVIEW
Postal savings	<p>In the first nine months of 2023, the following offers reserved for holders of a Libretto Smart were launched, bringing new liquidity⁴⁴ into Poste Italiane:</p> <ul style="list-style-type: none"> ✓ Supersmart Premium 270-day offer, the placement of which started at the end of January and ended in the first days of March, with collected volumes of €1.8 billion, registered a record number of subscriptions⁴⁵; ✓ Supersmart Premium 300-day offer placed from March until the beginning of May with collected volumes of €1.1 billion; a new Supersmart Premium 300-day offer placed from the end of May and available until the beginning of July with collected volumes of over €700 million; ✓ The Supersmart Rinnova 365 offer, placed from 6 July until 7 September, reserved for customers who had signed up for Supersmart offers dedicated to new liquidity and which had expired, activated with both new and available liquidity, which recorded collected volumes of over €400 million. <p>These offers allow for a gross annual rate of 3.00% on the new liquidity set aside and held until maturity at 270, 300 or 365 days.</p> <ul style="list-style-type: none"> ✓ Supersmart Premium 270 offer, placed from 18 July to 6 September 2023 with collected volumes of €1.4 billion; ✓ Supersmart Premium 366-day offer, available from 19 September to 6 November 2023 with collected volumes of approximately €770 million⁴⁶. <p>These offers allow for a gross annual rate of 3.50% on the new liquidity set aside and held until maturity at 270 or 366 days.</p> <p>In addition, the first nine months of the year saw an increase in the yields of most of the Postal Interest-bearing Certificates in the range.</p>
Current accounts	<p>The Off-Premises Offering⁴⁷ of the BancoPosta Business Link current account was launched via the Single Front End with the aim of consolidating its position in the market of reference and fostering the evolution of the service model of the commercial channels.</p>
Asset management	<p>In February 2023, the Universo⁴⁸ 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 so-called 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>



⁴⁴ New liquidity means all sums contributed exclusively by bank transfer, bank and bank drafts, salaries and pensions, and credited to the Libretto Smart, to current accounts and/or postal savings books bearing the same header as the Libretto Smart chosen to join the offer.
⁴⁵ The offer, which is reserved for customers holding a Libretto Smart, recorded volumes of subscriptions never recorded by products with a similar target in previous years.
⁴⁶ Collection figure at 25 October 2023.
⁴⁷ The Off-Premises Offer is aimed at Small Economic Operators (POE) and Business customers and involves sales through the presence of the salesperson at the customer's premises and the use of automated tools for signing contracts.
⁴⁸ Universo funds are flexible, multi-manager funds with an ESG approach, which differ from each other in their equity component.

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.



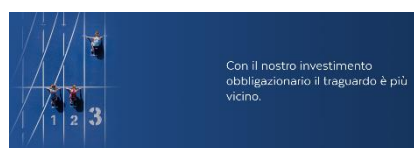
In March 2023, the **Fund Accumulation Programme** was launched: a new service that can be activated on the current account, where a remuneration is paid on a sum of money tied up and earmarked for a plan of scheduled payments into Mutual Funds.



In June 2023, the **Fondo BancoPosta Obbligazionario a 5 Anni** was launched: a flexible income-distributing bond fund that invests in government, supranational and corporate "investment grade"

bonds with a minimum of 50% and Emerging Countries and non-investment grade corporate bonds with a maximum of 50%.

In September, the **Fondo BancoPosta Obbligazionario 3 Anni** was launched: a bond fund that invests in investment grade government, supranational and corporate bonds.



Both Funds may invest predominantly in Italian issuers.

Assets under Administration

In March 2023, Poste Italiane participated in the placement of the **19th issue of the Multi-year Treasury Bond (BTP) Italy**, a security linked to the Italian inflation trend with the novelty of a 5-year duration.



In June 2023, Poste Italiane took part in the placement of the new **BTP Valore**, a security with a duration of four years and which provides for the payment of fixed coupons increasing over time and a loyalty premium on the issued capital for those who purchase the security during the placement phase and keep it until maturity. The record collection of Poste Italiane is over €800 million on the first issue of the BTP Valore.



In October, Poste Italiane participated in the placement of the **second issue of the BTP Valore**, (a five-year security) with over €700 million in funding.

Distribution of third-party products

For **loans** dedicated to **Business customers**, the placement of Banca CF+ products was started, thus expanding the range of loans with medium- and long-term products, dedicated to corporations and assisted by the Central Guarantee Fund for SMEs and the Sace-Support Italia guarantee.

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"**⁴⁹ product, as of March 2023 the offer was extended to employees of state-owned companies.



⁴⁹ It is the loan dedicated to civil servants, para-public employees and retirees, which can be used to carry out new projects, but also to pay off other loans in progress, with a monthly repayment equal to up to one-fifth of the monthly net salary or the monthly net pension.

Other activities

In May 2023, in continuation of the agreement that expired at the end of 2022, was the signing of the new **Agreement with the Ministry of Economy and Finance** - State General Accountancy Office - regulating treasury services and the movement of funds on behalf of the State. The Agreement has a duration of three years, from 1 January 2023 to 31 December 2025, and mainly defines the mechanisms for the daily settlement of financial flows related to the services performed by BancoPosta on its own account (postal current accounts) or on behalf of other public entities (postal savings, payment and collection services, etc.).

In July 2023, the disbursement of the first economic measure⁵⁰ of **immediate support to the population affected by calamitous events** in Emilia-Romagna began by bank transfer and in cash, at the Post Office network, as provided for in the Agreement signed with the Civil Protection Department at the Presidency of the Council of Ministers.

5.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT


MARKET CONTEXT

Life Business

During the first half of the year, the market context continued to be affected by uncertainty related to the war in Ukraine, random developments in the financial markets, still high inflation levels, albeit slower than at the beginning of the year, and rising interest rates. These factors were behind the downward trend in the Italian Life insurance industry, both in premium revenue and in the significant increase in outflows. In particular, Life net inflows in the first half of 2023 were negative by €10.7 billion⁵¹, down by €20 billion compared to the balance recorded in the same period of 2022, when the amount was almost similar but the opposite. This performance is attributable to the contraction in premiums (-5.5% compared to the first half of 2022) due exclusively to class III insurance products and to the increase in outflows (+45.7% compared to the first half of 2022), linked to higher redemptions relating to Class I policies; the latter is mainly attributable to the rise in rates, which prompted savers to look for products that guaranteed higher returns. At the end of June 2023, the lapse rate⁵² was 8.85% (6.71% at June 2022).

New individual life insurance policies in the Italian market, based on the latest available data⁵³, was equal to approximately €48.2 billion at the end of August 2023 and recorded a negative change of 4.7% compared to the same period of 2022. If new Life business reported by EU companies is taken into account, the figure reached €53.5 billion, down 6.5% compared to the same period of 2022.

Analysing the data by ministerial class, the premiums of **Class I**, which confirmed their leadership role in the Life business with an incidence on the total at the end of August 2023 equal to 77%, amounted to €37.2 billion at the end of the period, an increase of 14.7% compared to the same period of the previous year. Compared to the figure at August 2022, inflows from


Class III products (in the form of exclusive unit-linked products ) fell (-40.1%) with inflows of €10.6 billion. Although residual, inflows from capitalisation products amounted to €267 million and recorded a decrease of 21.4% in the reference period compared to the figure recorded in the same period of the previous year. The volumes of new premiums pertaining to long-term health policies (**Class IV**) continue to be contained (approximately €46 million) and up (+36.9%) compared to the figure for the same period of the previous year.

⁵⁰ Pursuant to art. 140 of Legislative Decree no. 36/2023.

⁵¹ Source: ANIA Trends - Life Flows and Provisions - Publication no. 2, 4 September 2023.

⁵² Source: Ania.

⁵³ ANIA Report - Year XIX - no. 8 - published on 26 September 2023.

The new contributions relating to the management of **pension funds**  recorded inflows of €85 million in the first eight months of 2023, up (+6%) compared to the corresponding period of 2022.

Single premiums continued to be the preferred form of payment for policyholders, representing 95.5% of total premiums written and 61.9% of policies by number.

With regard to the **distribution channel**, 71% of new business was obtained through banks and post offices at the end of August 2023, with premium revenue of €34.2 billion, an increase (+0.3%) compared with 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 under review reached €5.2 billion, recording a decrease in volumes of 8.4% compared to 2022 and with an incidence of intermediated inflows on the total equal to 15.8%.

The performance of new business obtained through authorised financial advisors was €5.8 billion, a significant decline (-22.2%) compared with the figure for the previous year and with an incidence compared to the total of intermediated premiums equal to 12.1%.

Lastly, the broker and distance sales channel recorded a decrease in the period of 43.2% compared to the same period of 2022, with a volume of premiums placed equal to €520.5 million (equal to 1.1% of total intermediated).

New Life individual business by class (*)

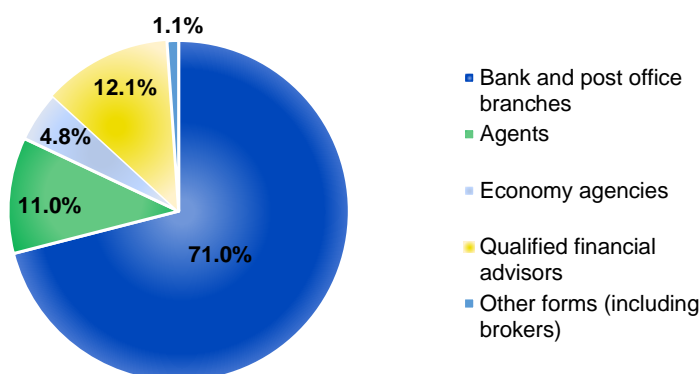
(data updated to August 2023 in €m)

Premiums by class/product	Premiums YTD	% change 08 2023 vs 08 2022
Life - class I	37,168	14.7%
Unit - Linked - class III	10,599	-40.1%
Capitalisations - class V	267	-21.4%
Pension funds class VI	85	6.0%
Illness class IV	46	36.9%
Italian insurers - non-EU	48,165	-4.7%
EU insurers (**)	5,381	-20.2%
Total	53,546	-6.5%

(*) 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 data⁵⁴ at the end of the second quarter of 2023, total direct Italian premiums, also including policies sold by Italian and overseas undertakings, amounted to €22.1 billion, up 8.1% compared with the same period of 2022, when the sector recorded growth of 6%. The above-mentioned increase is attributable, in particular, to the development of the Non-Motor sector (+9.1%). Premiums in the Motor sector rose (+6.5%), mainly due to the increase in premiums for the **Land Vehicle Insurance business**, which benefited from a 12.9% growth, and partly also for the **Motor Third-Party Liability** business, which recorded a 4.6% increase in premiums.

With regard to the **Non-Motor Class**, all the main insurance classes contributed to the 9.1% growth during the period: i) **Health insurance Class** with a volume of €2,151 million and growth of 15.2%; ii) **Personal Injuries Class** with premiums of €2,015 million and an increase of 4.5%; iii) **General TPL Class** with premiums of €2,740 million and an increase of 9%; iv) **Other Damage to property Class** with an increase of 8.3% and total volumes of €2,145 million; v) finally, **Fire and natural elements class** with a total production of €1,564 million and an increase of 9.3%. Also noteworthy is the positive change achieved by the **Credit** and **Financial Loss classes** of 20.9% and 5.9% respectively, with total premiums of €486 million and €465 million respectively.

As far as **distribution channels** are concerned, the agency channel remains the leader with a market share of 72.2% at the end of March 2023 (73.1% at the end of June 2022). Brokers represent the second largest P&C premium distribution channel with a market share of 9.8% (9% at the end of June 2022), while bank and post offices recorded a market share of 9% (8.9% at the end of the second quarter of 2022).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of June 2023, there was an incidence of 8.7% (down compared to 8.6% recorded at the end of June 2022). The remaining 0.4% (equivalent to the figure recording in the second quarter of 2022) relates to premiums brokered by qualified financial advisors.

Direct P&C premiums by class^(*)

(figures updated to June 2023 in €m)

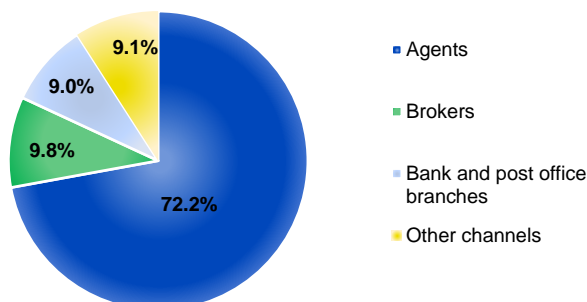
Premiums by class ^(**)	Premiums YTD	% change 30 June 2023 vs 30 June 2022
Total motor segment	8,762	6.5%
Other P&C classes	13,293	9.1%
Total P&C classes	22,055	8.1%

^(*) Source: ANIA

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

⁵⁴ ANIA Report - Year IX - no. 34 - published on 20 September 2023.

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 course of the first nine months of 2023. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context of the Insurance Services Strategic Business Unit.

IVASS IFRS 17 Letter to the market of 3 January 2023

In its letter to the market of 3 January 2023 -IAS/IFRS Consolidated Financial Statements - 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 was submitted to the Institute on 27 October 2023 together with the documentation relating to the consolidated half-year report.

IVASS (Istituto per la Vigilanza sulle Assicurazioni) - 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 2022⁵⁵, 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. The Insurance Group Companies submitted the required information to the Supervisory Authority in June.

European Commission Supervision of insurance companies Regulations 2023/894 and 2023/895

On 4 April 2023, the European Commission adopted two regulations for the information that companies must provide for supervisory purposes:

- Implementing Regulation (EU) 2023/894, repealing Implementing Regulation (EU) 2015/2450, laying down implementing technical standards for the application of Directive 2009/138/EC with regard to the templates for the submission by insurance and reinsurance undertakings to their supervisory authorities of information necessary for their supervision;
- Implementing Regulation (EU) 2023/895, repealing Implementing Regulation (EU) 2015/2452, laying down implementing technical standards for the application of Directive 2009/138/EC with regard to the procedures, formats and templates for the disclosure by

⁵⁵ 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 insured persons in order to ascertain whether insured persons had died and when.

insurance and reinsurance undertakings of their report on their solvency and financial condition.

IVASS - the insurance regulator - Survey on collective agreements signed in the health insurance class

Letter to the market of 30 March 2023

IVASS carried out for 2023 the fifth edition of the survey on collective agreements underwritten in the health insurance sector⁵⁶, involving companies with their registered office in Italy that have written at least €10 million in direct premiums in the health insurance sector for the financial year 2022.

Poste Assicura submitted the requested data in April and May 2023 in accordance with the timelines and procedures indicated by IVASS.

IVASS - the insurance regulator - Sustainable Finance

Measure no. 131 of 10/05/2023

IVASS with Measure no. 131 of 10 May 2023 has adapted the regulatory provisions no. 24 of 6 June 2016, no. 38 of 3 July 2018, no. 40 of 2 August 2018 and no. 45 of 4 August 2020, in order to align with the provisions of the European Legislator, in particular with the Solvency II regulatory framework and the Insurance Distribution Directive "IDD" on sustainable finance.

In order to comply with the new regulations, Poste Vita company has recently set up an internal ESG (Environmental, Social, Governance) Working Group, which steered the necessary adjustments.

IVASS - the insurance regulator - Determination of technical provisions

Measure no. 132 of 6/06/2023

IVASS with Measure no. 132 of 6 June 2023, containing amendments and additions to IVASS Regulation no. 18 of 15 March 2016 concerning the application rules for the determination of technical provisions, two new guidelines of the European Insurance and Occupational Pensions Authority (EIOPA) are introduced concerning the valuation of technical provisions and the determination of contractual limits, applicable from 1 January 2023.

IVASS - the insurance regulator - Unavailable reserve

Measure no. 138 of 25/09/2023

With Measure no. 138 of 25 September 2023, which follows the issuance of the MEF Decree of 14 September 2023, which extends also to the 2023 financial statements the temporary suspension of losses already in force for the 2022 financial statements, IVASS intervened on Regulation no. 52/2022 by amending the rules on the unavailable reserve.

In detail, IVASS ruled that in the calculation of the unavailable reserve, referring to the financial statements and the interim report (2023), the company must also disregard the effect of securities write-downs on existing commitments towards policyholders referring to the year of the financial statements and up to five subsequent years.

For the 2023 interim report, the Companies of the Insurance Group did not avail themselves of the option introduced by the Regulation, but will continue to monitor the evolution of the financial market situation in order to assess the application of the waiver, permitted by the aforementioned regulatory provisions, when preparing the statutory financial statements at 31 December 2023.

⁵⁶ The data to be reported to IVASS are: the amount of gross premium revenue in 2022, claims expenses for 2022, development by generation of paid and reserved claims at the end of the financial year 2022, number of risk units for the financial year 2022.

OTHER INFORMATION

IVASS - the insurance regulator -


On 12 July 2023, IVASS sent a request for documentation and a request for a meeting regarding the development of the P&C business and any expected developments. The requested documentation was sent on 20 July 2023 and subsequently supplemented on 2 August 2023, while the in-depth meeting took place in September 2023.

On 2 August 2023, IVASS sent a follow-up request following the warning of the European Insurance and Occupational Pensions Authority (EIOPA) on credit protection insurance (CPI)⁵⁷ products and an update on specific issues. The feedback note was provided in October, within the deadline set by the Authority.

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

OPERATING REVIEW

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

SEGMENT	OPERATING REVIEW
Life	<p>In the context of Class I investment products:</p> <ul style="list-style-type: none"> in April 2023, the "Poste Domani Insieme" policy was launched with a duration of 10 years and with the main feature of the New Separately Managed Account  called "Poste Vita Valore Solidità"⁵⁸. The policy includes as ancillary cover the free serious illness policy "Poste protezione Mia"⁵⁹. in June 2023, a policy called "Orizzonte 5" was launched, with a duration of 5 years with the Separately Managed Account called "Posta ValorePiù" and can only be subscribed to for the potential reinvestment, as part of advisory services, of expired or maturing policies. <p>In the context of Multi-class investment products:</p> <ul style="list-style-type: none"> from July 2023, "Poste Progetto Integrazione Programmata", a mixed-form life insurance contract⁶⁰ (build-up component and unit-linked component) is being placed on the market. It is characterised by the provision for decumulation: the customer has access to a plan of automatic and scheduled periodic redemptions of the Invested Capital⁶¹. The contract duration is 15 years.
P&C/Life	<p>From April 2023, the restyling⁶² of the "person" coverage policies is available in all post offices, as well as the unique underwriting process with the Poste Protezione Affetti 360 life insurance</p> 



⁵⁷EIOPA (2022)0037187-30 August 2022: EIOPA warns insurance companies and banks to address conflicts of interest arising from the sale of credit protection insurance (CPI) products or face possible supervisory action.


⁵⁸ The main feature of the new separately managed account is the presence of the so-called "profit fund": a fund that is established by setting aside net capital gains realised on the sale of assets under the separately managed account.

⁵⁹ "Poste Domani Insieme" subscribers aged between 18 and 69 are offered "Poste Protezione Mia", a free serious illness policy provided by Poste Assicura, designed to protect their investment. In the event of the first diagnosis of a serious illness, Poste Assicura shall in fact pay the Policyholder an indemnity equal to 25% of the life premiums paid into the insurance investment product, non-revalued and resulting at the time of the first diagnosis of a serious illness, net of any partial redemptions and releases for other causes.

⁶⁰ The contract benefits are linked to the Poste Vita's Separately Managed Account Posta ValorePiù and to the value of the units of one of the three available Internal Insurance Funds: Poste Vita Valore Sostenibilità Equilibrato, Poste Vita Valore Sostenibilità Dinamico and Poste Vita Valore Sostenibilità Sviluppo.

⁶¹ The product is aimed at customers who have at least €40,000 in investable assets and whose goal is capital appreciation and growth over a long-term time horizon.

⁶² 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.

	policy.
P&C	<p>During the first half of the year, the new version of "Posteprotezione Prestito" was made available at all post offices. Compared to the previous version, the policy includes new covers and services, such as legal protection and job replacement⁶³.</p> 

5.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

MARKET CONTEXT

Based on the latest available data⁶⁴ as of June 2023, there is a strong growth of the total domestic transacted business to over €198 billion, up 18.2% compared to June 2022 due to the recovery of consumption and the impact of inflation.



The number of transactions grew by 23% over the same period last year to 4.3 billion, a sign of an increasingly consolidated daily use of cards, also

thanks to a greater opening to digital payments[📖] by merchants (e-commerce and contactless[📖] payments). Transactions with **debit cards**[📖] grew by 24% compared to June 2022 and accounted for almost 56% of total transactions, with transactions exceeding €112 billion (+16% compared to June 2022) and an average ticket amounting to €44.2 below the 2022 levels. Also prepaid cards[📖] are advancing at a fast pace (+16% of transactions and +8% in terms of volume compared to June 2022), for a total amount of more than €32 billion, thanks to the steady development of e-commerce and increased penetration at physical points. The first half of 2023 was also positive for credit cards[📖] (+27% of transactions and +31% of volume compared to June 2022) for a total value of approximately €54 billion.

At 30 June 2023, the number of **active cards** on the market stood at 108.1 million⁶⁵, up compared to the stock of active cards at 31 December 2022 (+0.7%): debit cards grew by 0.9% for a total of 64 million active cards. The stock of prepaid cards remained stable, the number of which exceeded 30 million (+0.2% compared to the figure at the end of December 2022). Credit cards increased by 0.9% with over 13.5 million active cards.

The **mobile telephony market**, based on the latest available data⁶⁶, showed a slight decline in SIM Human-to-Human (H2H)[📖] stock compared to 2022, a sign of a saturated market but showing dynamism in the stock of individual operators. In particular, Mobile Virtual Network Operators (MVNO) achieved a penetration of 16%⁶⁷, eroding the market shares of the top players. Poste Mobile accounted for more than 37% of mobile virtual operators and closed the first half of 2023 with a slight growth with a market share of 5.7%⁶⁸ gaining 0.1 p.p. compared to 31 December 2022. The stock of H2H SIM amounted to 4.4 million (+1.2% compared to 31 December 2022).

In the first nine months of 2023, the **energy market** experienced a gradual rebalancing after the rise in commodity prices, including primarily gas, with significant repercussions on the electricity market⁶⁹.

⁶³ 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, it is assessed 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 in no way, there is a guarantee of eventual employment.

⁶⁴ Source: Quarterly flows Bank of Italy Supervisory Reports and internal estimates.

⁶⁵ The figure includes debit cards, prepaid cards, credit cards and book cards.

⁶⁶ Source: AGCom Observatory 02/2023, data at 31 March 2023 and Telephone Player Financial Statements.

⁶⁷ Source: Internal PostePay S.p.A. estimate on the SIM MVNO segment.

⁶⁸ Source: Internal PostePay S.p.A. estimate on the SIM MVNO segment, PosteMobile SIM final data and financial statements of the main competitors.

⁶⁹ 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.

In the second 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 later part of the 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. In the third quarter of 2023, the stabilisation of prices in the gas and electricity wholesale markets continued, and during this period, the filling phase of gas storage took place at a good pace, in preparation for the coming winter. At the end of September 2023, the Italian and European stocks were close to full. However, the gas market remains characterised by uncertainties stemming from the international geopolitical and economic context and the delicate balance between supply and demand, resulting in price volatility, which is also reflected in the electricity market, albeit to a limited extent compared to that recorded in 2022.

Against this context, the institutions continued a gradual reduction of the concessions introduced during 2022 to cope with rising gas and electricity wholesale prices.

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

REGULATORY CONTEXT

Below are the main regulatory initiatives that will be updated in the course of the first nine months of 2023. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context 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, as of 1 January 2023, the rates applicable in Italy are as follows:

- 0.40 euro 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 euro 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

SMS ALIAS

On 15 May 2023, the Italian Communications Authority (AGCom) published Resolution no. 12/23/CONS "Regulation on the use of alphanumeric characters identifying the sender in corporate messaging services (SMS ALIAS)", approved following the public consultation launched in December 2021⁷⁰, in which PostePay also participated. The new provisions define the obligations and roles of the parties involved in the corporate messaging service chain with the corresponding implementation time frames. PostePay has directed the necessary activities to adapt to the changes introduced, within the deadlines set by the new

⁷⁰ Resolution AGCom no. 408/21/CONS of 16 December 2021. SMS ALIAS refers to an alphanumerically encoded character string transmitted in SMS communications. PostePay took part in public consultation 408/21/CONS initiated by AGCom, pointing out that the abusive use of aliases in communications directed at certain categories of end users is likely not only to affect the proper provision of electronic communication services, but also the proper use of payment and financial services involving the ancillary and integrated use of electronic communication services.

regulations.

TLC

Parental Control

With Resolution no. 9/23/CIR of 25 January 2023, AGCom implemented the normative dictate of Art. 7-bis of Legislative Decree no. 28 of 30 April 2020 on "Systems for the protection of minors from the risks of cyberspace". As of 21 November 2023, electronic communications operators will have to provide "Parental control systems or filtering of inappropriate content for minors and blocking of content reserved for an audience over the age of eighteen" for all connectivity services (fixed and mobile). These control systems are to be translated into free, pre-activated services, that can be deactivated only at the request of the adult consumer, account owner. PostePay has directed the necessary activities to adapt to the regulatory requirements introduced, within the deadlines set by the new regulations.

TLC

Code of Conduct for Call Centre Activities

On 25 August 2023, with Resolution no. 197/23/CONS, AGCom approved a Code of Conduct in order to regulate contractual and technical relations between electronic communications operators and entities (such as call centres and agencies) that carry out promotional activities and the sale of goods and services (telemarketing and teleselling).

The Code produces direct mandatory effects for operators who subscribe to it and indirect mandatory effects for call centres, insofar as they have been contractually engaged by operators who have subscribed to the Code and who comply with its provisions. The new measures will enter into force on 21 February 2024.

PostePay does not currently engage in telemarketing and teleselling activities as defined in the Code of Conduct.

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.

Discussions are currently ongoing in the Council of the European Union on the aforementioned proposal for a Regulation⁷¹ and, once it is 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 completed the necessary activities to adapt to the changes introduced within the timeframe foreseen by the new regulations.

⁷¹ <https://eur-lex.europa.eu/legal-content/EN/HIS/?uri=CELEX:52023PC0094>.

TLC

Quality and charters of electronic communications services accessible from a fixed location services

On 31 July 2023, AGCom approved Resolution no. 156/23/CONS "Provisions on the quality and charters of electronic communications services accessible to the public from a fixed location", following the conclusion of the public consultation⁷² in which PostePay also participated. The new provisions define the information that providers of mobile and personal communications services must provide to users regarding the quality of services offered in the area of fixed telephony and fixed location Internet services. PostePay has directed the necessary activities to adapt to the changes introduced, within the deadlines set by the new regulations.

TLC

Customer service quality

With Resolution no. 436/22/CONS, AGCom 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 in its assessments and comments on the new regulatory proposal.

TLC

Electronic communications

The Ministry of Enterprise and Industry (MIMIT) has launched a public consultation concerning the draft legislative decree correcting the Electronic Communications Code - Legislative Decree no. 259 of 1 August 2003⁷³.

The outline of the legislative decree put out for consultation tends, from a formal point of view, to update certain regulatory references and make textual changes, while in terms of content, to gather possible contributions and observations on the main issues dealt with by the new European Electronic Communications Code. PostePay sent its comments and MIMIT published a summary of the comments submitted by the operators, reserving the right to supplement the existing regulations.

With Resolution no. 89/23/CONS, AGCom initiated proceedings and a public consultation for the revision and amendment of the "Regulation containing provisions for the protection of users with regard to contracts for the provision of electronic communications services". The initiative is part of the regulatory review activity to protect end users in order to adapt the current provisions to the transposition of the new European Electronic Communications Code. PostePay sent its considerations and at the conclusion of the consultation, AGCom will publish the results and incorporate the comments submitted by the operators who participated in the consultation⁷⁴.

ENERGY

Regulatory interventions to contain prices

The concessions provided in 2022 for the containment of price increases in the electricity and natural gas sector were partially extended in 2023.

Law no. 197 of 29 December 2022 (so-called Budget Law), has in fact confirmed, for the first quarter of 2023, the cancellation of general system charges for domestic electric customers and non-domestic customers with available power up to 16.5 kW and for natural gas customers. For the latter, the 5% VAT reduction on consumption was also confirmed, and social bonuses for eligible households were also increased.

Further regulatory interventions extended the measures of the aforementioned Budget Law

⁷² Resolution no. 405/22/CONS.

⁷³ Legislative Decree no. 259 of 1 August 2003 as amended by Legislative Decree no. 207 of 8 November 2021, issued in implementation of Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018, establishing the new European Electronic Communications Code.

⁷⁴ The deadlines for the closure of the proceedings were extended by 90 days, expiring in December 2023: AGCom Resolution no. 192/23/CONS published on 6 September 2023.

for the whole of 2023 (Law Decree no. 34 of 30 March 2023, converted by Law no. 56 of 26 May 2023, Law Decree no. 79 of 28 June 2023 and Law Decree no. 131 of 29 September 2023), with the exception of the zeroing of general charges for electricity customers, which ceased as of April 2023.

The "Aiuti Bis" Law Decree (Law Decree 9 August 2022, no. 115, converted with Law 21 September 2022, no. 142) also intervened 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 "Milleproroghe" Law Decree (Law Decree no. 198 of 21 December 2022, converted by Law no. 14 of 24 February 2023) extended the deadline to 30 June 2023.

The "Aiuti Bis" Law Decree, in view of the end of regulated gas prices, initially scheduled for 1 January 2023 (Law Decree 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 - by narrowing- the perimeter of "vulnerable" ⁷⁵ customers providing that from 1 January 2024, suppliers must make available an offer for the supply of natural gas at contractual and economic conditions defined by ARERA. In order to make these regulatory provisions operative, ARERA adopted Resolutions 100/2023/R/com and 102/2023/R/com, described later in this report.

ENERGY

Guarantees of Origin

In implementation of Legislative Decree no. 199/2021 transposing Directive (EU) 2018/2001 ("Red II"), the Ministry of the Environment and Energy Security (MASE) published Ministerial Decree no. 224, of 14 July 2023⁷⁶, which innovates the regulation of Guarantees of Origin (GO certificates) of the Gestore dei Servizi Energetici (GSE), i.e. certificates attesting to the origin of electricity from renewable sources. Sales companies, like PostePay, that intend to promote the renewable origin of the electricity they sell to their customers are obliged: i) to procure a quantity of GO certificates equal to the electricity they sell, where this is defined as energy produced from renewable sources; ii) to cancel, by 31 March of the year following the year in which the electricity was supplied to end customers, a quantity of GO certificates equal to the electricity sold and declared as renewable and referring to the same year. By the end of 2023, ARERA and the GSE will have to issue the measures to implement the provisions of the Ministerial Decree.

ENERGY

Legislative interventions

In April 2023, within the regulatory deadlines, PostePay complied with the new obligations set out in the Decree of the Minister for Ecological Transition no. 164 of 25 August 2022, which established the list of entities authorised to sell electricity to end customers. PostePay proceeded to register on this public list, which is a necessary condition for being able to

⁷⁵ Compared to the current perimeter of "vulnerable" gas customers - which includes all customers with domestic use (not "other uses") and domestic condominiums with consumption below 200,000 smc/year - as of 1 January 2024, only domestic customers in economically disadvantaged conditions; customers with disabilities; customers with utilities on non-interconnected minor islands or in emergency housing facilities following calamitous events; and customers over 75 years of age will be classified as "vulnerable".

⁷⁶ In the Ministerial Decree, some updates are made concerning: i) the modalities for issuing, transferring, recognising and cancelling Guarantees of Origin (GO) for electricity but - for the first time - also gas, hydrogen and thermal energy; ii) modalities for the use of GO by sellers; iii) criteria and modalities for providing end customers with information on the composition of the energy mix used and the environmental impact of production. The Ministerial Decree also provides for: the establishment of a national GO Register at the GSE; a new formulation of the energy mix; the provision of an indicator concerning the environmental impact of the energy mix used by the seller. In this regard, it is expected that information on the energy mix and environmental impact will be made available to customers at the pre-contractual and promotional stage (as well as on the seller's website, in billing documents on a four-month basis and in the Offer Portal).

engage in the business of selling electricity to end customers.

ENERGY
ARERA initiatives

With Resolution 637/2022/R/com, published on 1 December 2022, the Regulatory Authority for Energy Networks and the Environment (ARERA) introduced changes to the mandatory information content of end customers' bills, which came into force from April 2023. PostePay has adapted to the regulatory changes.

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 on the Market and Competition) and the provisions of the aforementioned Law Decree no. 115 of 9 August 2022, as converted by Law no. 142 of 21 September 2022 (the so-called "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 gradual implementation path of the reform to be completed by January 2024. PostePay has implemented all the actions envisaged by the regulator for the management of this transition, and no critical issues have emerged at this stage on the path to alignment with the new regulatory framework.

By virtue of the exceptional meteorological events that occurred in central Italy in May 2023 ARERA, in implementing the Government's provisions⁷⁷, approved Resolution 267/2023/R/COM "Urgent provisions on the subject of electricity, gas, water services and the integrated urban waste management service, in the territories affected by the exceptional meteorological events that occurred from 1 May 2023" by which it provides for the validity of the facilities provided by the Government for 4 months starting from 1 May 2023. Subsequently, with Resolution 390/2023/R/com concerning the "Extension of the suspension of payment terms in favour of the populations most affected by the exceptional weather events that occurred from 1 May 2023", ARERA extended the aforementioned provisions to 31 October 2023. PostePay has taken the relevant measures to comply with the requirements imposed on electricity and natural gas sellers.

In order to implement the provisions of Law Decree no. 152 of 6 November 2021, converted by Law no. 233 of 29 December 2021, ARERA adopted Resolutions 383/2023/R/eel and 362/2023/R/eel, published in August 2023.

With the Resolution 383/2023/R/eel, on "Provisions for the identification of vulnerable customers in the electricity market", ARERA lays down the modalities for the identification by the Integrated Information System (IIS) of vulnerable domestic electricity customers⁷⁸. For these customers, the Greater Protection Service is temporarily extended, postponing to a subsequent measure the interventions for its removal. With respect to the new market structure that will result from the regulation of the completion of the liberalisation process of

⁷⁷ The Council of Ministers approved Law Decree no. 61 of 1 June 2023, on "Urgent interventions to deal with the emergency caused by the flooding events that occurred from 1 May 2023", which provided for a number of concessions in favour of the populations of the municipalities affected by the floods. In particular, it provides - for the citizens of the municipalities for which a state of emergency has been declared - the suspension for 6 months of the payment deadlines for electricity and natural gas bills issued or to be issued and payment notices due from 1 May 2023.

⁷⁸ Compared to the current perimeter of 'vulnerable' electricity customers - which includes all customers with domestic (not "other uses") - as of 1 April 2024, only customers over 75 years of age; customers who are in an economically disadvantaged condition; customers with serious health conditions that require the use of life-saving medical-therapeutic equipment powered by electricity or persons at whose locations persons with such conditions live; customers with disabilities within the meaning of Law 104/92; customers who are in an emergency housing facility following calamitous events; customers who are in a non-interconnected minor island will be classified as "vulnerable".

the electricity market, PostePay is currently undergoing the appropriate evaluations. With Resolution 362/2023/R/eel, on "Provisions for the rendering of the gradual protection service for non-vulnerable domestic customers in the electricity sector, pursuant to Law no. 124 of 4 August 2017 (Annual Law on the Market and Competition)", ARERA defines the operational modalities for overcoming the "Maggior Tutela elettrica" for domestic customers, the last to be affected by the reform. In fact, it is envisaged that, as of 1 April 2024, non-vulnerable domestic electricity customers who have not chosen a supplier on the free market will be served within the framework of a service of last resort known as the "Servizio a Tutela Graduali" (Gradual Protection Service), the management of which will be assigned through competitive procedures open to market operators that meet certain requirements.

The Government is currently considering the possibility of extending the term of the Maggior Tutela for domestic customers from the current deadline mentioned in the previous paragraph.

With Resolution 339/2023/R/gas, published in July 2023, ARERA introduced "Provisions on the communications functional to the permanence of companies selling electricity to end customers in the list of qualified entities, pursuant to the Ministerial Decree of 25 August 2022". The measure, which concludes the proceedings initiated by Consultation 186/2023/R/eel, is intended to allow the verification of certain requirements and indicators that must be met by sales companies in order to remain on the list of entities authorised to sell electricity to end customers, established by the same Decree.

ENERGY

ARERA consultations

Consultation 186/2023/R/eel, with the subject "List of entities authorised to sell electricity to end customers pursuant to the Decree of the Minister for Ecological Transition of 25 August 2022: Guidelines on permanence communication procedures". The consultation outlines ARERA guidelines on the procedures provided for in Article 11(3) of the Decree of the Minister of Ecological Transition (now: Ministry of the Environment and Energy Security) 25 August 2022, in order to allow the verification of certain requirements and indicators that must be met by companies in order to remain on the list of entities authorised to sell electricity to end customers, established by the same Decree. PostePay submitted its comments on 26 May 2023.

OTHER INFORMATION

BANK OF ITALY

During the last quarter of 2022, the Bank of Italy conducted two inspections of PostePay S.p.A. - EMI RFC.



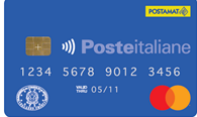
In February 2023, the Bank of Italy initiated an inspection at PostePay S.p.A. - EMI RFC, pursuant to Article 146, Legislative Decree no. 385 of 1 September 1993.


For further information on the outcome of the checks, please refer to the paragraph "Proceedings pending and principal relations with the Authorities" further in the document.

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

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>The energy offer is characterised by being 100% green for light and 100% compensated in terms of CO₂ for gas.</p> <p>In 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. Communication activities continued in the third quarter with an "always on" presence on digital channels and in post offices. In September in particular, communication on the offer was relaunched with a significant increase on offline channels such as: TV, print and radio, as well as digital channels and in the post office.</p> 
Electronic money/ Collections and Payments	<p>As part of the integration process of LIS, which was acquired in September 2022, during the first nine months of 2023, the expansion of the services offered on the LIS point-of-sale network continued, with the launch of the "pay and withdraw" service⁷⁹ and the withdrawal service using the PostePay app⁸⁰. These services are accessible from LIS network points of sale operating with PostePay acquiring, in line with the Poste Italiane Group omnichannel strategy.</p>   <p>The first Payment Facilitator contract ⁸¹was signed with the Ferrovie Nord Milano Group and the start of the physical acquiring pilot project with Trenord S.r.l.</p> <p>Two new cards have been available since July:</p> <ul style="list-style-type: none"> the PostePay Borsa di Studio Card, which allows eligible persons to spend the amount on certain Merchant Category Codes⁸² indicated by the Ministry of Education and Merit. the Dedicata a te Card, promoted by the Ministry of Agriculture, Food Sovereignty and Forestry for the purchase of essential foodstuffs only.  <p>Due to inflationary dynamics, the annual fee for the PostePay Evolution card and the PostePay Digital card with IBAN has been adjusted for new issues as of 1 January 2023. From 1 April 2023, this affected both the renewals of PostePay Evolution cards and the annual fee for debit cards associated with the current accounts: BancoPosta Più, BancoPosta Persone Fische, BancoPosta Click.</p> <p>In line with the ESG strategic objectives, the migration (renewals, replacements and first issues) of the PostePay card fleet towards cards made of environmentally sustainable material continued during the first nine months of 2023, the stock of which amounted to over 9 million at 30 September 2023.</p>

⁷⁹ With this service, customers can withdraw cash at the LIS point of sale at the same time as a payment transaction with a payment card.
⁸⁰ The LISPAY withdrawal service on Poste Italiane Group's cards, i.e. the possibility of making a withdrawal using the PostePay app for customers with debit cards linked to a postal current account.
⁸¹ Compared to the standard acquiring service, the payment facilitator agreement envisages the provision of an acquiring service by PostePay to an "aggregator of merchants", the so-called payment facilitator, and not to an individual merchant . The first "submerchant" with whom the (physical) acquiring service was activated was Trenord S.r.l.
⁸² A Merchant Category Code is a four-digit commodity code that classifies the type of goods or services offered by a company.

5.5 OMNICHANNEL STRATEGY, INNOVATION AND DIGITALISATION


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.

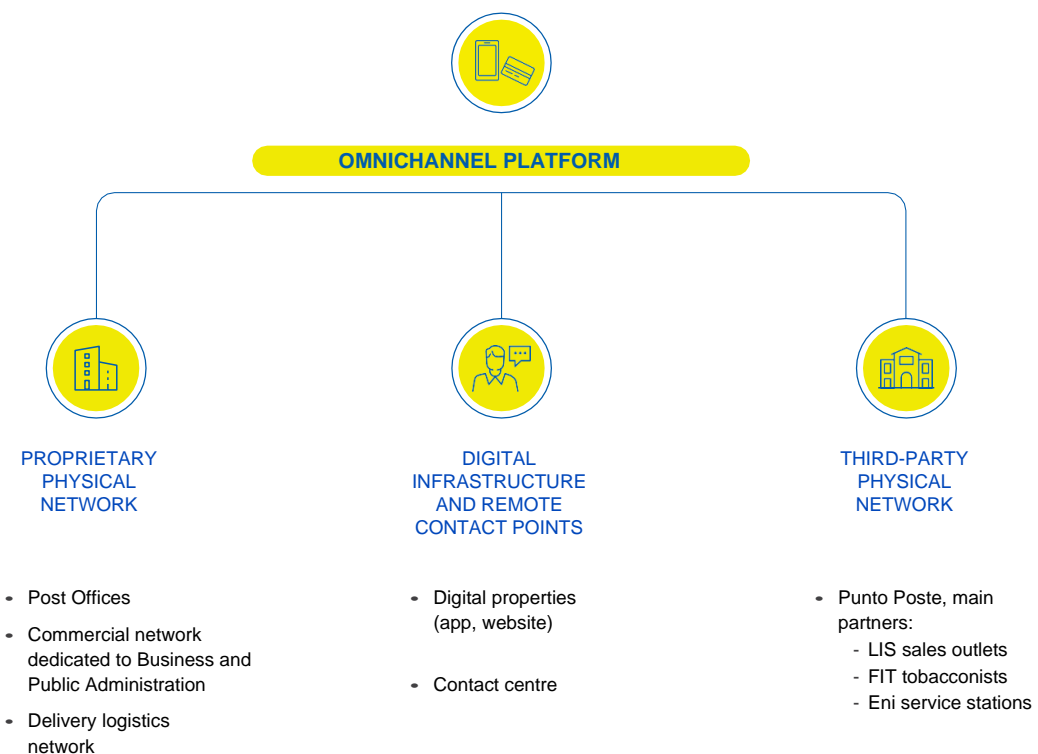
Digital channels, and more generally remote channels, support the physical channel, Poste Italiane's historical asset, every day in the management of customer relations. In 2023, Poste Italiane's omnichannel interaction platform reached 22.6 million interactions daily.

22.6 mln
daily interactions as part of omnichannel

The pandemic favoured the acceleration of the transition to the new operating model, allowing the Company to respond quickly to changes in the market, leveraging its digital platforms - capable of creating personalised products and services by exploiting the opportunities arising from technological innovation - and on opening further communication channels 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 dedicated to business customers and the logistics network for mail and parcel delivery;
- **the digital infrastructure and remote contact points** or the Group's digital properties  and the contact centre, capable of serving the entire national population;
- **the third-party physical network**: made up of around 55 thousand points⁸³, the result of commercial partnership agreements for the marketing of Group products and services and managed also through the acquisition of the company LIS in September 2022.





⁸³ Figures at 30 June 2023.

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 technological engine has been implemented, based on hybrid cloud , open API  and exponential technologies⁸⁴, applied to all Group 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:



Poste.it website; 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;



Ufficio Postale 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. Since June 2023, the app has been redesigned and integrated with new features such as the new simplified booking template, new profile and notice board section. As of October 2023, the app has been renamed **Poste Italiane** and will be progressively enriched with all functionalities, financial and non-financial, with the aim of eventually replacing the BancoPosta and PostePay apps;



PosteID 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.

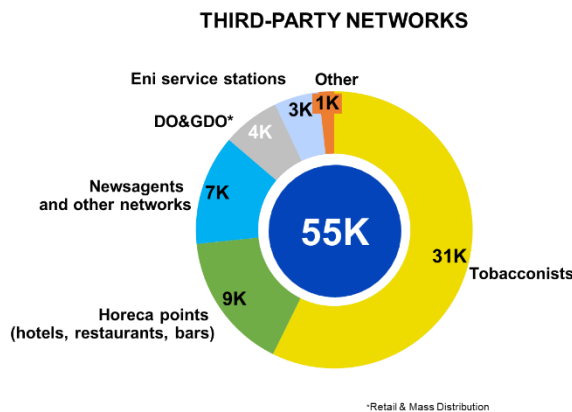
⁸⁴ Exponential technologies are those technologies that rapidly accelerate and shape major industries and all aspects of everyday life. Key exponential technologies include Artificial Intelligence and Data Science, Internet of Things, Virtual & Augmented Reality.



*The value reported in the Group Results column includes downloads of the no longer available Postemobile app
 **From 10 October 2023, the Ufficio Postale app has been renamed Poste Italiane app

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. Poste Italiane contracted an extensive network of contact points, which was further strengthened in 2022 with the acquisition of LIS, which counts about 55 thousand points.



The acquisition of LIS, which took place in September 2022, made it possible to increase the operations of the omnichannel platform; in particular, the volume of business on third-party networks was expanded with the acquisition of LIS thanks to the entry into the Group's perimeter of transactions carried out on LIS points relating to products also not belonging to the Poste Italiane Group's offer.

~16,000
 Points for accepting and collecting parcels of the Punto Poste Network

In particular, the Poste Group's operations in the third-party network channel aim to achieve the following objectives:

- ❖ integrate and develop the commercial offer on third-party networks (e.g. telephone top-ups of other operators and other services) and acquire within the scope of the Group's services those provided by LIS (e.g. PagoPA). Following the acquisition of LIS, average daily transactions increased to around 1 million in the first nine months of 2023 (of which LIS accounts for more than 80%, both with Poste Group products and others);
- ❖ extend the network of sales outlets, represented both by the LIS points of sale (over 47 thousand points between

tobacconists, Horeca points and newsagents) and the Punto Poste network⁸⁵, DO&GDO and ENI service stations. This objective will also be pursued through the development of the recent partnership with DHL and the strengthening of the large-scale retail channel. In the first nine months of 2023, the Punto Poste network expanded with over 700 new points and had over 15,800 contact points at 30 September 2023

MAIN OMNICHANNEL KPIs

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

Main KPIs Omnichannel	9M 2023	9M 2022	Changes	
Daily interactions Poste physical network and new channels (m)*	22.6	20.6	+2.0	+9.7%
Daily transactions Poste physical network and new channels (m)*	3.1	3.0	+0.1	+3.7%
KPIs New Channels*				
Incidence of new channel interactions (digital, remote channels and third-party networks/total daily interactions)	69%	69%		
Incidence of transactions on new channels (digital transactions and third-party networks/total transactions)	52%	50%		
Digital KPIs				
Daily digital transactions (m)	0.5	0.4	+0.1	+20.5%
Digital transactions/total transactions*	17.3%	15.0%		
Average daily unique users (website and apps) (m)	6.2	5.6	+0.6	+11.1%
Overall app rating	4.6	4.6	+0.0	+0.5%
Digital clients (m)	12.9	11.7	+1.2	+10.5%
App downloads (m)	93.5	81.3	+12.2	+15.1%
Poste Italiane digital e-wallets (m)	11.4	10.3	+1.1	+11.0%
Active SPID digital identities (m)	24.1	23.5	+0.6	+2.5%
Third-party network KPIs				
Payslip volumes (m)	30.5	39.3	-8.8	-22.3%
Postepay top-ups (m)*	39.0	37.8	+1.2	+3.2%
Postemobile top-ups (m)	8.5	8.2	+0.2	+2.8%
Parcels delivered (m)	10.5	7.0	+3.5	+50.0%

* The indicators shown in the 9M 2022 column have been pro-formed to include the operations of LIS for the first nine months of 2022 (the company was acquired in September 2022)

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, delivery of parcels and registered mail.

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 nine months of 2023, the Poste Italiane Group reached 22.6 million daily interactions (20.6 million interactions in the same period of 2022) with 69% of interactions on digital properties, remote channels and third-party networks. The number of average daily unique visitors also grew during the

>6
mln

Daily visitors on the Group's digital channels (+11.1% y/y)

52%

of daily operations in the first nine months of 2023 on the new channels

same period, reaching 6.2

million, up 11.1% compared to the same period last year. Daily transactions on digital channels also grew double-digit at 0.5 million, accounting for 17% of total daily transactions. Digital customers enabled to operate online via

e-wallet



exceeded 11 million at 30 September 2023, using the Poste Italiane Group's apps, which recorded over 93 million downloads with an overall rating of 4.6 in the first nine months of the year.

~27
mln

digital identities issued with ~75% market share

⁸⁵ The Punto Poste network consists of service points (businesses) that offer parcel pick-up and delivery services.

The impact of digital transactions and transactions carried out on third-party networks on total transactions also increased compared to the first nine months of 2022, going from 50% to 52% in the first nine months of 2023.

Poste Italiane is confirmed as the first SPID Digital Identity Manager, with a market share of around 75% and a customer base of around 27 million Identities Digital public databases issued, of which 24.1 million active.





Strengthening of digital channels

During the first nine months of 2023, the Group continued the evolution of digital channels with a view to ensuring a seamless, omnichannel experience for its customers based on the following main drivers of evolution:

Introduction of new features on digital channels

- Since June 2023, the **new Ufficio Postale app** has been available, with a new design and a customised user experience, thanks to the improvement of existing services and the introduction of new features, including in particular:
 - ✓ simplified booking flow, with the possibility of retrieving appointments made in omnichannel mode;
 - ✓ introduction of a form pre-filling service directly in the app to simplify the Post Office experience;
 - ✓ new notice board, organised in a simpler way and navigable via the advanced search functionality;
 - ✓ new section of the customer profile that allows customers to view and update their personal and contact data and manage their PostelD;
 - ✓ area dedicated to business proposals and a section for quick transactions, for quick access to the most frequently performed operations and with a summary of current activities, to support daily operations;
 - ✓ simplified access through the creation of a PostelD, even for non-financial users, and biometric recognition to standardise the way all customers access the app;
 - ✓ new section dedicated to assisting customers in requesting information on the various products/services and for the resolution, also in self-service mode, of any problems encountered;
 - ✓ available on the app is the new Poste Delivery Web funnel optimised for buying and sending parcels online from smartphones.

As of October 2023, the new Ufficio Postale app has been renamed the **Poste Italiane app** and will be progressively enriched with all functionalities, financial and non-financial, with the aim of eventually replacing the BancoPosta and PostePay apps;

- The **digital assistant** (BOT)  service was evolved in order to monitor the status of shipments.
- As part of the activities to **evolve the fibre offer**, in March 2023, the possibility was made available for customers paying via payment slip to speed up bill payment with the new **oneclicktopay** feature which, also in push mode⁸⁶, offers customers access to their payment tools to pay their slips via app and web, while proposing to switch to direct debit.
- The BancoPosta and PostePay apps have simplified the **identification** phase of customers at the Post Office (at the counter and in the consulting room) for the purpose of contracting a product/service on the Single Front End platform⁸⁷, through the use of Strong Customer Authentication (SCA). The customer, by framing the QR Code on the PAD  provided at the counter and entering their PostelD code, is identified without having to present their documents.
- Starting in September, the new **cardless withdrawal service** was introduced in the BancoPosta and PostePay apps, which will allow PostePay debit card holders to withdraw cash without using their physical card by going to one of the affiliated tobacconists in the PUNTOLIS network.
- From July 2023, with reference to the **BancoPosta Business Link current account**, the new **Business Financial Management (BFM)** service was introduced, both on the web channel and on the PosteBusiness app, with the aim of providing customers with a digital service for displaying key current account information and for keeping business performance under control.
- For holders of a digital domicile⁸⁸ a new service model has been implemented, as an alternative to service by post, which provides for the filing in the **Platform for Digital Notifications**⁸⁹ of the deed and the sending of an information notice in telematic mode to the addressees.

⁸⁶ Push notifications are notifications that are sent to smartphones to warn/alert the customer, in this case that they can pay.

⁸⁷ The Single Front End (FEU) is Poste Italiane's product sales platform that allows the sale of different products to be managed through a single system and render a more efficient service to customers.

⁸⁸ The digital domicile is the electronic address elected at a certified electronic mail (PEC) service or a qualified certified electronic delivery service, as defined by the eIDAS Regulation, valid for the purposes of electronic communications having legal value.

⁸⁹ Official Journal no. 130 of 6 June 2022, Regulation governing the modalities of operation of the platform for the notification of Public Administration deeds (Pnd). Administrations, through one of their officials, will log in via SPID or CIE and will be able to upload the document to be notified on the platform, entering the addressee's tax code and digital domicile. The platform operator will send the addressee a notice by PEC (certified e-mail) informing of the existence of the deed and providing the means of accessing and acquiring it.



Strengthening of digital channels

Strengthening the catalogue of offers on digital channels

- In the area of Electricity and Gas, the new features⁹⁰ in the self-area (of the website and app), the new cross-support model in the PostePay app, and the new sales funnel from the BancoPosta app have been made available, as well as the management of the recalculation of the annual (fixed) instalment⁹¹ and related communications to the customer via digital channels (web and app), in the bill, and by e-mail.
- In the utilities area, omnichannel functionalities of **cross-selling between Energy and Fibre products** were implemented on the **Thank You Page**⁹².
- The **new simplified sales funnel** for the Current Account was introduced in the BancoPosta app, completing, in an omnichannel logic, the active channels for the sale of the product; on the web channel, the new simplified sales funnel dedicated to the purchase of Mutual Investment Funds was introduced, for customers already in possession of a current account and smart savings book.
- From July 2023, in the **Postal Savings** area, and activatable via both the web channel and the BancoPosta app, the new **Supersmart Rinnova offer** is available, dedicated to Libretto Smart holders with the Supersmart Premium offer whose provisions expire.

Optimising PosteBusiness infrastructure

- The digital payment functionalities in the business ecosystem of customers with PostePay Evolution Business and PostePay Debit Business cards were expanded, integrating the **payment of slips** (both web and app), **PostePay top-ups** (both web and app) and **F24 forms** (web).
- The **"Il mio business" service** has been integrated for users of the **BancoPosta Business Link current account**, allowing them to have a simple and intuitive view of their financial situation, monitoring income, expenditure, cash flows, including forecasts, and the achievement of personalised income and/or expenditure targets.



5.6. RISK MANAGEMENT

The Poste Italiane **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 the Poste Italiane 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 this last regard, the Group's GRC - RSA Archer Platform supports the integrated risk management process by ensuring the sharing of risk analysis methodologies among all the specialised control functions operating at the 2nd control level, the improvement of communication

⁹⁰ The new functionalities relate to typical after-sales activities, such as: change of residence status, change of payment method, transfers, complaints, management of land registry data, activation/deactivation of bill by e-mail, change of delivery address, etc.

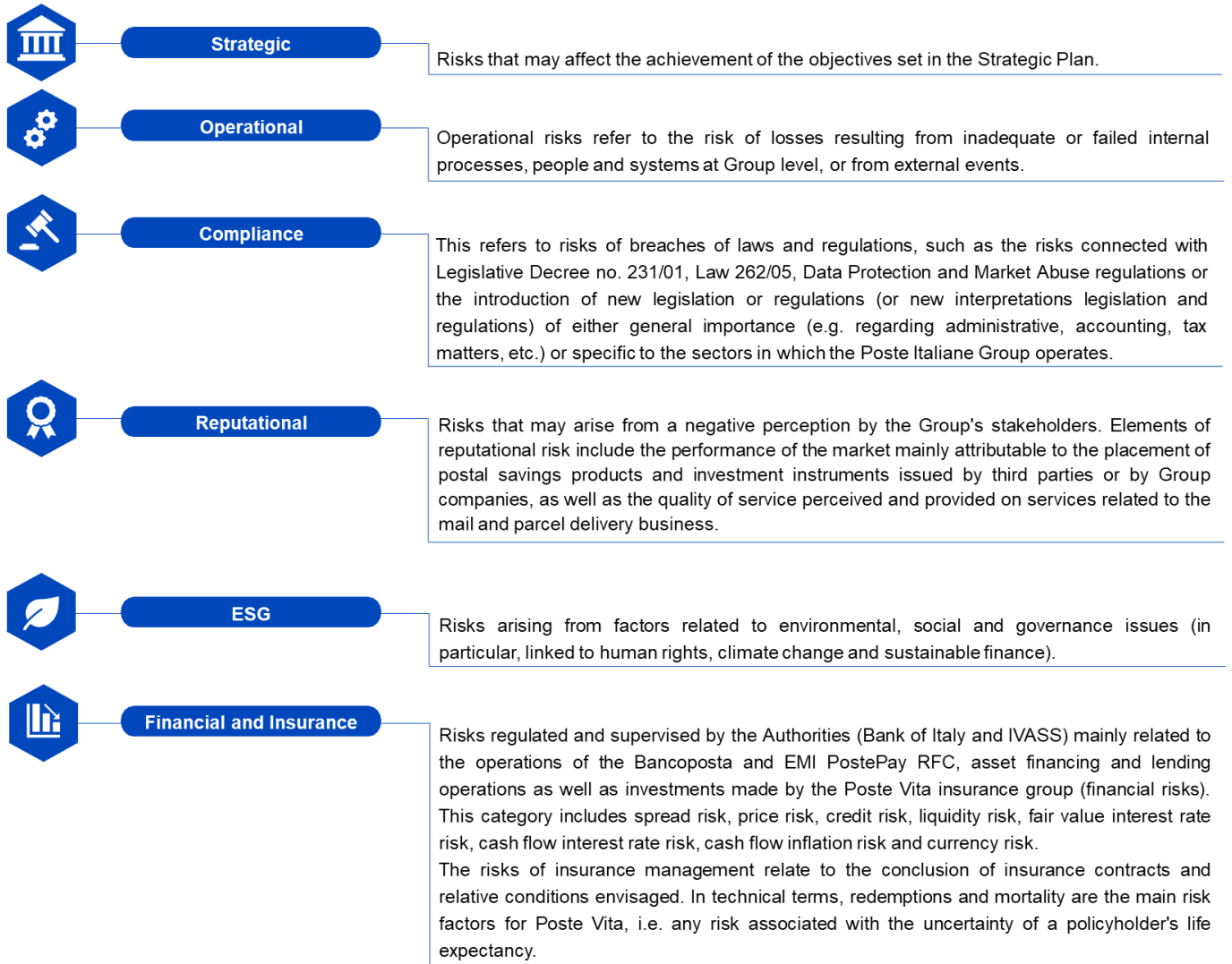
⁹¹ It is checked whether the initial estimate on which the fixed instalment paid by the customer in the current year was developed is still valid or, due to changed consumption habits of the customer or changes in prices, whether it should be modified for the following year.

⁹² The thank you page is the last screen in the sales process where the customer is greeted and thanked for signing up for the service.

with top management and corporate bodies and between the control functions, as well as the minimisation of the risk of deficient 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 complete discussion on the description and control of financial and other risks, please refer to the section "Risk Management" in the Condensed Consolidated Half-Year Financial Statements at 30 June 2023 and the section "Risk Management" in the 2022 Annual Report.



6. CREATION OF VALUE

[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 GROUP OPERATING RESULTS

The comparison scenario for the first nine months of 2022 was pro-formed according to the new accounting standard IFRS 17.

The Group's performance for the first nine months of 2023 was positive, with EBIT and net profit up compared to the same period in 2022. These results are attributable to revenue growth, in an uncertain general economic scenario characterised by a high level of inflation. The nine-month performance is appreciable especially in light of the recognition, in the third quarter, of the additional and extraordinary performance-related bonus component for the current year, which will be paid to employees in November 2023.

9M 2023

Revenue
€8.9 bn
(+6.8% y/y)

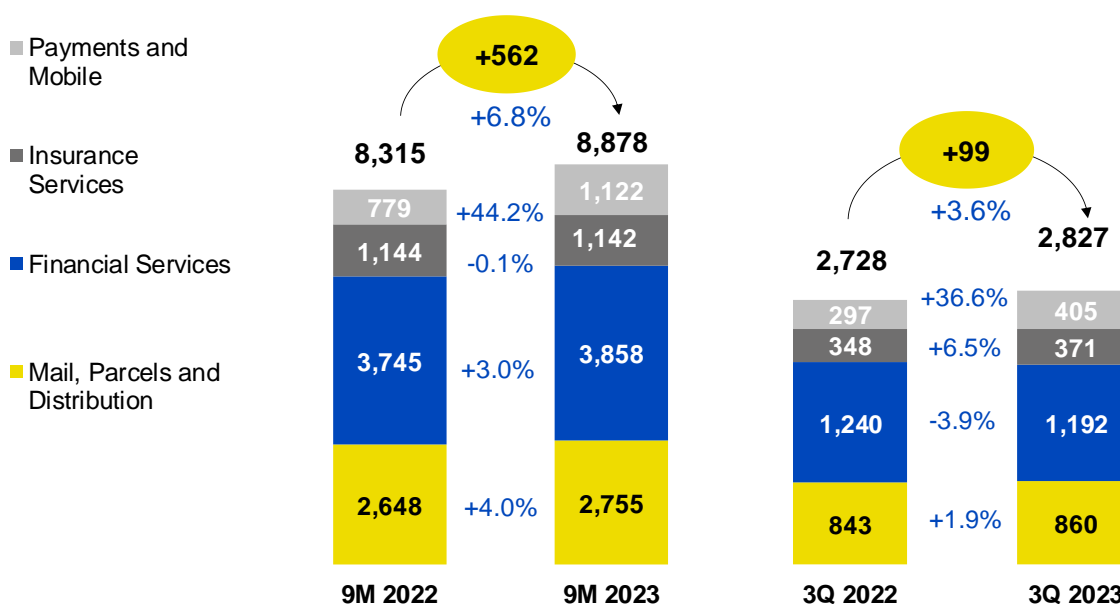
EBIT
€2.1 bn
(+1.5% y/y)

Net Profit
€1.5 bn
(5.8% y/y)

(€m)	9M 2023	9M 2022	Changes		3Q 2023	3Q 2022	Changes	
Revenue	8,878	8,315	+562	+6.8%	2,827	2,728	+99	+3.6%
Total costs	6,773	6,242	+531	+8.5%	2,289	2,071	+217	+10.5%
EBIT	2,105	2,073	+32	+1.5%	539	657	(118)	-18.0%
EBIT margin %	23.7%	24.9%			19.1%	24.1%		
NET PROFIT	1,522	1,439	+83	+5.8%	382	454	(72)	-15.9%
Net earnings per share	1.18	1.11	+0.07	+6.0%	0.29	0.35	(0.1)	-15.6%
CAPEX	392	409	(17)	-4.1%	143	185	(42)	-22.8%
<i>% of revenue</i>	4.4%	4.9%			5.1%	6.8%		

REVENUE

(€m)



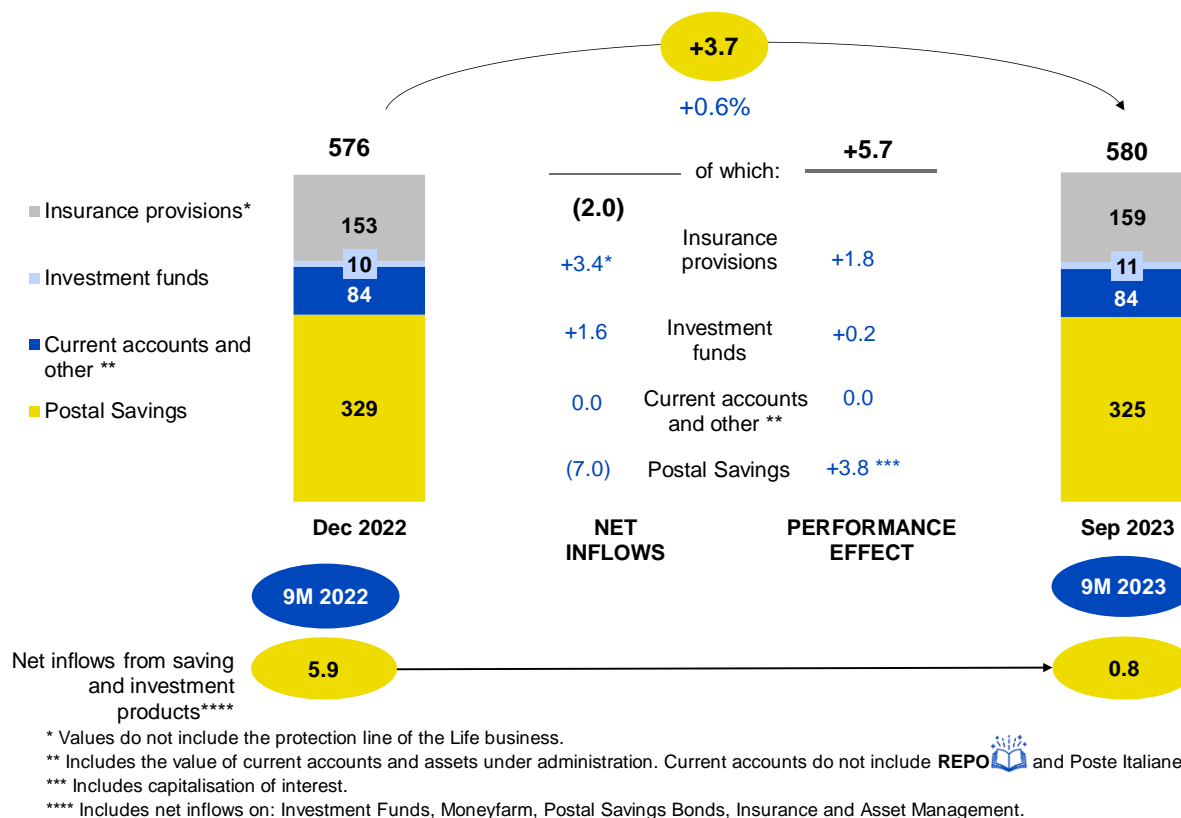
Group revenue in the first nine months of 2023 amounted to €8,878 million, marking an increase of €562 million compared to the same period of 2022 (+6.8%) with the positive contribution of the Payments and Mobile (+€344 million or +44.2%), Financial Services (+€113 million or +3.0%) and Mail, Parcels and Distribution (+€107 million or +4.0%) Strategic Business Units. The Insurance Services Strategic Business Unit recorded revenue in line with the first nine months of 2022 and amounted to €1,142 million (-0.1%). The inorganic growth in revenue for the period (due to the expansion of the company scope during 2022 with the entry of Plurima, LIS, Agile and Sourcesense as well as during 2023 with the entry of Net Insurance) totalled €238 million (€62 million in the third quarter of 2023).

Group revenue in the third quarter of 2023 amounted to €2,827 million, marking an increase of €99 million compared to the third quarter of 2022 (+3.6%) with the positive contribution of the Payments and Mobile (+€109 million or +36.6%), Financial Services (+€23 million or +6.5%) and Mail, Parcels and Distribution (+€16 million or +1.9%) Strategic Business Units. The Financial Services Strategic Business Unit recorded revenue down by €48 million (-3.9%) compared to the third quarter of 2022.

TOTAL FINANCIAL ASSETS

(€bn)

The value of the total financial assets of the insurance segment, as of the financial year 2023, takes into account the "Insurance Provisions" indicator⁹³ of the Life segment (in accordance with the local processing principles of the financial statements of Poste Vita S.p.A.); the stock of total financial assets at 31 December 2022 has also been readjusted according to this new measure.



Total financial assets, which totalled €580 billion at 30 September 2023, increased by 0.6% (+€3.7 billion) compared to €576 billion at 31 December 2022, due to the performance effect mainly on postal savings and on insurance provisions and negative net inflows on postal savings. On the other hand, in the first nine months of the year, there were positive net inflows in the insurance segment (bucking the market trend) and in mutual funds.

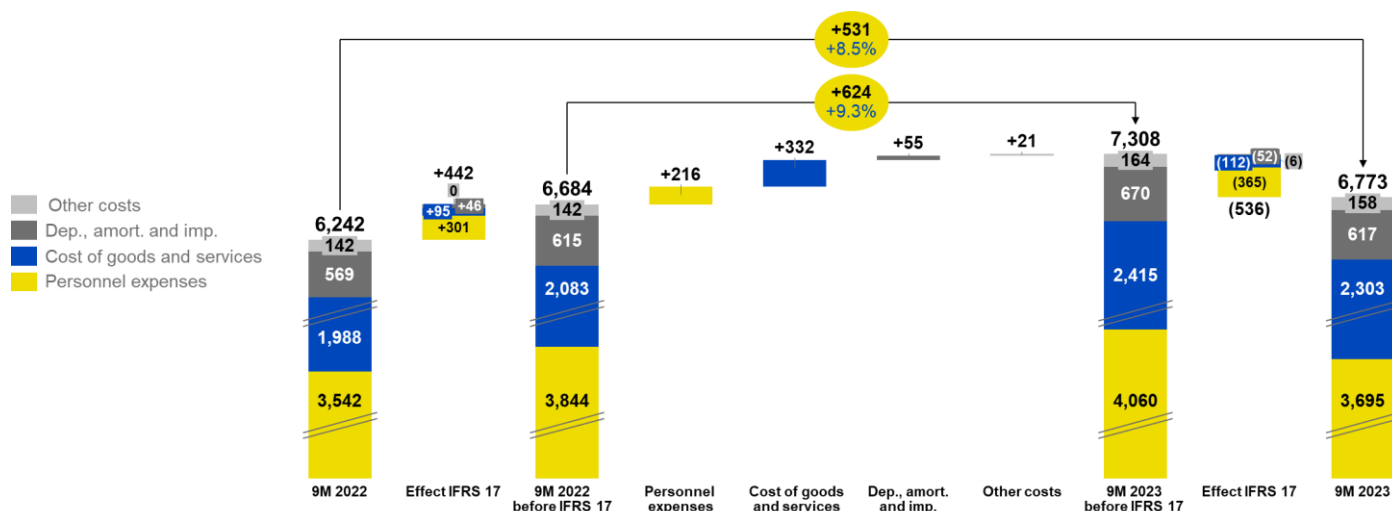
€580 bn
Total financial assets

⁹³ 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 provisions and reversals).

TOTAL COSTS

(€m)

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). For the purpose of understanding the trends presented below, the total value of costs incurred by the Group was reconstructed, also considering those attributable to insurance contracts.



Total costs in the first nine months of 2023 amounted to €6,773 million, up on the €6,242 million in the first nine months of 2022 (+€531 million), mainly due to the increase in the items: costs for goods and services (+€315 million), personnel expenses (+€153 million) and amortisation/depreciation (+€48 million). The expansion of the Group's scope in 2022 and the first nine months of 2023 resulted in an increase in personnel expenses, cost of goods and services and depreciation and amortisation compared to the first nine months of 2022 of €38 million, €156 million and €19 million, respectively (for a total of €213 million).

Costs for goods and services recorded an increase of €315 million, going from €1,988 million in the first nine months of 2022 to €2,303 million in the same period of 2023.

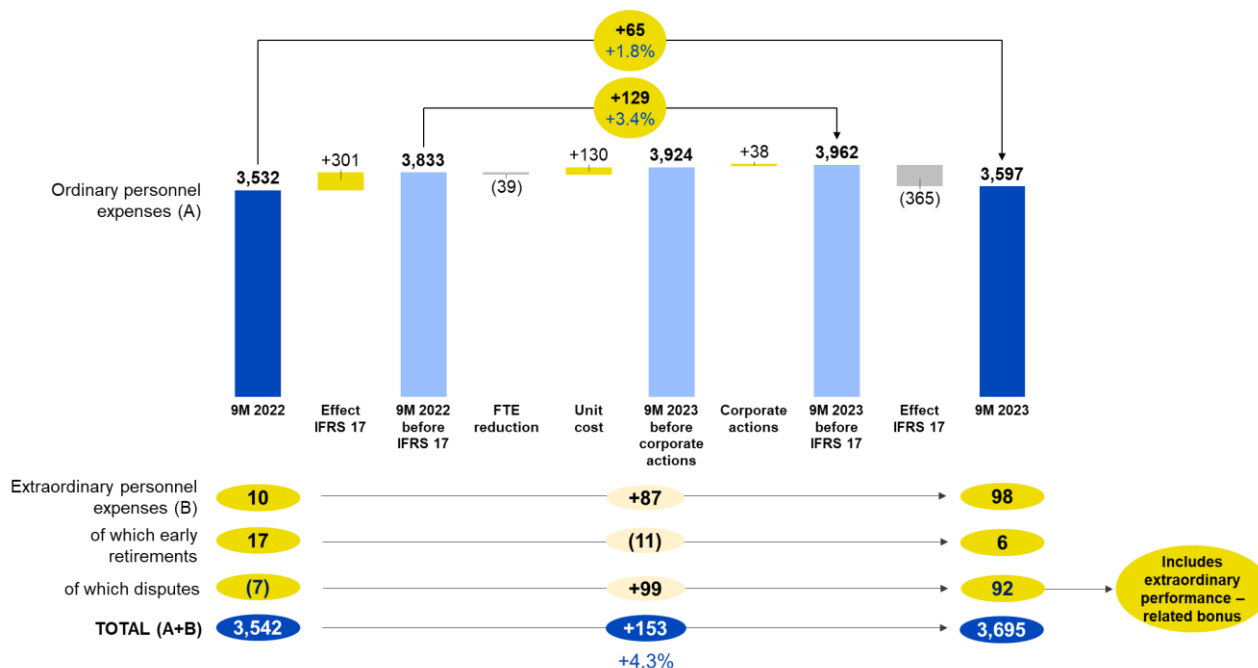
Personnel expenses amounted to €3,695 million, an increase of €153 million compared to the first nine months of 2022. See the following section for more details.

Depreciation and amortisation amounted to €617 million, an increase of €48 million compared to the first nine months of 2022, while other costs amounted to €158 million, an increase of €15 million compared to the first nine months of 2022. The change in the item other costs is attributable to the combined effect of the growth in other costs and charges (+€57 million), partially offset by the decrease in adjustments and reversals on loans and debt instruments (-€30 million) and increases for internal work (+€12 million).

PERSONNEL EXPENSES

(€m)

Total personnel expenses increased by €153 million (+4.3%) compared to the first nine months of 2022, of which €87 million was attributable to overtime expenses and €65 million to ordinary expenses. Below is the development of personnel expenses compared to the first nine months of 2022, also showing the effects of the application of IFRS 17.



Ordinary personnel expenses, net of the effect generated by the application of IFRS 17, increased by €129 million (+3.4%) from €3,833 million in the first nine months of 2022 to €3,962 million in the corresponding period of 2023. This change is related to the increase in unit cost (+€130 million), the effect of the corporate transactions (approximately 900 average FTE) carried out in 2022 and in the first nine months of 2023 (+€38 million), partially offset by the reduction in headcount recorded at Poste Italiane (approximately -1,200 average FTE). Contributing to the increase in the unit cost were the increase in the contractual minimums triggered in July 2022 and July 2023 in connection with the National Collective Labour Agreement renewed in June 2021 and the increase in the variable component driven by the share linked to commercial incentive.

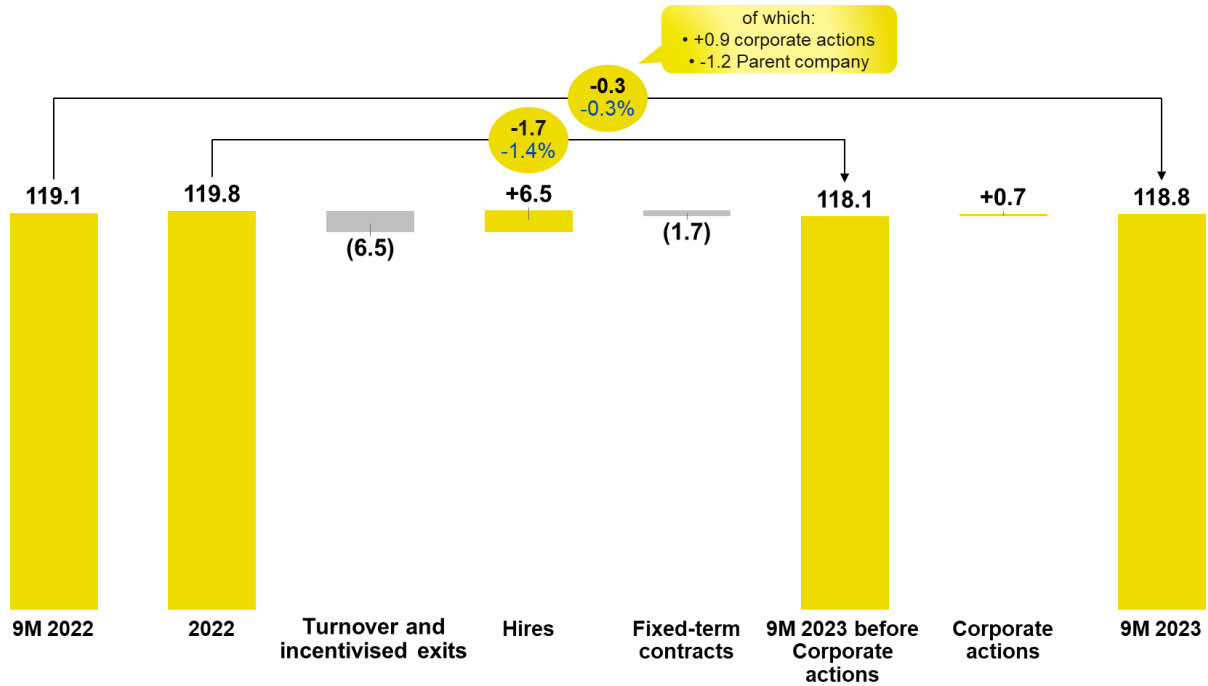
The change in the cost of overtime compared to the first nine months of 2022 amounted to €87 million and was mainly attributable to the accrued portion (approximately €90 million) of the additional and extraordinary performance-related bonus, to be paid in November 2023, recognised in order to appreciate the commitment of employees and mitigate the effects on real wages produced by the inflationary phenomenon (Agreement on the performance-related bonus for the year 2023 signed with the trade unions on 1 August 2023).

NUMBER OF RESOURCES

(average Full Time Equivalent in thousands)

The number of resources leaving the Group in the first nine months of 2023, including incentive redundancies, is 6.5 thousand (average FTE) on a permanent basis and 1.7 thousand (average FTE) on a fixed-term basis, against new hires of 6.5 thousand (average FTE). The expansion of the Group scope which took place in 2022 with the entry of Plurima, Agile, LIS and Sourcesense and in 2023 of Net Insurance (+0.7 thousand average FTE) also contributed to the change in the workforce for the period.

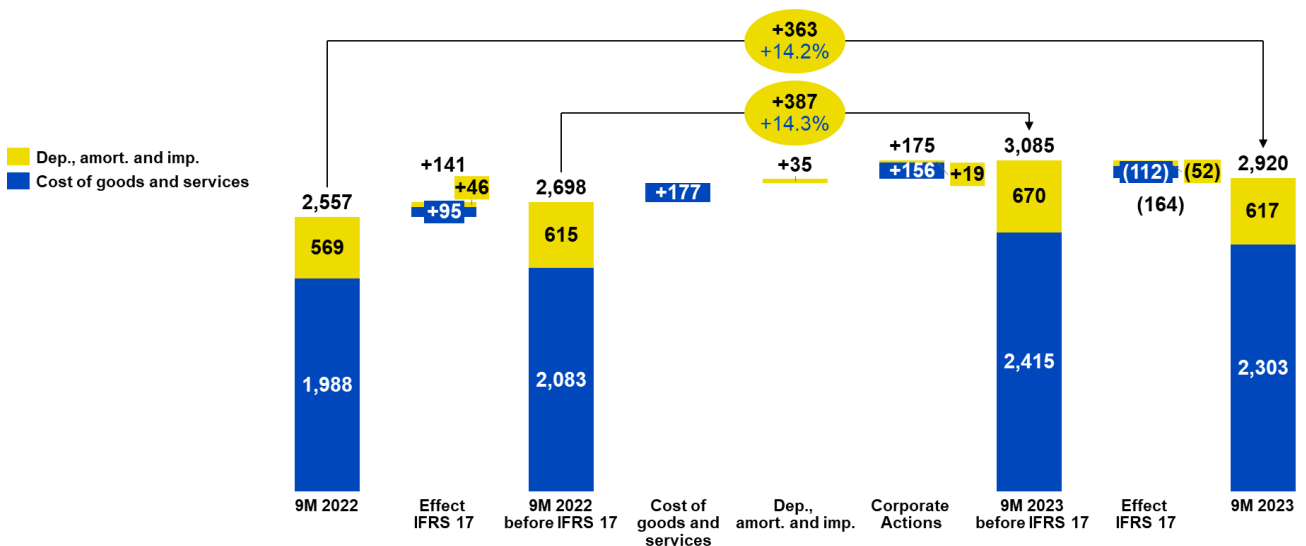
~119,000
People employed in the Group



COST OF GOODS AND SERVICES AND DEPRECIATION AND AMORTISATION

(€m)

The following table shows the development of costs for goods and services and depreciation and amortisation compared to the first nine months of 2022, showing the effects of the application of IFRS 17.

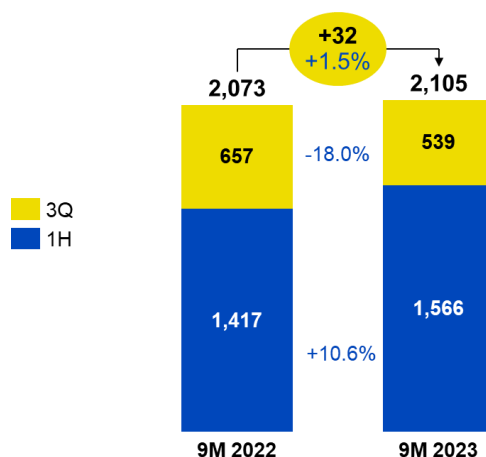


Net of the effects of the application of the new standard, costs for goods and services increased by €332 million from €2,083 in the first nine months of 2022 to €2,415 in the same period of 2023. In addition to the incurring of costs to support the business, the change is mainly related to the expansion of the company scope (for €156 million) for the companies acquired during 2022 and in the first nine months of 2023, costs related to the new energy business (€74 million) and the international inflation scenario (for €32 million).

Depreciation and amortisation, net of the application of IFRS 17, amounted to €670 million and increased by €55 million compared to the first nine months of 2022 due to the expansion of the company scope (+€19 million) as well as higher amortisation on rights of use, mainly for the expansion of the Parent Company's leased fleet, on intangible assets (related to investments in software applications) and on property, plant and equipment.

GROUP EBIT

(€m)

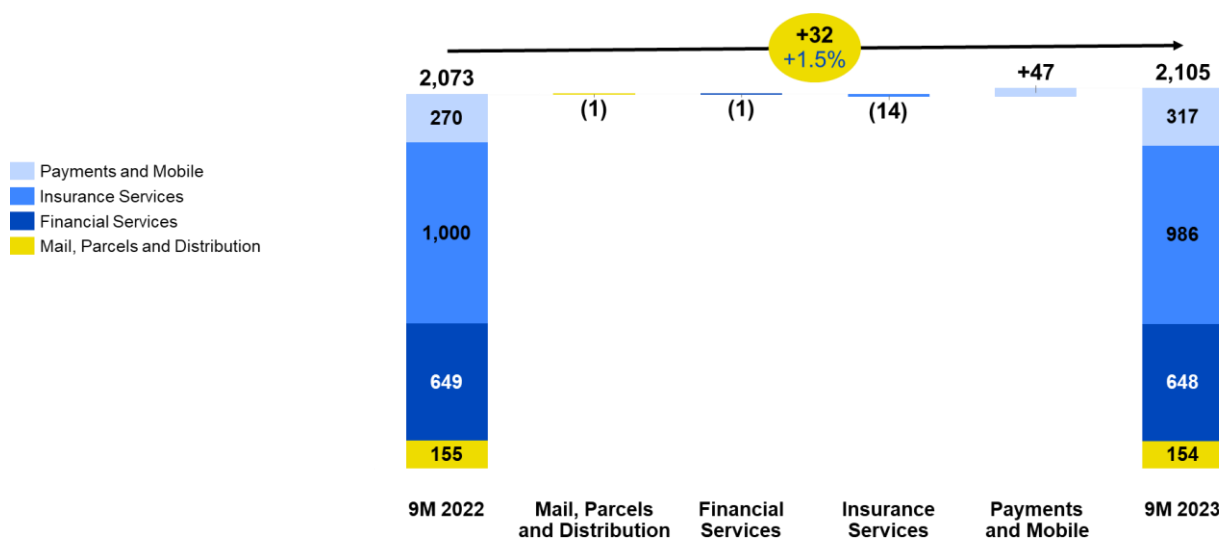


The consolidated operating result (EBIT) amounted to €2,105 million, an increase of €32 million (+1.5%) compared to the first nine months of 2022 (€2,073 million).

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

EBIT BY STRATEGIC BUSINESS UNIT

(€m)



In the first nine months of 2023, the Group's EBIT amounted to €2,105 million and showed an increase of €32 million compared to the same period in 2022 (€2,073 million) supported by the growth of the **Payments and Mobile Strategic Business Unit**,

which recorded a positive operating profit of €317 million, up by €47 million compared to the first nine months of 2022 (€270 million).

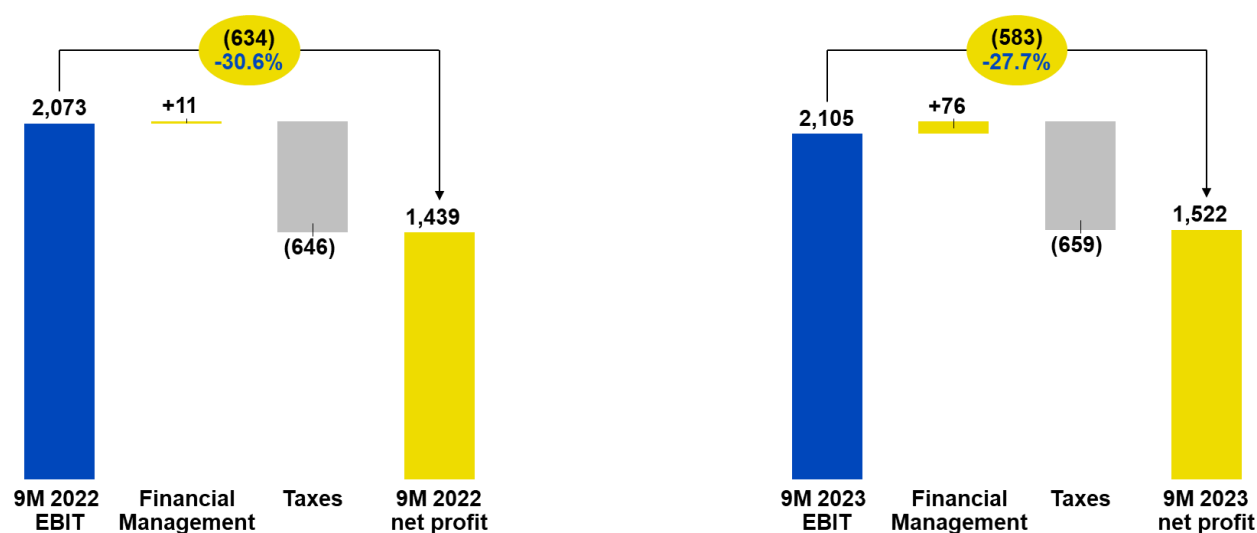
The EBIT of the **Mail, Parcels and Distribution Strategic Business Unit** amounted to €154 million, substantially in line (-€1 million) with the value realised in the first nine months of 2022; the SBU performance was affected by the accrued portion of the additional and extraordinary performance-related bonus recognised for the current year to employees and to be paid in November 2023 (€90 million). The **Financial Services Strategic Business Unit** also posted a positive EBIT of €648 million, which was substantially in line (-€1 million) with the result recorded for the same period in 2022 (€649 million).

The EBIT of the **Insurance Services Strategic Business Unit** was positive by €986 million, down €14 million compared to the value achieved in the first nine months of 2022 (€1,000 million).

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 €1,522 million, up from €1,439 million in the first nine months of 2022, and took into account financial management, which increased from €11 million in the first nine months of 2022 to €76 million in 2023. This change (+€65 million) is mainly attributable to: i) the release, following the July 2023 ruling of the Court of Cassation, of part (€25 million) of the provision for doubtful debts from others relating to the interest income accrued on the IRES receivable (for the non-deduction for IRAP purposes of the personnel expenses); ii) the adjustment of €21 million, following the impairment test carried out in 2022, on the value of the investment in Anima Holding (during the period, the need to adjust the carrying amount of the investment had not arisen). For further details, please refer respectively to the chapter "Proceedings pending and principal relations with the Authorities" and the paragraph "Use of Estimates" in the condensed consolidated half-year financial statements at 30 June 2023.

Income taxes for the period show an increase of €13 million, going from €646 million in the first nine months of 2022 to €659 million in the same period of 2023.

6.1.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

The performance in the first nine months of 2023 of the Strategic Business Unit shows a performance of the mail and parcel business in line with last year and a growth in revenue from the placement of products/services of the other segments in the distribution network. Revenue for the period also benefited from the €109 million gain related to the sender transaction. The operating result, which is substantially in line with the first nine months of 2022, takes into account the increase in costs generated by inflationary pressures and the extraordinary performance-related bonus that will be paid to employees in November 2023.

MAIL, PARCELS AND DISTRIBUTION (€m)	9M 2023	9M 2022	Changes	
External revenue	2,755	2,648	+107	+4.0%
Revenue from other sectors	3,870	3,675	+195	+5.3%
Total revenue	6,625	6,323	+302	+4.8%
Costs	6,445	6,138	+307	+5.0%
Costs vs other sectors	26	29	(3)	-10.9%
Total costs	6,471	6,168	+304	+4.9%
EBIT	154	155	(1)	-0.9%
NET RESULT	123	85	+38	+45.0%
Operating KPIs	9M 2023	9M 2022	Changes	
Mail and parcels				
Revenue/FTE (€k)	57	54	+3	+5.4%
Parcels that can be delivered as standard mail (volumes in m)	62	49	+14	+28.2%
New Punto Poste Network (number of lockers and alternative collection points)*	15,844	15,117	+727	+4.8%
Incidence of parcels delivered using alternative channels ¹ (%)	7.6	5.6	+2.0	+36.0%
Distribution				
Number of customers (m)	35.0	35.2	(0.1)	-0.4%
Number of Post Offices*	12,755	12,755	-	n/s
Rooms dedicated to consultancy	7,896	7,805	+91	+1.2%
Postamat ATM network	8,116	8,112	+4	n/s
ESG				
Green fleet (electric vehicles)*	5,266	3,653	+1,613	+44.2%
Charging points installed*	5,340	4,012	+1,328	+33.1%
SMART mailboxes*	480	418	+62	+14.8%
No. buildings involved in Smart Building ⁺²	1,909	1,617	+292	+18.1%
Photovoltaic panels (no. of buildings)*	214	163	+51	+31.3%

n/s: not significant

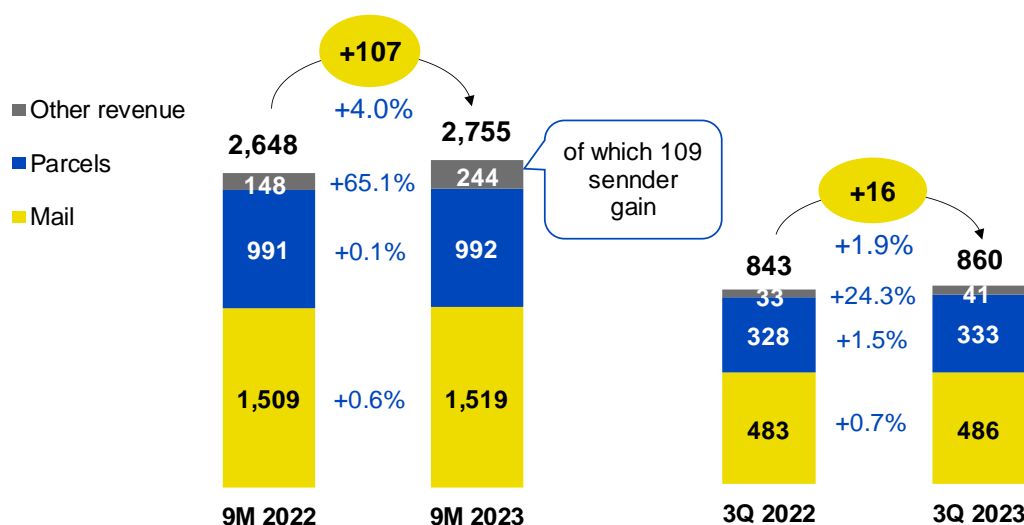
* The figure indicated in column 9M 2022 refers to 31 December 2022

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)



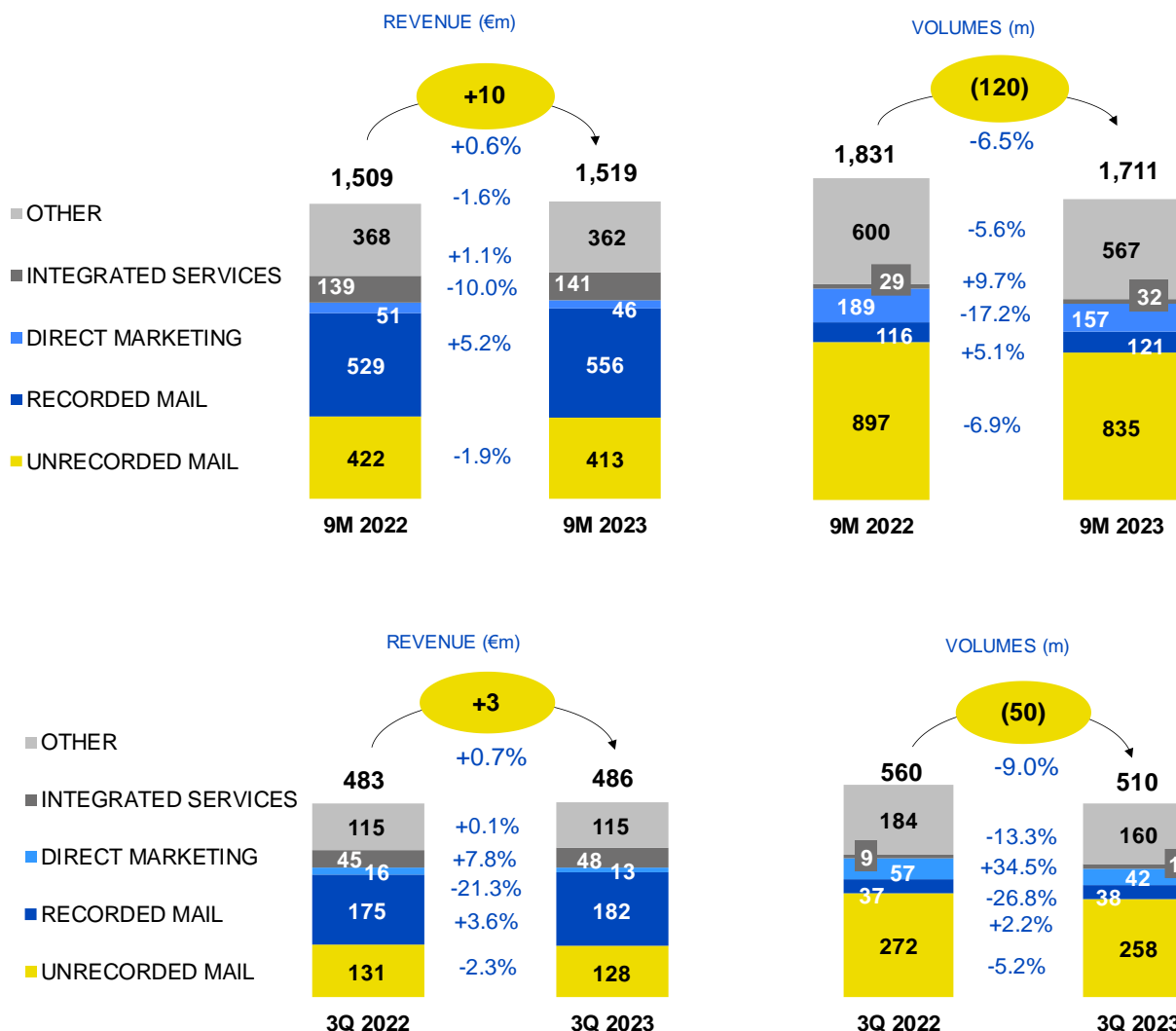
External revenue of the Strategic Business Unit went from €2,648 million in the first nine months of 2022 to €2,755 million in the same period of 2023 (+€107 million, or +4%). This increase was mainly attributable to the trend in other revenue and income⁹⁴ (+€96 million, or +65.1%), due to the recognition in the second quarter of 2023 of a gain of approximately €109 million generated by the sale of the controlling interest in the company sender. For further details, please refer to as previously reported in the paragraph "Corporate structure of the Group and principal corporate actions during the period".

After a first quarter characterised by the full recovery of post-pandemic activities and a slight slowdown in the second quarter, revenue in the traditional mail business picked up in the third quarter, due to a better volume mix, bringing the segment revenue to €1,519 million in the first nine months of 2023 (+€10 million, or +0.6%, compared to the same period in 2022).

Parcel revenue in the period were in line with the results achieved in the first nine months of 2022 (+€1 million, +0.1%), supported by a marked acceleration of the B2C component in the third quarter of 2023.

⁹⁴ "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).

MAIL



Unrecorded Mail: standard mail service with mailbox delivery.

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

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

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

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

The performance of the Mail services recorded by the Group in the first nine months of 2023 shows a drop in volumes of 6.5% (-120 million items) accompanied instead by a growth in revenue of 0.6% (+€10 million) compared to the same period of the previous year. This performance can be attributed to a different product mix compared to the same period last year, which reflects growth in the volumes of some higher-value products in the Integrated Services and Recorded Mail (Judicial Document and Registered Mail) families, against a decline in lower-value products.

Recorded Mail showed a 5.1% increase in volumes (+6 million items), against a 5.2% increase in revenue (+€27 million). The first quarter had seen growth concentrated on the Judicial document product, while the second and third quarters saw growth in registered mail due to an increase in the volume of shipments from some large customers.

Unrecorded Mail shows a reduction in both volumes and revenue of 6.9% (-62 million items) and 1.9% (-€8 million) respectively compared to the same period in 2022, attributable to a physiological drop in volumes, which in the third quarter nevertheless appears to be partly contained (-14 million items recorded in the third quarter of 2023, or -5.2%) and in line with the previous quarter.

Integrated Services, after an upturn in the first quarter, attributable to the positive contribution generated by the recovery in service activities for products such as administrative deeds, judicial documents and tax bills (the latter in the first quarter of 2022 were still suffering from a slowdown due to the continuing effects of the pandemic on service dispatch) and a slowdown in the second quarter, recorded a positive change in the third quarter of 2023, which contributed to the overall growth in the result for the first nine months of 2023 compared to the same period of the previous year, both in terms of volumes and revenue (+3 million items, or +9.7%, and +€2 million in revenue, or +1.1%). The growth in the third quarter is mainly attributable to higher items from the public administration (related to the facilitated settlement of pending tax disputes, provided for in the 2023 Budget Law)⁹⁵.

Direct Marketing continues to record a decrease in volumes of 17.2% (-33 million items), resulting in negative change in revenue of approximately €5 million (-10%), attributable to the e-substitution phenomenon, even more visible in the third quarter.

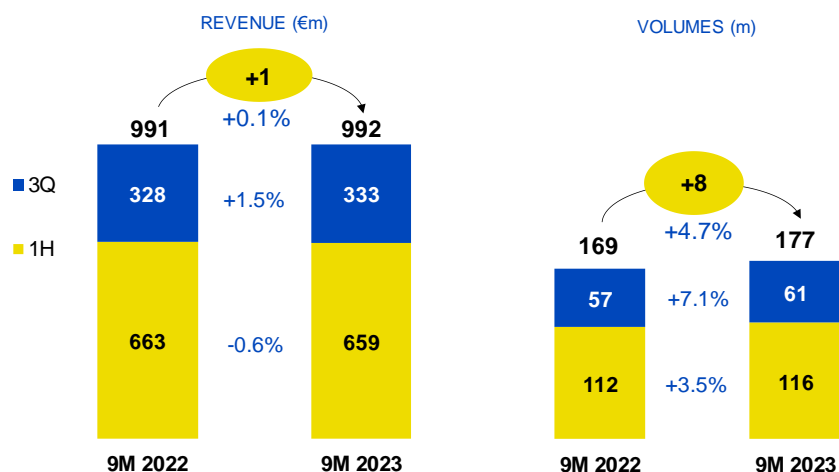
In the first nine months of 2023, the item Other, which also includes services marketed by Postel, showed volumes down by 5.6% (-34 million items) compared to 2022, accompanied by a 1.6% decrease in revenue (-€6 million). This development is mainly attributable to the publishing service, which in the second quarter of 2022 was characterised by increased mailings from non-profit associations in favour of refugees from the war in Ukraine.

The item Other also includes the fee for the Universal Service Expense of €197 million in the first nine months of 2023, in line with 2022, and the tariff subsidies on the publishing service, which recorded a growth of 6% (+€2 million) compared to the previous year, as a result of AGCom Resolution 454/22/CONS which defined, with effect from 1 September 2022, a process of progressive increase of the universal tariffs for publishing services.

Generally speaking, since the last quarter of 2022, Mail has recorded a tariff and revenue recovery linked partly to the tariff manoeuvre on universal service products, and partly to tariff adjustments related to inflationary pressures, on expiring business customer contracts.

⁹⁵ The 2023 Budget Law introduced a new Facilitated settlement for debts contained in the loads entrusted to the Collection Agent from 1 January 2000 to 30 June 2022, even if included in previous facilitated measures whose ineffectiveness has been determined. (Source: www.agenziedelleentrate.gov.it)

PARCELS



In the first nine months of 2023, the parcels business grew in volume terms by +4.7% (+8 million items) compared to the same period of the previous year, while revenue was in line (+1 million, +0.1%).

In particular, parcel volumes in the third quarter of 2023 recorded growth compared to the third quarter of 2022 (+4 million items compared to the third quarter of 2022, or +7.1%) higher than in the first two quarters of 2023 (+2 million items recorded in both the second and first quarters of the year compared to the same periods of 2022). This performance was mainly due to the excellent performance of the major customers, which showed a significant increase in average daily volumes entrusted compared to the same period last year.

With regard to revenue for the first nine months of 2023, we highlight the positive contribution of the new hospital business carried out by the company Plurima (started up in the second quarter of last year), which generated €44 million in revenue (+€15 million, +52% vs 2022). However, Plurima's positive contribution does not fully compensate for the foreseeable loss of €35 million in revenue related to logistics services, provided during the pandemic emergency phase by Covid-19, when compared to the same period in 2022.

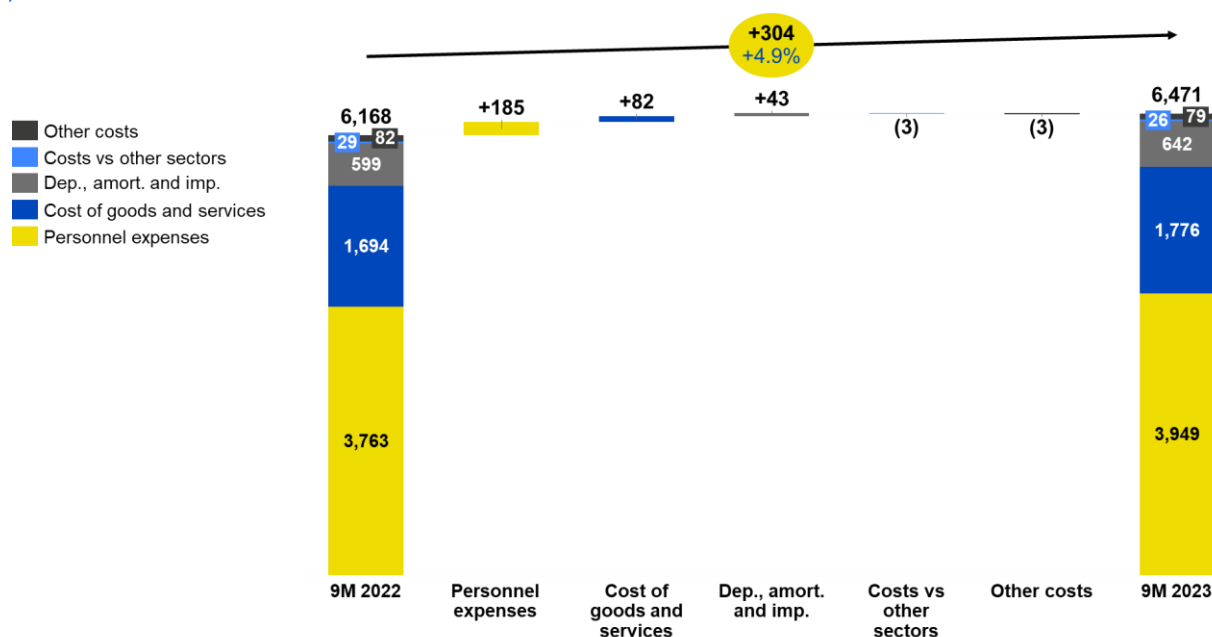
Neutralising the positive contribution of Plurima (+€15 million), the foreseeable loss of revenue related to logistics services provided during the pandemic emergency phase of Covid-19 (-€35 million), as well as the lower contribution of sender (-€3 million) related to the deconsolidation from the Group since the end of June 2023, the revenue performance of the parcels and logistics segment in the first nine months of 2023 would have increased by €25 million, +3% compared to the same period of 2022, reflecting the growth trend recorded in the segment volumes.

E-commerce continues to be the strategic business segment, thanks to consistently positive performance compared to the same period in 2022, with an even more visible effect on the third quarter of 2023. In the first nine months of 2023, the C2X segment posted revenue growth of 5.9% (+€2 million) and volumes substantially in line with the same period of 2022 (+€0.1 million, or +1.8%), also thanks to some repricing effects.

Revenue growth in the parcels and logistics segment in the third quarter of 2023 (+€5 million, +1.5%) was lower than that recorded by volumes (+7.1%) compared with the same quarter of 2022, mainly due to the combined effect of the following factors: on the one hand, the aforementioned effect related to the gradual loss of logistics revenue obtained during the pandemic phase; on the other hand, the lower contribution of revenue to third parties on sender transports (€-5 million), related to the deconsolidation from the Group since the end of June 2023; finally, a slight mix effect that sees, within the strong growth of the B2C segment, a better performance of lower-price deliveries linked to cheaper delivery solutions. Neutralising the foreseeable loss of €8 million in revenue related to the logistics services provided during the pandemic emergency phase of Covid-19 and the lower contribution of sender (-€5 million) related to the deconsolidation from the Group since the end of June 2023, the revenue trend for the third quarter of 2023 would show growth compared to the same period of 2022 (+€18 million, +6%) more in line with the volume trend.

COSTS

(€m)



Costs, including depreciation, amortisation and impairments for the first nine months of 2023, amounted to €6,471 million, an increase of €304 million (+4.9%), compared to the same period of 2022.

This performance is mainly attributable to the item personnel expenses, which amounted to €3,949 million, up €185 million (+4.9%) compared to the first nine months of 2022, mainly attributable to the increase in per-capita personnel expenses related to contractual adjustments that took effect from July 2022 and July 2023, the additional and extraordinary performance-related bonus that will be recognised to employees in November 2023 and the increase in the commercial incentive component.

Costs for goods and services show an increase of €82 million (+4.8%), reaching €1,776 million in the first nine months of 2023. This trend can be attributed 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 the inflationary pressures on fuel and raw material.

Depreciation, amortisation and impairments increased by €43 million (+7.1% compared to the first nine months of 2022) against an increase in investments.

In light of the foregoing, the Mail, Parcels and Distribution Strategic Business Unit presents an operating result for the first nine months of the year that was positive for €154 million, in line with the operating result for the same period of the previous year and equal to €155 million (-€1 million, -0.9%).

The third quarter of 2023 showed an operating loss of €93 million (-€106 million compared to the same period of 2022), mainly attributable to the additional and extraordinary performance-related bonus that will be paid to employees in November 2023 and provided for in the agreement with trade unions signed on 1 August 2023.

6.1.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

The performance of the Financial Services Strategic Business Unit in the first nine months of 2023 shows revenue growth supported by higher interest income earned and the positive contribution of Collection and Payment Services. BancoPosta Total Capital Ratio at 30 September 2023 stood at a high 24.2%.

FINANCIAL SERVICES (€m)	9M 2023	9M 2022	Changes	
External revenue	3,858	3,745	+113	+3.0%
Revenue from other sectors	661	602	+58	+9.7%
Total revenue	4,519	4,348	+171	+3.9%
Costs	119	98	+21	+21.8%
Costs vs other sectors	3,751	3,601	+150	+4.2%
Total costs	3,870	3,699	+172	+4.6%
EBIT	648	649	(1)	-0.1%
EBIT margin %	14.3%	14.9%		
NET PROFIT	483	447	+36	+8.0%

Operating KPIs	9M 2023	9M 2022	Changes	
Total financial assets (€bn)*	580	576	+4	+0.6%
Net inflows (€m)	(2,005)	51	(2,056)	n/s
Performance Effect ¹ (€bn)	5.7	(24.6)	+30	n/s
Current accounts (average deposits for the period in €bn)	92.6	95.4	-2.7	-2.9%
Net return on deposits ²	2.42%	1.94%		
Postal savings (average deposits in €bn)	313.3	316.9	(3.5)	-1.1%
Loans (disbursed in €m)	2,594	2,508	+86.5	+3.5%

n/s not significant

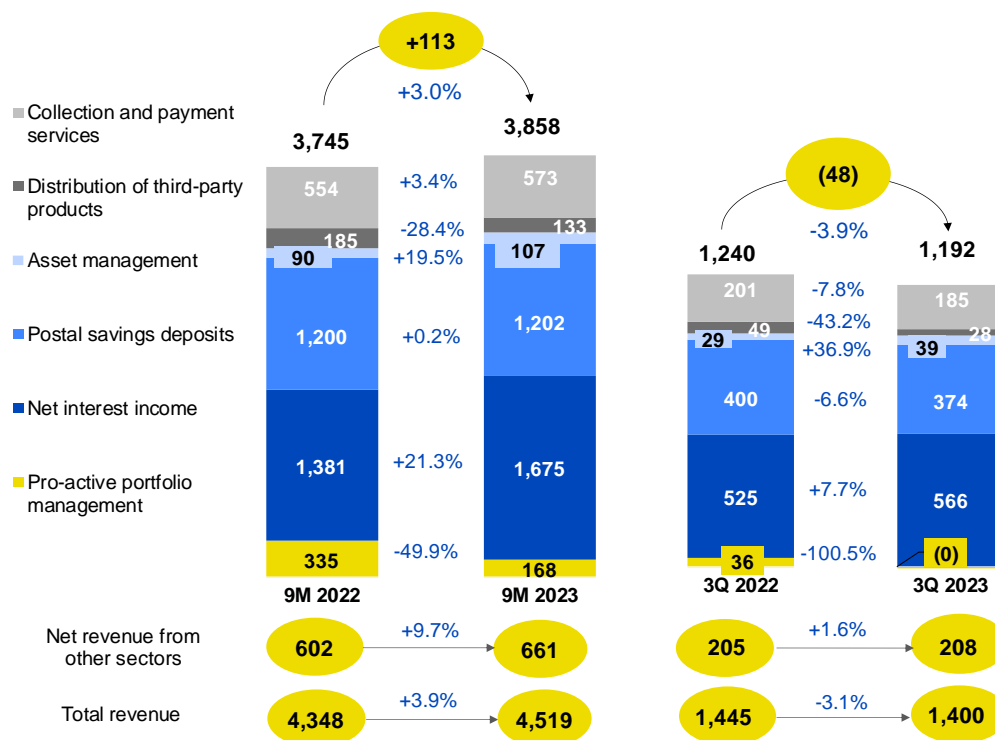
* The figure indicated in column 9M 2022 refers to 31 December 2022

¹ The performance effect mainly includes the impact of macroeconomic variables (spreads, rates, etc.) on the stocks of the insurance, managed funds and assets under administration segments, as well as the capitalisation of interest for the period on the stocks of postal interest-bearing certificates/postal savings

² 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: funds 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 nine months of 2023 amounted to €3,858 million, up €113 million from €3,745 million in the same period of 2022 (+3%).


In detail, the period under review shows: (i) Net interest income up compared to the figure for the first nine months of 2022 (+€294 million, +21.3%), essentially due to the higher yield on the Retail and Corporate segments (+€290 million) and the yield from the use of current account deposits in the Public Administration segment (+€37 million); (ii) Net capital gains realised as part of pro-active portfolio management of €168 million, down €167 million from €335 million in the same period of 2022.

Revenue from the postal savings collection and management service amounted to €1,202 million, up by 0.2% (+€2 million) compared to the same period of 2022.

Revenue from collection and payment services amounted to €573 million, an increase of 3.4% (+€19 million) compared to the first nine months of 2022, growth mainly attributable to the repricing of current account fees and ancillary services.

Revenue from the distribution of third-party products amounted to €133 million, down €53 million from €185 million in the first nine months of 2022, mainly attributable to lower revenue from personal loans, which, despite growing volumes, were affected by the higher cost of collecting money from financial partners.

Revenue from Asset Management amounted to €107 million, an increase of €18 million (+19.5%) compared to the same period of the previous year, and were mainly attributable to higher commissions from the increased volume of mutual funds placed.

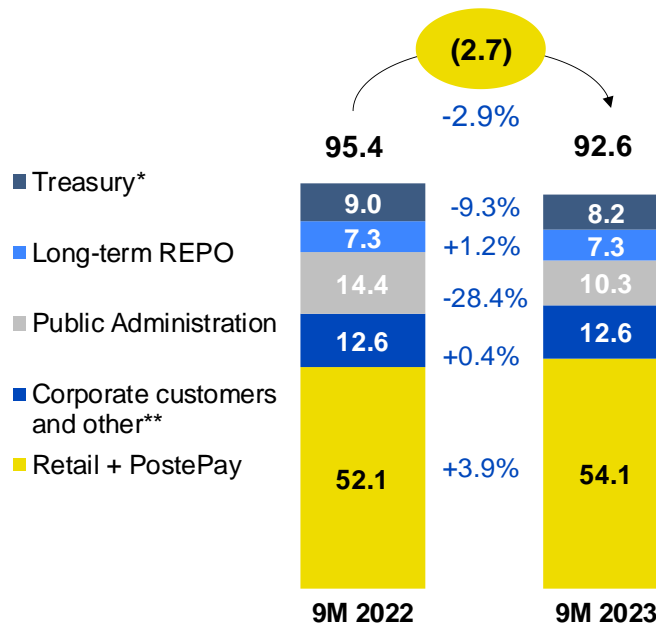
Revenue from other sectors amounted to €661 million (+9.7% compared to the first nine months of 2022). The positive change is mainly attributable to the increase in commissions  for the placement and management of insurance policies.

In the third quarter of 2023, external revenue decreased by €48 million (-3.9%) compared to the same period of 2022, mainly due to lower net capital gains realised in pro-active portfolio management (-€36 million), lower revenue from the management of postal savings (-€26 million), attributable to the performance of inflows in the changed interest rate scenario, and lower revenue from the distribution of third-party products (-€21 million). These negative changes are partially offset by higher net interest income recorded in the third quarter of 2023 (+€41 million).

Revenue from other sectors amounted to €208 million, up by €3 million compared to the third quarter of 2022 (+1.6%).

AVERAGE CURRENT ACCOUNT DEPOSIT

(€bn)



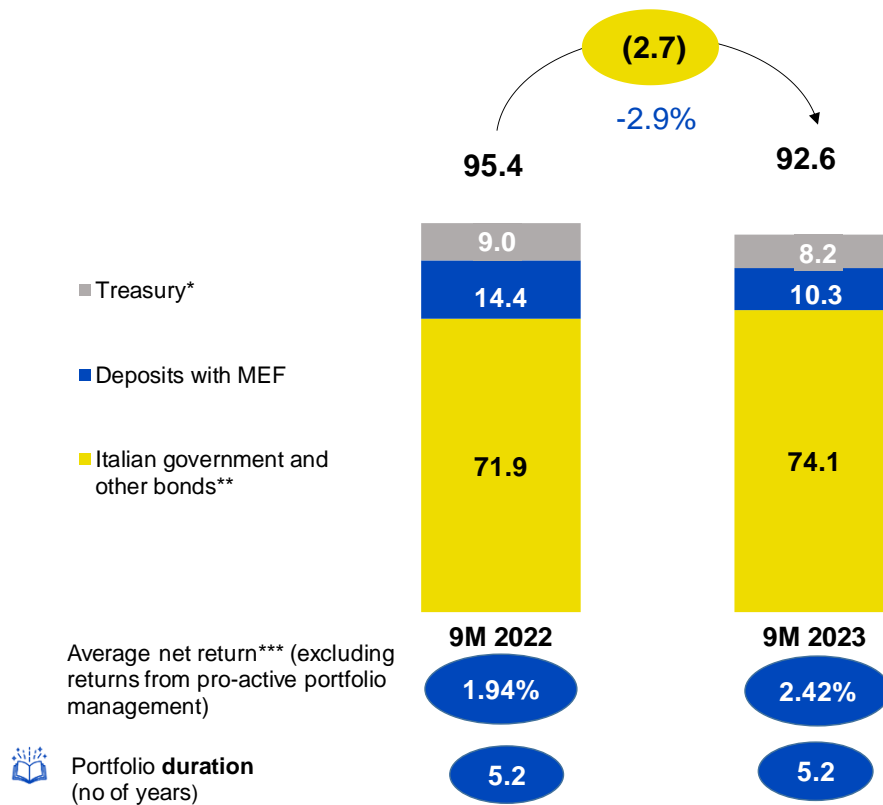
* Includes short-term REPO and collateral.

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

In the first nine months of 2023, the average current account deposit fell from €95.4 billion to €92.6 billion compared to the same period of the previous year, with the retail component (including the balance of PostePay prepaid cards) increasing compared to the same period of 2022 (+€2 billion, +3.9%) despite the challenging context.

INVESTMENT PORTFOLIO COMPOSITION

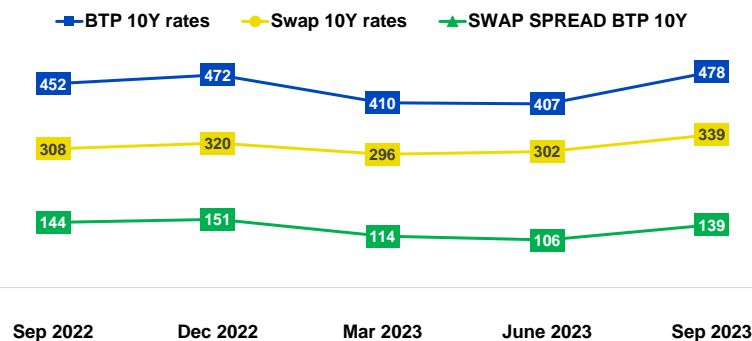
(AVERAGE DEPOSIT in €bn)



* Includes REPO and short-term bonds and collateral.
 ** Includes tax credits and cash on the **buffer**.
 *** Calculated as net interest on average stock.

The **average deposit of the investment portfolio** consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (about €65 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (over €10 billion) represented by funding from postal current accounts belonging to public customers, as well as the average deposit used to purchase tax credits (about €8 billion).

As part of the management of the BancoPosta securities portfolio, in the first nine months of 2023, upward movements in interest rates constituted opportunities for the Group to purchase securities, and in the first few days of 2023, the new 20-year bond placed by the MEF was subscribed for issue.



(data in bps)

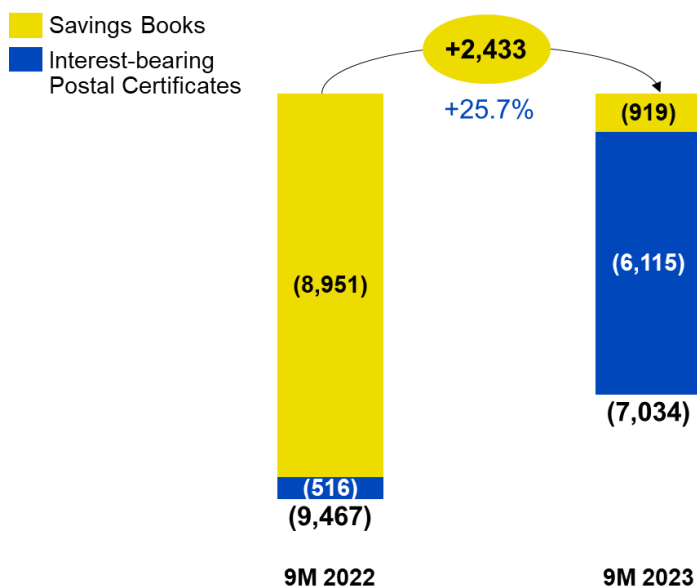
In particular, in February and March, taking advantage of rising yields, the following were entered into: (i) contracts to roll over portfolio maturities, partly at a fixed rate and partly hedged by fair value hedge interest rate swaps; (ii) transactions to hedge the yield on the deposit with the MEF of funding from the Public Administration, with the aim of making it less susceptible to changes in the yields of government securities.

In April, interest rate swap transactions with a 10-year maturity were carried out to revert to fixed-rate securities previously hedged by Fair Value Hedge derivatives and, at the same time, Fair Value Hedge derivatives were purchased on fixed-rate securities with a maturity of 30 years. Furthermore, starting from March, fair value hedge derivatives were extinguished in advance for a total notional amount of €2.2 billion relating to hedging transactions for which the underlying security was not sold, with the aim of consolidating a fixed return in line with the market situation, at the same time improving the income profile of a portion of the portfolio also for subsequent years.

Starting in July and continuing until mid-September, early extinguishment strategies were replicated on Fair Value Hedge derivatives with a 20-year maturity, for a notional amount of approximately €1 billion, in order to crystallise the yield of the hedged securities at levels close to market levels, thereby stabilising the portfolio's overall yield. In addition, again with the aim of reducing the variability of the portfolio's return at market rates, positions in Asset Swaps⁹⁶ were sold, with the sale of the security and extinction of the related hedging derivative, for about €1 billion, the countervalue of which was reinvested in fixed-rate securities with a 10-year maturity.

POSTAL SAVINGS NET INFLOWS

(€m)



At 30 September 2023, net inflows from postal savings amounted to approximately -€7 billion, approximately €2.4 billion better than the value of the previous year. On postal savings books, there was an improvement of around €8 billion on the 2022 figure, which was mainly influenced by the initiatives dedicated to injecting new liquidity since the beginning of 2023.

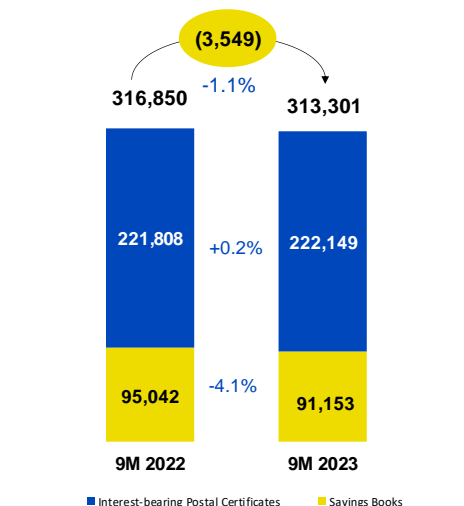
With regard to Postal Interest-bearing Certificates, the change compared to the 30 September 2022 figure was negative by approximately €5.6 billion: the higher subscriptions (+€2.4 billion or +8.3% compared to the figure for the first nine months of 2022) were not sufficient to offset the growth in redemptions (+€8 billion compared to the first nine months of 2022), influenced mainly by the high amount of maturities in the period (+42% compared to the same period of 2022) and the continuation of the

⁹⁶ These are contracts in which two parties exchange periodic payments settled in respect of a bond (asset) held by one of them. The holder of the bond pays the interest associated with the bond. The other party receives the interest on the bond and pays a rate of a different nature (if the bond is at fixed rate it will pay a variable rate and vice versa). Source: CONSOB.

upward trend in early redemptions that began in the second half of 2022 in the face of changed economic and financial conditions.

POSTAL SAVINGS AVERAGE DEPOSIT*

(€m)

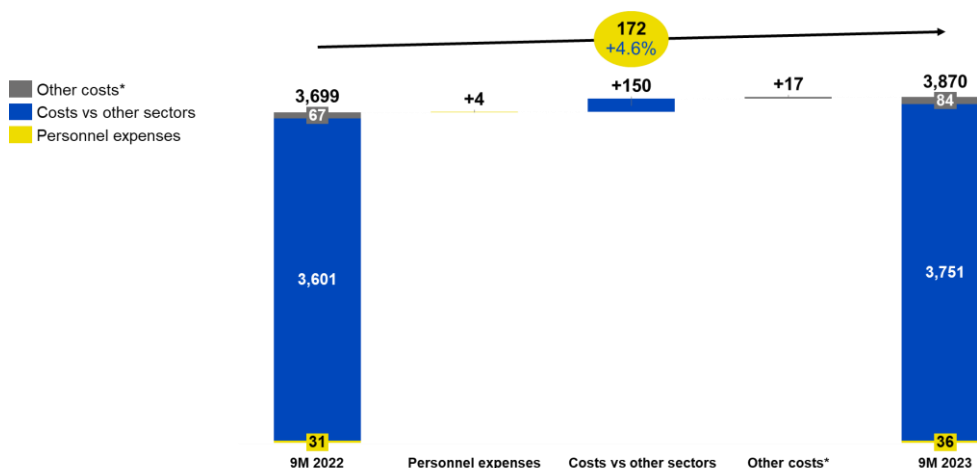


* Interest is calculated at the beginning of the year in respect of interest accrued in the previous year. The average value of the balance excludes both the capitalisation of interest for the period and interest accrued, but not yet due, on Postal Interest-bearing Certificates that have not expired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

The postal savings average deposit decreased by about €3.5 billion compared to the corresponding figure for 2022. The value of books is affected by the particularly negative net inflows result recorded in 2022, which affected the initial balance in 2023, while the growth in the average deposit of Postal Interest-bearing Certificates (BFP) is attributable to the capitalisation of interest, which more than offset the effect of negative net inflows.

TOTAL COSTS

(€m)



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

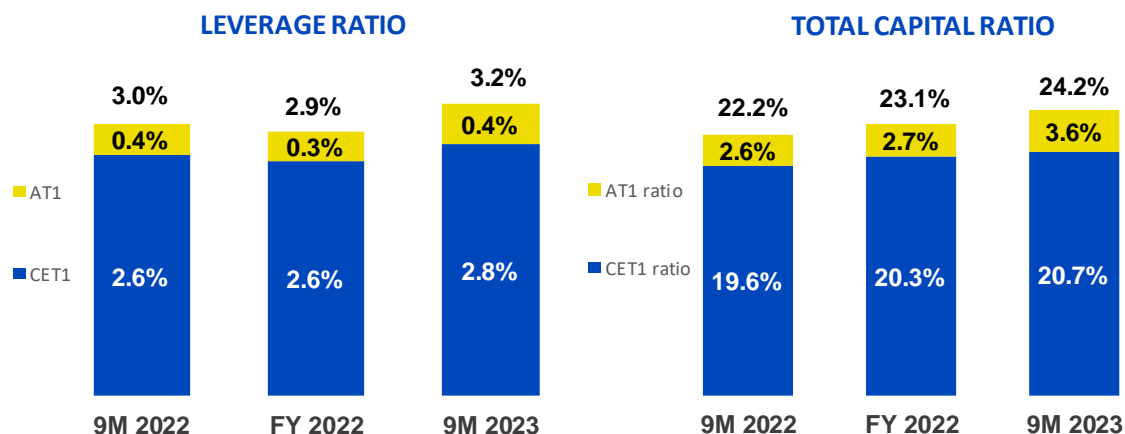
Total costs of the Strategic Business Unit amounted to €3,870 million, an increase of €172 million (+4.6%) on the €3,699 million realised in the first nine months of 2022, mainly as a result of the higher fees attributable to the Operating Guidelines in relation to the activities entrusted to Poste Italiane.

The operating result (EBIT) of the sector in the first nine months of 2023 amounted to €648 million, substantially in line compared to the same period of 2022 (€649 million).

With a positive financial management of €18 million and taking into account taxes for the period (€183 million), the net result of the Financial Services Strategic Business Unit in the first nine months of 2023 amounted to €483 million, an increase of €36 million compared to the €447 million of the same period of 2022 (+8%).

FINANCIAL KPIs

€m	9M 2022	FY 2022	9M 2023
CET1 CAPITAL	2,599	2,618	2,599
TOTAL CAPITAL	2,949	2,968	3,049
TOTAL ASSETS	102,911	104,438	97,712
RWA - Risk Weighted Assets	13,291	12,867	12,583



At 30 September 2023, the Leverage Ratio stood at 3.2%, an increase compared to 31 December 2022 as a result of the decrease in balance sheet assets of approximately €7.5 billion, mainly due to the reduction in cash and deposit with the MEF against Public Administration funding, and the increase in Own Funds of €0.1 billion, in turn linked to the computation of Additional Tier 1. Regarding the latter, on 30 June 2023, the Parent Company further increased the BancoPosta capital base, through the granting of a perpetual subordinated loan with a 5-year non-call period, for €100 million, under terms and conditions that allow it to be calculated as Additional Tier 1 capital.

The CET1 Ratio at 30 September 2023 stood at 20.7%, while the Total Capital Ratio including Additional Tier 1 was 24.2%. 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.

6.1.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT

The SBU financial results for the first nine months of 2023 were down year-on-year, and should be read in light of the challenging context for the sector and the fact that 2022 enjoyed positive effects related to interest rate dynamics. The third quarter, reversing the performance of the first half, was up on the third quarter of 2022, both in terms of revenue and margins. We also highlight the solid performance in the Life business with net premium inflows exceeding €3 billion in the first nine months of 2023, in line with expectations and bucking the trend in the sector, with the lapse rate remaining well below market levels. Net Insurance's contribution to the protection business was positive. The Solvency Ratio at 30 September 2023 stood at 252%, confirming the insurance Group's high degree of solvency.

INSURANCE SERVICES	9M 2023	9M 2022	Changes	
(€m)				
External revenue	1,142	1,144	(1)	-0.1%
Revenue from other sectors	(116)	(109)	(7)	-6.4%
Total revenue	1,026	1,034	(8)	-0.8%
Costs	19	13	+5	+37.9%
Costs vs other sectors	22	21	+1	+3.4%
Total costs	41	35	+6	+16.8%
EBIT	986	1,000	(14)	-1.4%
NET PROFIT	685	715	(30)	-4.3%

Operating KPIs	30 September 2023	31 December 2022	Changes	
Technical provisions Poste Vita Group (€bn) ¹	159.8	154.0	+5.8	+3.8%
Contractual Service Margin (CSM) ² (€bn)	12.8	12.9	(0.1)	-0.6%
<i>Solvency Ratio</i>	252%	253%		

Life Business	9M 2023	9M 2022	Changes	
Gross premiums - Life (€m) ³	14,452	13,262	+1,191	+9.0%
of which: Classes I-IV-V	13,018	10,451	+2,568	+24.6%
of which: Class III ⁴	1,434	2,811	(1,377)	-49.0%
Net inflows (€bn)	3.4	5.7	(2.3)	-40.2%
Lapse rate	4.0%	3.5%		
% of ESG products on investment products ⁵	58%	60%		

P&C Business	9M 2023	9M 2022	Changes	
Gross premiums - P&C (€m) ⁶	455	301	+154	+51.1%
Average daily premiums - Modular offer (€k) ⁷	263	273	-10	-3.7%
Combined ratio Protection (net reinsurance) ⁸	85.4%	81.6%		

¹ Technical provisions of the insurance business (Life and P&C) determined in accordance with the national accounting standards used to prepare the individual financial statements of the Group's insurance companies.

² Represents the current value of the expected, not yet realised profit that the Group will recognise on an accrual basis in the statement of profit or loss over the life of the contract.

³ Includes life premiums written, gross of outward reinsurance and intra-group portions of the Poste Italiane Group.

⁴ Gross premiums revenue in class III are inclusive of the target of the new Multi-branch products with "linked" quota definition.

⁵ For placement products, the presence of an ESG component is valued. Campaign products with an annual gross inflow of less than €100 million are excluded.

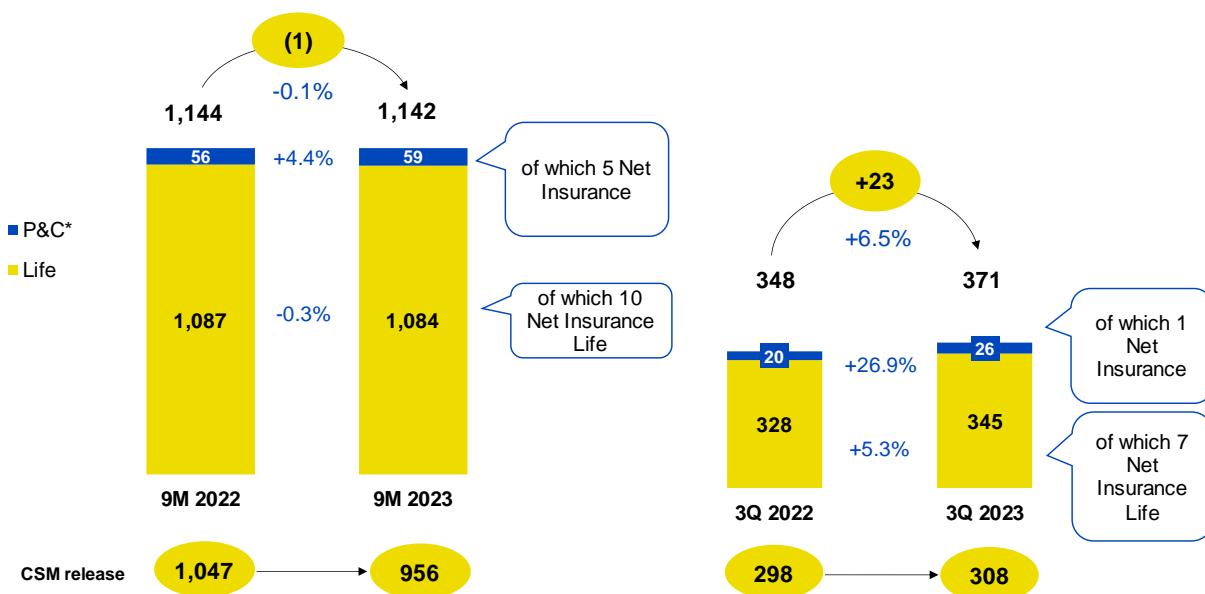
⁶ Includes P&C gross premium revenue before the change in the premium reserve, outward reinsurance and intra-group portions of the Poste Italiane Group.

⁷ Calculated on annualised net premiums, including Property and Personal policies sold in the Poste Italiane network.

⁸ 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)



*Includes Poste Insurance Broker

Life revenue: release of the Contractual Service Margin (CSM) , expected claims and benefits deriving from the release of expected cash flows, release of the Risk Adjustment , recovery of contract acquisition costs, claims occurring in the reporting period (excluding investment components) and other directly attributable expenses, losses on groups of onerous insurance contracts and the amortisation of expenses for the acquisition of insurance contracts issued, change in Liability for Incurred Claims (LIC) , maintenance and collection commissions and other acquisition costs charged entirely to the statement of profit or loss, investment management costs to which the Variable Fee Approach (VFA) method is applied, net finance income/expenses relating to investments and financial costs/revenue relating to insurance contracts issued (with reference to contracts valued using the VFA method, the so-called "mirror 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 arising from the release of expected cash flows, release of Risk Adjustment, recovery of contract acquisition costs, incurred claims 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 investment-related finance income/expenses and financial costs/revenue related to insurance contracts issued and outward reinsurance, the balance of expenses and income arising from outward reinsurance and with respect to contracts valued using only the Premium Allocation Approach (PAA) method the issue of premiums.

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

External revenue went from €1,144 million in the first nine months of 2022 to €1,142 million in the same period 2023 (-€1 million, or -0.1%) and are essentially attributable to the Life business, which contributed €1,084 million, while the contribution of the P&C business totalled €59 million.

Specifically, Life net revenue decreased by 0.3% (-€4 million) compared to the same period in 2022, mainly due to the lower CSM release in the period (-€104 million). This effect was only partially offset by: i) the positive contribution of net income from financial management, which increased by €64 million in the period compared to the same period of the previous year thanks to improving financial trends; ii) the increase in the release of the Risk Adjustment (+€28 million); and iii) the positive balance between expected releases on claims and expenses compared to claims and expenses incurred net of the loss component (+€8 million). The CSM release in the first nine months of 2022 benefited exceptionally from the significant and sudden increase in interest rates.

The returns achieved in the first nine months of 2023 by the Separately Managed Accounts (2.79% for PostaPensione and 2.57% for PostaValorePiù) were positively impacted, for an amount of €249 million, by the increase in the inflation rate with reference to the so-called "Inflation Linked" securities held in Poste Vita's portfolio (with a nominal value of around €6.7 billion at 30 September 2023). This income was largely attributed to policyholders and therefore reflected in the valuation of insurance liabilities.

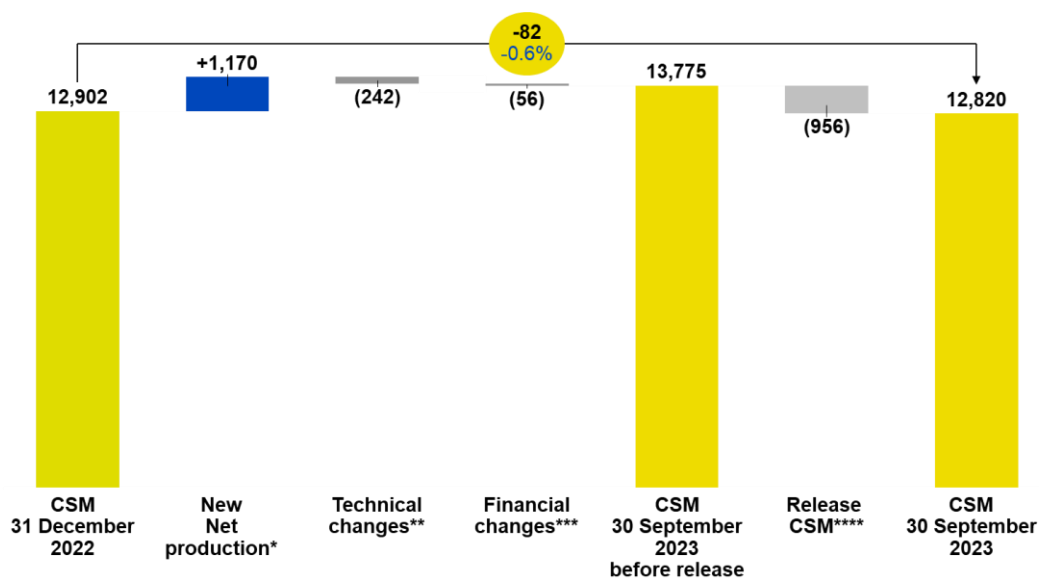
Net P&C revenue amounted to €59 million, up €3 million (+4.4%) compared to the corresponding period of 2022, mainly due to the higher CSM release (+€13 million) recorded during the period and relating almost entirely to Net Insurance. This effect was partly offset by the impact of the Loss Component (-€9.4 million), which was influenced by the significant growth in volumes in the collective welfare policy business.

Taking into account net revenue from other sectors, which amounted to -€116 million in the first nine months of 2023 (-€109 million in the first nine months of 2022), the SBU total net revenue in the first nine months of 2023 amounted to €1,026 million, down €8 million (-0.8%) compared to the same period in 2022.

The third quarter of 2023 showed an increase in net external revenue of €23 million (+6.5%) compared to the same period in 2022. Life business showed an increase of €17 million (+5.3%) compared to the third quarter of 2022, mainly due to the positive balance between expected releases on claims and expenses compared to claims and expenses incurred (+€12 million) and the higher release of the Risk Adjustment in the period (+€6 million) compared to the same period in 2022. In the P&C segment, there was an increase in revenue (+€5 million) compared to the third quarter of 2022, due to the higher CSM release (+€7 million) compared to the same quarter of 2022 and fully attributable to Net Insurance.

CONTRACTUAL SERVICE MARGIN

(€m)



* This item includes: the present value of new business associated with the premiums recorded in the period and the associated estimated outlays (expenses and settlements).

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

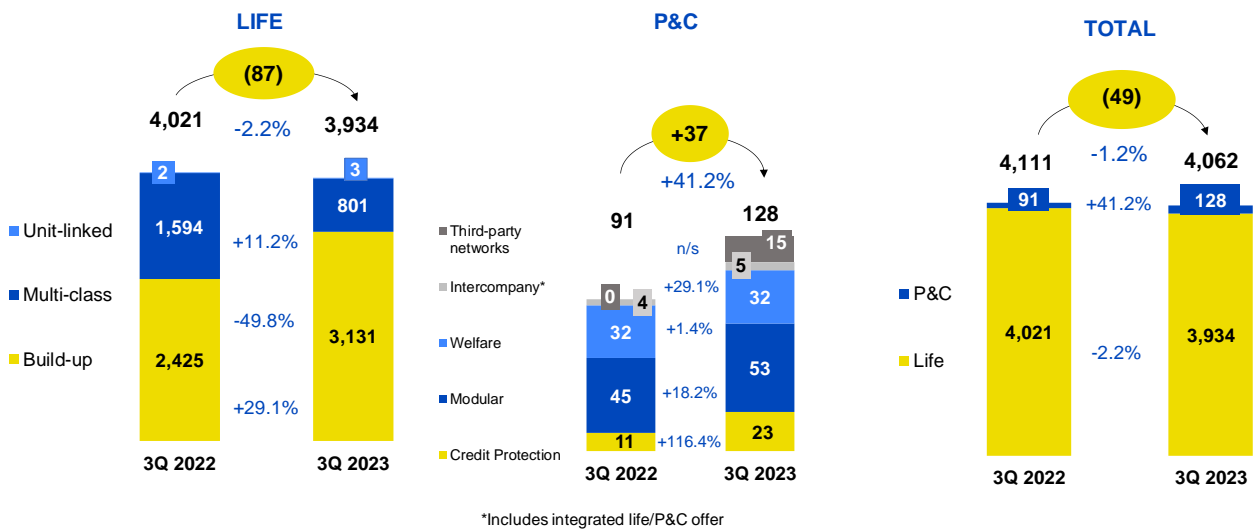
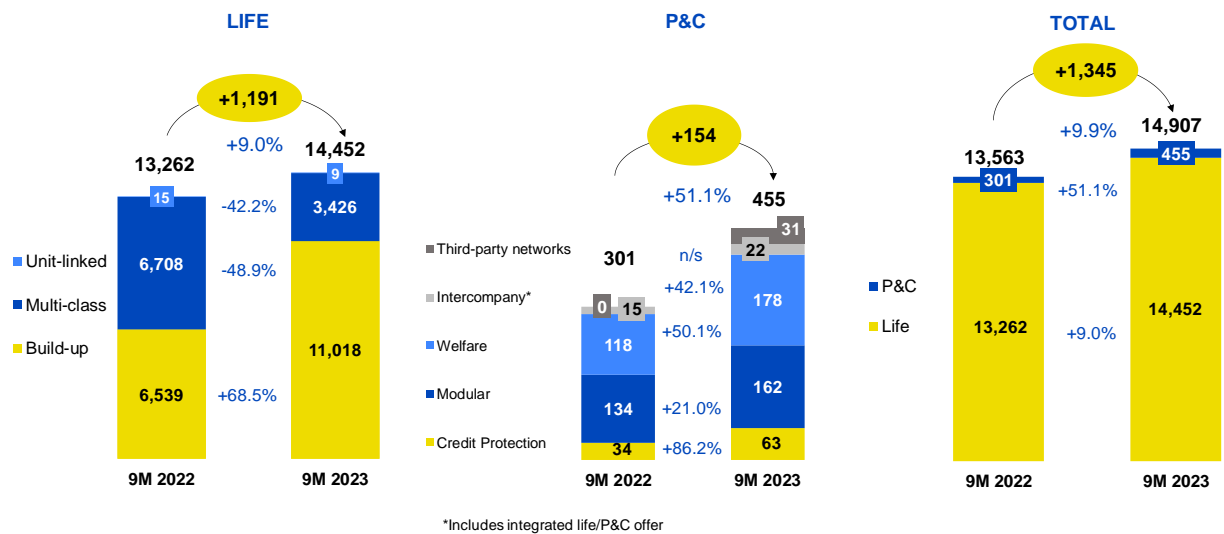
*** The item includes changes in the discount rate on CSM and flows as well as the change between estimated returns on separately managed funds and actual flows.

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

The Contractual Service Margin (CSM) shows a balance at the end of the period of €12,820 million, down €82 million compared to the figure at the end of 2022.

In detail, during the first nine months of 2023, there was a positive change of €1,170 million related to new business, mainly due to Poste Vita inflows during the period (highlighting the contribution from the Net Insurance group acquired during the period of about €100 million). This positive change is more than offset by the following negative changes: i) a negative impact of technical changes of €242 million due to an increase in the lapse rate; ii) the negative result of financial changes of €56 million mainly related to a reduction in the fair value of assets correlated with liabilities, as a result of an increase in the rate curve and spread; iii) the CSM release during the period totalling €956 million.

GROSS PREMIUMS
(€m)



Despite a challenging market context, gross premiums in the Life business amounted to €14.5 billion in the first nine months of 2023, an increase of 9% (+€1.2 billion) compared to the same period of the previous year; the insurance group's commercial offering was able to adapt to changing customer needs in a timely manner. There was an increase in inflows relating to traditional build-up products, which recorded a growth of €4.5 billion in the period. This trend is only partially offset by the decrease in production relating to multi-class products, which recorded a decrease of €3.3 billion in the period.

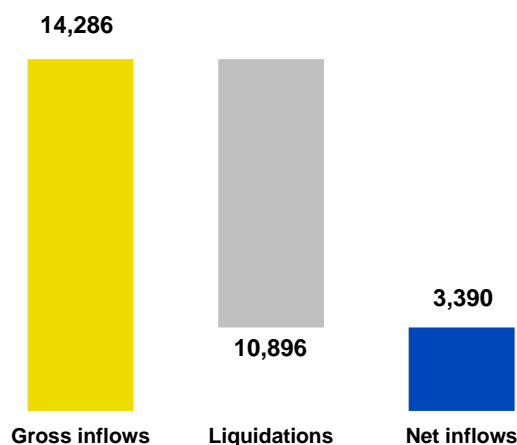
Gross premiums from P&C business amounted to €455 million at the end of September 2023, up €154 million (+51.1%) compared to the same period in 2022 (€301 million) driven by: i) the "property, personal and modular protection" line, which recorded an increase of €28 million (+21%); ii) the "Welfare" segment, whose premiums went from €118 million recognised at the end of the first nine months of 2022 to €178 million in the same period of 2023, mainly supported by the new group policies taken out with corporate clients (Employee Benefits); iii) premiums related to the "payment protection" line, which went from €34 million to €63 million due to the growth recorded on both salary-backed loans and CPI policies (+86.2%); iv) premiums on third-party networks (i.e. premiums on Net Insurance's property and personal protection products distributed through the banking network), which increased by €31 million during the period, entirely attributable to the contribution, as from April 2023, of Net Insurance; v) premiums relating to intercompany policies amounting to €22 million at the end of September 2023 (of which €19 million relating to the integrated life/P&C offer), which increased by €6 million during the period.

In the second quarter of 2023, gross premiums from the Life business amounted to €3.9 billion, down €87 million (-2.2%) from the same period in 2022. In particular, there was a decrease in inflows from multi-class products (-€0.8 billion) compared to the same period in 2022. This was nearly fully offset by the increase in inflows from traditional build-up products, which grew by €0.7 billion during the period.


During the third quarter of 2023, gross premiums from P&C business amounted to €128 million, up €37 million (+41.2%) compared to the figure for the same period of 2022 (equal to €91 million) driven by: i) premiums related to "payment protection", which grew by €13 million or +116.4%; ii) the "property, personal and modular protection" line, which grew by €8 million or +18.2%; and iii) premiums related to "third-party networks", which increased by €15 million during the period, entirely attributable to the contribution of Net Insurance.

LIFE NET INFLOWS AT 30 SEPTEMBER 2023

(€m)



Life net inflows amounted to €3.4 billion (€5.7 billion recorded at the end of September 2022), down mainly as a result of the trend in liquidations (mainly maturities), and remained positive on the portfolios of the Separately Managed Accounts⁹⁷ and Internal Funds⁹⁸, a result that confirms the resilience of the business, in a market characterised by negative net flows.

The lapse rate  stood at 4% at 30 September 2023 compared to 3.5% for the same period in 2022; this figure is still well below the average market figure of 8.9% at 30 June 2023⁹⁹.

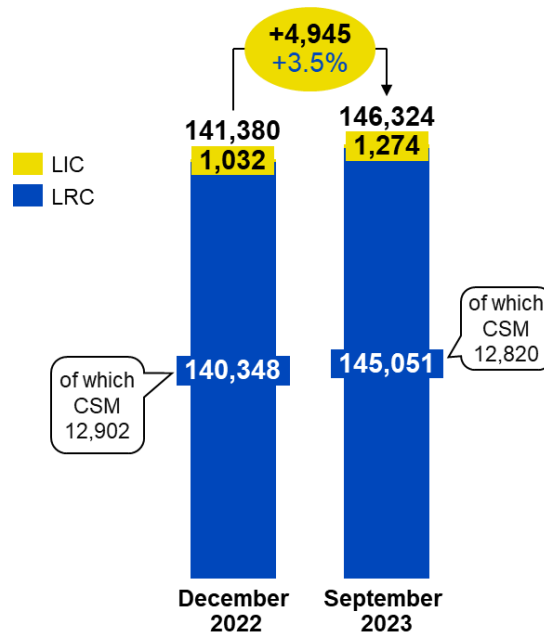
⁹⁷ The separately managed accounts identify an investment portfolio, specifically created by the insurance company, in which the premiums of customers who subscribe to a life insurance policy (Class I products) are invested and revalued on the basis of the account results.


⁹⁸ 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.

⁹⁹ Source: Ania Trends - Life Flows and Provisions - Publication no. 2, 4 September 2023.

LIABILITIES UNDER INSURANCE CONTRACTS

(€m)

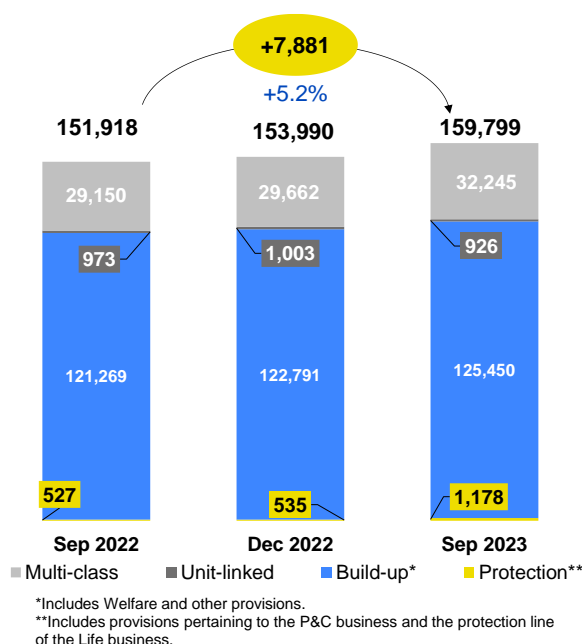


Liabilities under insurance contracts at 30 September 2023 totalled €146,324 million, of which €145,051 million consisted of Liability for Remaining Coverage (LRC) , which includes the Contractual Service Margin (CSM) of €12,820 million, and €1,274 million from the Liability for Incurred Claim (LIC).

The 3.5% increase during the period (+€4,945 million) is mainly attributable to the increase (+€4,703 million) in the LRC Present Value of future cash flow, thanks to the contribution of net inflows, which continue to be positive.

INSURANCE PROVISIONS¹⁰⁰

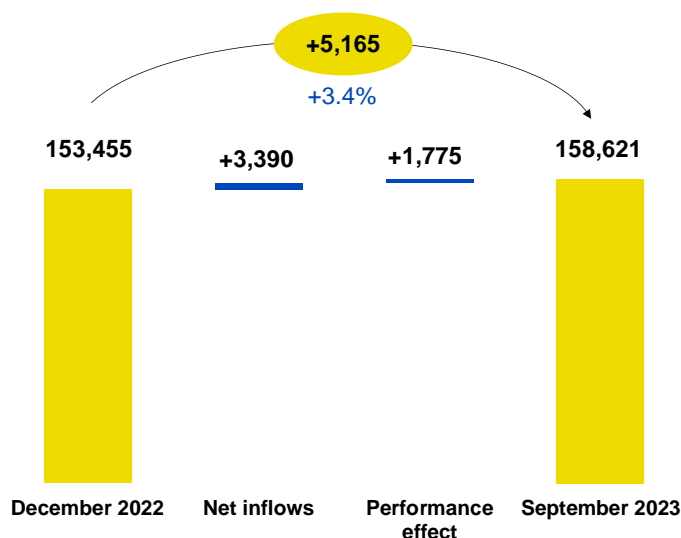
(€m)



Life business technical provisions amounted to €158.6 billion and increased by €5.2 billion compared to 31 December 2022, mainly due to the positive net inflows recorded during the period (+€3.4 billion) and, secondly, to interest earned by policyholders (+€1.8 billion). Technical provisions pertaining to the Protection segment amounted to €1,178 million at the end of the period (of which €459 million related to the Life business), partly thanks to the contribution of Net Insurance and Net Insurance Life (€515 million), up from the €535 million recorded at 31 December 2022.

CHANGES IN LIFE INSURANCE PROVISIONS¹⁰¹

(€m)

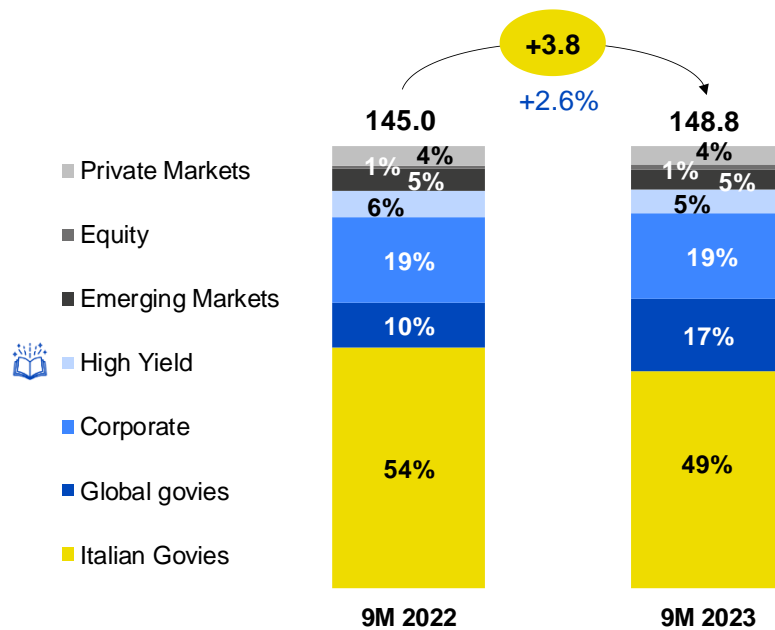


¹⁰⁰ Technical provisions of the insurance business (Life and P&C) determined in accordance with the national accounting standards used to prepare the individual financial statements of the Group's insurance companies.

¹⁰¹ Determined in accordance with the national accounting standards used to prepare the individual financial statements of the insurance company Poste Vita S.p.A.

BREAKDOWN OF THE INVESTMENT PORTFOLIO

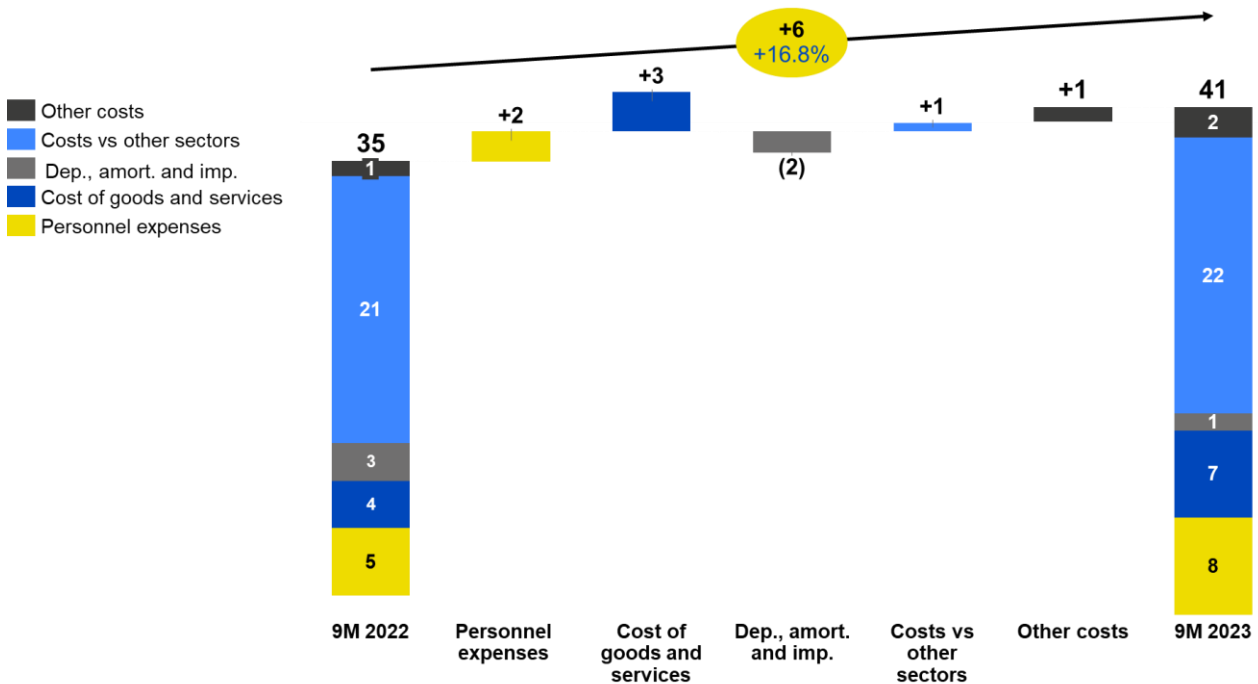
(€bn)



During the first nine months of 2023, in line with the asset allocation of the Group's insurance companies, the portfolio diversification process continued, aimed at continually improving the insurance company's risk profile, through a gradual increase in allocation in favour of European government bonds and an improvement in the average quality profile of corporate portfolios linked to issuers with higher creditworthiness.

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

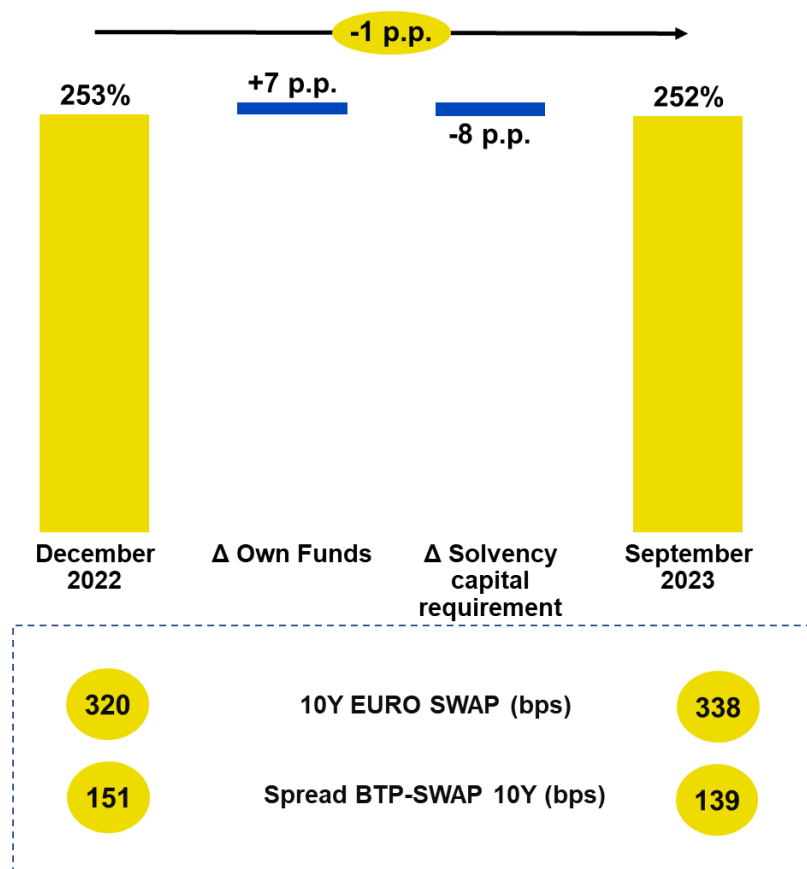
reduction of insurance revenue. These costs, moreover, at the time the contract is concluded are considered within insurance liabilities and released periodically in the statement of profit or loss (within net insurance income).

Non-attributable costs at 30 September 2023 (mainly related to personnel expenses, commercial expenses, costs for IT services and consulting/professional services) amounted to €41 million and increased by €7 million compared to 30 September 2022, as a result of the increase in personnel expenses, costs for goods and services and higher costs recognised to the Parent Company mainly related to call centre and back office activities and IT service fees to support business development.

In light of the illustrated results, the financial performance of the Insurance Services Strategic Business Unit shows EBIT of €986 million for the first nine months of 2023, down 1.4% (-€14 million) compared to the same period in 2022 (€1 billion), which had benefited from the sudden improvement in the interest rate scenario.

Taking into account the financial management (positive for €32 million) and taxes for the period (€333 million), the Insurance Services Strategic Business Unit achieved a net result of €685 million at 30 September 2023, down by 4.3% (-€30 million) compared to the same period of 2022.

SOLVENCY RATIO PERFORMANCE



The Poste Vita Group's Solvency Ratio stood at 252%¹⁰² at 30 September 2023, slightly down on the 253% reported at December 2022, and remains above the regulatory requirements and managerial ambition (200%).

The change in the period is due to an increase in available own funds (+7 p.p. on Solvency ratio) as a result of the dynamics of the BTP-Swap spread (-12 bps) and the increase in interest rates (+18 bps), which cause an increase in Own Funds, due to the increase in the value of investments not offset by an equal increase in technical provisions.

¹⁰² The value of the Solvency Ratio is currently undergoing the review process and will be communicated to IVASS by 20 November 2023.

The increase in the Capital Requirement (-8 p.p. on Solvency ratio) is mainly due to the increase in underwriting risks and in particular the lapse risk, the higher operational risks (due to the higher inflows in the period) and counterparty risks (due to the higher liquidity held by the Company) not offset by the reduction in market risks.

Despite the current context of economic uncertainty, no significant early policy cancellation behaviour by customers is currently observed.

6.1.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

The SBU performance in the first nine months of 2023 was solid and up from the same period in 2022. The operating result amounted to €317 million, growing by +17.6% due to the contribution of collection and payment services and the acquisition of LIS Holding S.p.A.

PAYMENTS AND MOBILE (€m)	9M 2023	9M 2022	Changes	
External revenue	1,122	779	+344	+44.2%
Revenue from other sectors	196	201	(5)	-2.3%
Total revenue	1,319	980	+339	+34.6%
Costs	626	357	+268	+75.0%
Costs vs other sectors	376	352	+24	+6.7%
Total costs	1,002	710	+292	+41.1%
EBIT	317	270	+47	+17.6%
EBIT margin %	24.1%	27.5%		
NET PROFIT	232	192	+40	+20.8%
Operating KPIs	9M 2023	9M 2022	Changes	
Electronic money and payments				
Total value of card transactions ("on us" and "off us") (€m) ¹	58,431	51,255	+7,176	+14.0%
Total value of card transactions ("off us") (€m) ²	46,969	41,307	+5,662	+13.7%
Number of cards (m) ³	29.7	28.9	+0.8	+2.8%
of which Eco-sustainable Cards (m)*	9.1	5.2	+3.9	+76.0%
of which Prepaid Postepay Cards (m)*	22.2	21.4	+0.9	+4.1%
of which Postepay Evolution Cards (m) ⁴	9.9	9.5	+0.4	+4.3%
of which Postepay Connect (k)*	606.2	539.7	+66.5	+12.3%
Number of card transactions (m)	1,963	1,686	+276	+16.4%
of which number of e-commerce transactions (m) ⁵	510	429	+81	+18.8%
Instances of payments slips accepted on alternative channels** (in %)	35%	38%		
Instances of Postepay top-ups made on alternative channels** (in %)	74%	80%		
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)*	4,844	4,815	+29	+0.6%
of which mobile Sim (stock in thousands)*	4,456	4,459	(3)	-0.1%
of which Casa Sim (stock in thousands)*	388	356	+32	+9.0%
of which Fibra Sim (stock in thousands)*	131	99	+32	+32.7%
Energy				
Contracts signed (in thousands)⁶	387	47	+339	n/s

n/s: not significant

* The figure indicated in column 9M 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 Postepay Debit and Postepay on internal and external payment circuits ("on us" and "off us")

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

³ Includes PostePay cards and debit cards

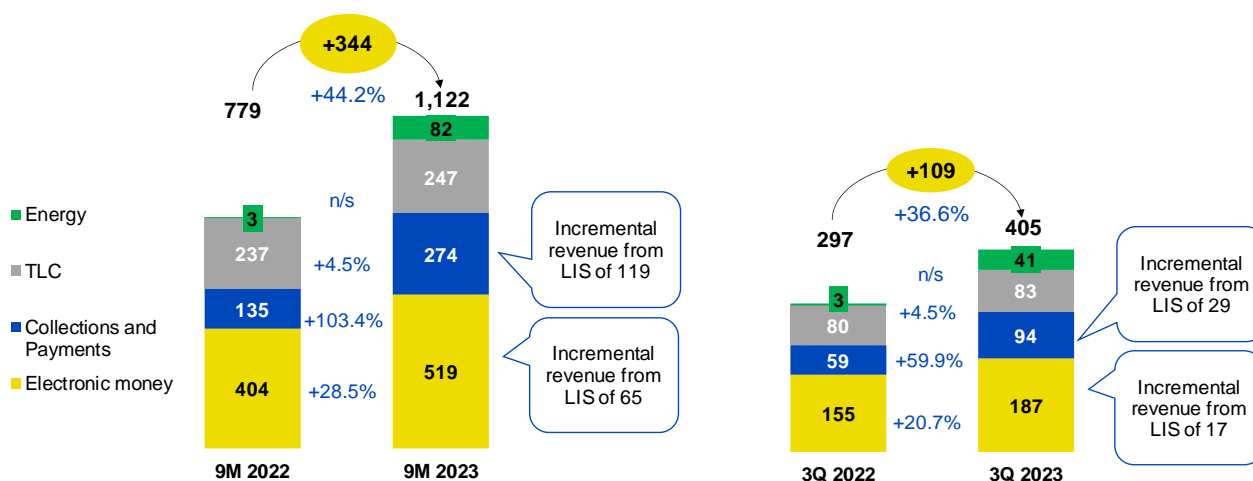
⁴ Including business customers and Postepay Connect

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 (June 2022) to September 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) linked 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 promotion in mid-June 2022 (mass market offer starting from January 2023) and revenue from energy management portfolio optimisation activities.

External revenue in the first nine months of 2023 amounted to €1,122 million, an increase of €344 million compared to the same period of 2022 (+44.2%) thanks to the positive contribution of all segments.

In particular, the Electronic Money and Collections and Payments segments strengthened their performance, also net of the additional contribution from the acquisition of LIS in September 2022 (and the related inorganic growth¹⁰³ in revenue of €184 million compared to the first nine months of 2022), while the Energy business benefited from the launch of the mass market offer in January 2023.

In detail, revenue from Collection and Payment services grew by €139 million from €135 million recorded in the first nine months of 2022 to €274 million in the same period of 2023, driven by the acquisition in September 2022 of LIS (and the related inorganic revenue growth of €119 million) as well as PagoPA payment alerts and instant credit transfers¹⁰⁴ from PostePay Evolution.

¹⁰³ Incremental revenue of LIS recorded in January/August 2023. The month of September is included in the organic growth for the first nine months of 2023, i.e. it is on a like-for-like basis with respect to the comparison period (entry of LIS into the Group at September 2022).

¹⁰⁴ 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.

Revenue in the Electronic Money segment increased by €115 million from €404 million in the first nine months of 2022 to €519 million in the same period of 2023, due to the aforementioned acquisition of LIS (and the related inorganic revenue growth of €65 million), higher revenue on PostePay rechargeable cards, PostePay debit cards, as well as higher revenue from acquiring services.

The Telecommunications segment recorded growth of €11 million, compared to revenue of €237 million in the first nine months of 2022 (+4.5%), with revenue amounting to €247 million at 30 September 2023. The increase is attributable to higher revenue from the fibre optic connectivity service.

At 30 September 2023, the Energy segment recorded €82 million in revenue (€61 million from the Electricity offer and €20 million from the Gas offer), of which €72 million related to the sale of energy services and €10 million from energy management activities¹⁰⁵. 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; in the first nine months of 2023, 339 thousand contract subscriptions were recorded (of which 238 thousand for commodity power and about 101 thousand for gas).

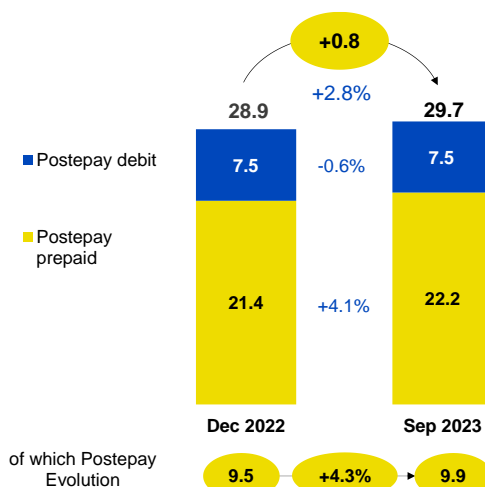
Revenue from other sectors decreased by €5 million (-2.3%) from €201 million in the first nine months of 2022 to €196 million in the same period of 2023.

The performance in the third quarter of 2023 confirms the sustained growth in the Collections and Payments and Electronic money segments. In particular, in the third quarter of 2023, Collection and Payment services recorded revenue of €94 million (+59.9% compared to the same period of 2022), mainly due to the positive contribution of the PagoPA payments service to the Public Administration. The high transaction volumes of payment cards related to the increase in transactions on both physical and digital channels and the acquisition of LIS, drove the revenue of the Electronic Money segment to €187 million in the third quarter (+20.7% compared to the third quarter of 2022).

Positive performance also for the Telecommunications segment, which posted revenue of €83 million in the third quarter (+€4 million, +4.5% compared to the third quarter of 2022) supported by growth in the customer base of the fibre optic connectivity service, and for the Energy segment, which posted revenue of €41 million (€3 million in the third quarter of 2022).

CARD STOCK

(figures in millions)



¹⁰⁵ Electricity and gas trading in wholesale markets aimed at guaranteeing supplies to end customers by managing their physical balancing.

At 30 September 2023, the total stock of prepaid and PostePay Debit cards amounted to 29.7 million, a slight increase compared to 31 December 2022 (+0.8 million, +2.8%) with total transactions¹⁰⁶ equal to €58.4 billion, up by approximately €7 billion (+14%) compared to the first nine months of 2022.

Outstanding prepaid PostePay cards amounted to 22.2 million (+4.1% compared to December 2022) and of these, PostePay

+18.8%
growth y/y of e-commerce transactions in the first nine months of 2023

Evolution cards, equal to approximately 9.9 million at 30 September 2023, showed an increase of 4.3% compared to the value at 31 December 2022. The sale of PostePay Connect¹⁰⁷ continued in the first nine months of 2023, with approximately 76 thousand activations at 30 September 2023 and a stock of 606 thousand cards

29.7 mln
the card stock at 30 September 2023

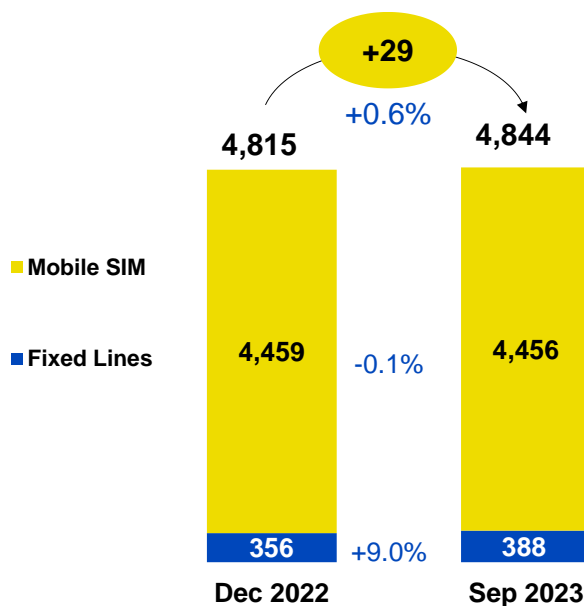
(+12% compared to December 2022). The stock of PostePay Eco-sustainable cards rose sharply from 5.2 million in December 2022 to 9.1 million in September 2023 (+76%).

In the first nine months of 2023, there was an increase in payment card transactions of 16.4% (+276 million transactions) compared to the same period of 2022, thanks also to the contribution of e-commerce transactions¹⁰⁸ and on the web (+81 million transactions compared to the same period of 2022).

In the area of acquiring, against a number of POS installed at 30 September 2023 of about 285 thousand, a transacted volume of over €22 billion was developed (+11% of transacted volume compared to the same period of 2022, an increase of €2.2 billion).

SIM STOCK

(figures in thousands)



In Telecommunications, the customer base related to mobile telephony services, at 30 September 2023, is represented by approximately 4.5 million lines, slightly down (-0.1%) 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 9% increase in lines, rising from 356 thousand lines at 31 December 2022 to 388 thousand lines at 30 September 2023. In detail, the lines of the "PosteMobile Casa" offer decreased by 0.1% compared to December 2022, while the lines of the "PosteCasa

¹⁰⁶ The figures refer to on-us and off-us payment transactions.

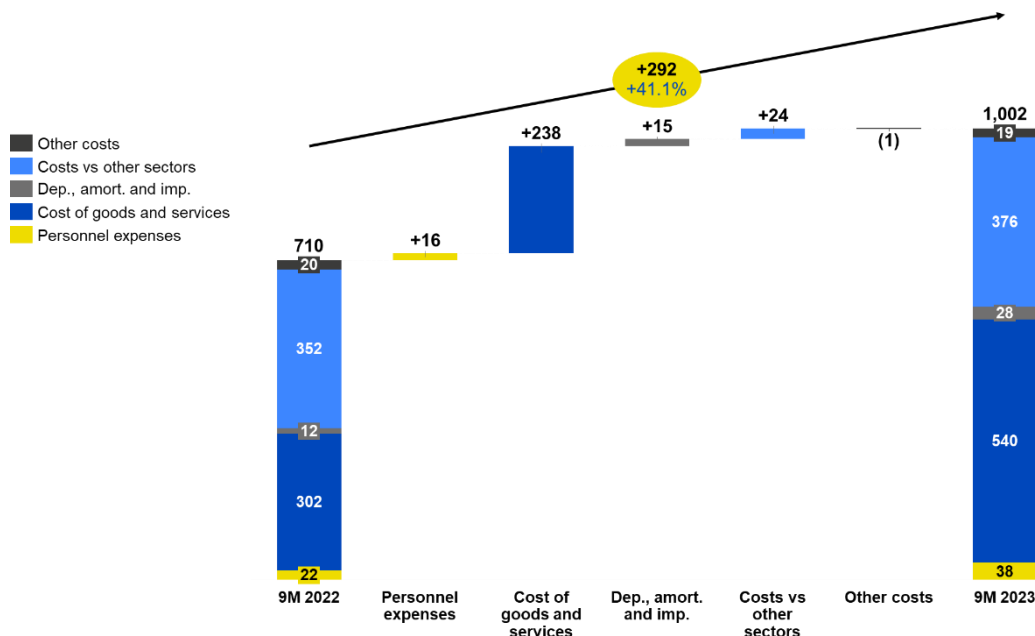
¹⁰⁷ Offer integrating the PostePay Evolution prepaid card and the Postemobile SIM.

¹⁰⁸ Includes e-commerce transactions + web (on Poste Italiane's digital properties).

Ultraveloce" (Fibre) offer reached 132 thousand units in September 2023, an increase of 32 thousand lines compared to December 2022.

TOTAL COSTS

(€m)



The total costs of the Strategic Business Unit amounted to €1,002 million, an increase of 41.1% (+€292 million) compared to the €710 million incurred in the first nine months of 2022.

The increase in the cost of goods and services compared to the first nine months of 2022 (+€238 million, +78.7%) was mainly attributable to the expansion of the company scope generated by the acquisition of LIS (+€127 million). There was also an increase in costs in the Energy segment following the launch of the commercial offer during the period (+€85 million).

The increase in costs to other sectors compared to the first nine months of 2022 (+€24 million, +6.7%) 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 €16 (+71.2%) million compared to September 2022, due to the expansion of the workforce related to both the acquisition of LIS and to the new Energy business.

In light of the results described, the economic performance of the Payments and Mobile Strategic Business Unit in the first nine months of 2023 shows an operating result (EBIT) of €317 million, up 17.6% compared to the same period of the previous year (€270 million), despite being affected by the negative contribution of the new energy business (-€28 million EBIT in the first nine months of 2023 compared to -€8 million in the first nine months of 2022), the latter related to the start-up costs of the business.

The profit achieved in the first nine months of 2023 amounted to €232 million, an increase of 20.8% compared to the value of 2022 (€192 million).

6.2 GROUP FINANCIAL POSITION AND CASH FLOW

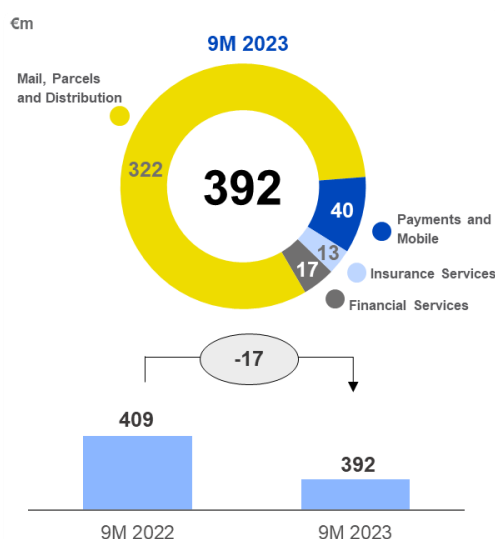
€m	30 September 2023	31 December 2022	Changes	
NON-CURRENT ASSETS	5,892	5,852	+41	+0.7%
NET WORKING CAPITAL	1,476	1,288	+187	+14.5%
GROSS INVESTED CAPITAL	7,368	7,140	+228	+3.2%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(448)	(274)	(175)	-63.9%
NET INVESTED CAPITAL	6,919	6,866	+53	+0.8%
EQUITY	9,055	7,878	+1,177	+14.9%
NET DEBT/(FUNDS)	(2,136)	(1,012)	(1,124)	n/s
<i>of which: Net debt/(funds) of the Mail, Parcels and Distribution SBU</i>	2,489	2,839	+351	+12.4%

n/s: not significant

The Poste Italiane Group's **non-current assets** at 30 September 2023 amount to €5,892 million, an increase of €41 million compared with the end of 2022. Investments of €392 million contributed to the formation of non-current assets together with 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 €185 million. In addition, there was an increase resulting from the first-time consolidation of Net Insurance of €158 million (of which €134 million related to the recognition of provisional goodwill from acquisitions). These change was partially offset by depreciation and amortisation of €671 million.

Also contributing to the balance of this item are investments in companies accounted for using the equity method for a total of €291 million, mainly relating to the investments held in Anima Holding, Financit, Replica SIM and, starting from the current period, the investments in sender Italia for €21 million, which, as part of the renegotiation of agreements with sender GmbH, lost the status of subsidiary and assumed the status of associate, and in Cronos Vita, acquired with 22.5% as part of the Eurovita transaction.

Group's **investments** in the first nine months of 2023 amounted to €392 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. Among the main projects we highlight the energy efficiency interventions of the real estate assets, the automation and evolution of the sorting and delivery network from a green perspective, the improvement of the customer experience of the products and services offered to customers from a multi-channel and digital perspective, the evolution of the Cloud infrastructure, as well as the adoption of management systems, equipment and infrastructures in the field of health and safety.



In line with the 2021-2024 investment programme, around 80% of the Group's investments (€322 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 in the first nine months of 2023, with the introduction of about 2,600 new vehicles, of which about 1,600 electric, about 700 hybrid and the remainder with low emissions. At 30 September, the total fleet consisted of around 25,200 low-emission vehicles. In addition, some 1,300 electric vehicle charging infrastructures were installed in the first nine months of 2023. At 30 September, approximately 5,300 electricity columns are installed.

~ 25,200

low-emission vehicles
available in the fleet, of
which ~ 5,300 electric

During the first nine months of the year, new zero-emission delivery lines were also implemented on 5 city centres (Naples, Foggia, Matera, Pesaro and Palermo) in addition to the 28 city centres already implemented in 2021-2022, for a total of 33 city centres. Instead, as far as municipalities are concerned, there are 500 with zero-emission deliveries.


~ 432,000


LED lamps
installed at 30
September 2023

Property investments concerned the redevelopment of post offices, the creation of new spaces for commercial specialists and mobile consultants. In the area of reducing environmental impacts, work continued on automation and remote control of facility management (about 290 buildings involved in the Smart Building interventions in the first nine months of 2023) in order to reduce electricity consumption and CO₂ emissions. Work also continued on the replacement of traditional lamps with LED technology (a further 20,200 or so in the first nine months of 2023) and more than 50 photovoltaic systems were installed in the first nine months of 2023, totalling more than 210 systems with an installed capacity of more than 12,000 KWp.

~ 1,900

buildings involved in the
Smart Building project at
30 September 2023

In the first nine months of 2023, work continued on the routine management of workplace safety, cyber security  and physical safety. In particular, security equipment was distributed to the territorial branches (e.g. supply of anti-malaria kits) and activities were carried out to prevent threats and counter cyber attacks. Work continued on the Poste Italiane video surveillance service for sites not yet served and existing systems were improved by progressively replacing digital video recorders (DVR) and obsolete anti-intrusion control units. In particular, around 280 cameras and over 140 Intrusion Control Panels were replaced. Lastly, TAPA - FSR (Transported Asset Protection Association - Facility Security Requirements) certification was obtained¹⁰⁹ at the Brescia Operations Centre and 5 additional Sorting Centres, for a total of 9 sites certified to date.

Within the scope of Technological Transformation and Engineering, the migration of existing digital services to the new infrastructure based on Hybrid Cloud continued, through a "containerisation"  procedure of application components. In addition, activities continued on the Data Driven Company project, which aims to support corporate strategies through the implementation of a Data Mesh Platform¹¹⁰ that will provide access to structured and customised information. Finally, in Customer Service, the transformation process sees the increasing use of the Artificial Intelligence platform to support the management of first-level contacts compared to last year.

¹⁰⁹ TAPA certification involves the implementation of physical security systems and the adaptation of security systems (access control, video-surveillance, anti-intrusion, etc.) at the logistics sites of Mail, Communication and Logistics, as well as the adoption of specific rules, procedures and audit plans so that what is implemented is aimed at protecting assets and spreading a culture of security, in compliance with company regulations, in order to ensure the reduction of exposure to the risk of theft, compliance with the international TAPA-FSR standard according to which sites will be certified, the maintenance of air security certification (regulated agent, airport handler) and the transport of dangerous goods under ADR (Accord Dangereuses Route - road) and DGR (Dangerous Goods Regulation - air transport). (Regulatory requirement on civil aviation security Reg. EU 300/2008; Reg. EU 2015/1998 and following).

¹¹⁰ The data mesh is a decentralised data architecture that organises data according to a specific business domain. In this type of architecture, data is conceived as a "product", in fact reference is made to "data product".

Within the framework of the Polis project, with reference to the "One-stop shop", during the first nine months of 2023, work started at 748 sites and was completed at 580 Post Offices. A total of 584 Post Offices have been completed and reopened since the project began. With reference to "Spaces for Italy", during the first nine months of 2023, renovation work continued on the buildings owned by the company and, at 30 September 2023, 7 projects had been completed and a further 33 were in progress.

Net working capital at 30 September 2023 amounted to €1,476 million and increased by €187 million compared to the end of 2022 mainly due to:

- higher trade receivables of €84 million and lower trade payables of €261 million;
- net decrease of approximately €186 million resulting from changes in other assets and liabilities;
- increase in current tax receivables, net of current tax payables, of €18 million.

The balance of **Sundry provisions and Other assets/liabilities** at 30 September 2023 amounted to €448 million and increased by €175 million compared to 31 December 2022 mainly due to lower net deferred tax assets and liabilities of €381 million partially offset by the decrease in provisions for risks and charges of €132 million (mainly attributable to the utilisation of the provision for early retirement incentives) and the decrease in the provision for severance pay of €74 million.

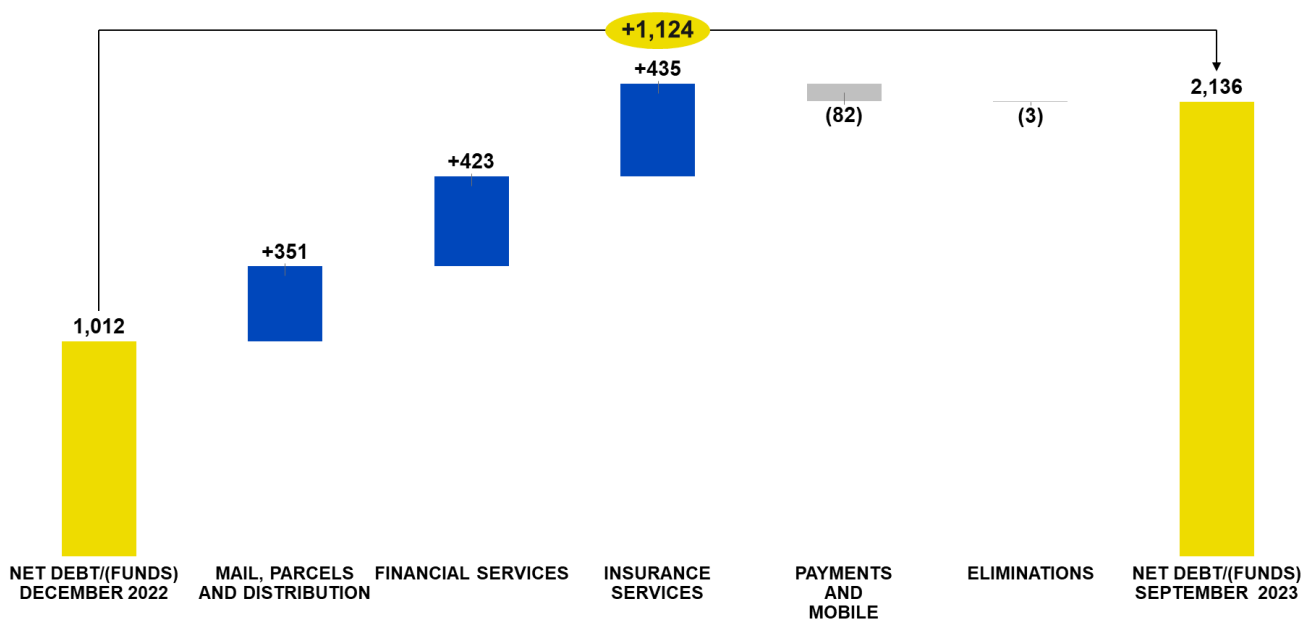
Equity at 30 September 2023 amounted to €9,055 million, an increase of €1,177 million compared to 31 December 2022. This change is mainly attributable to:

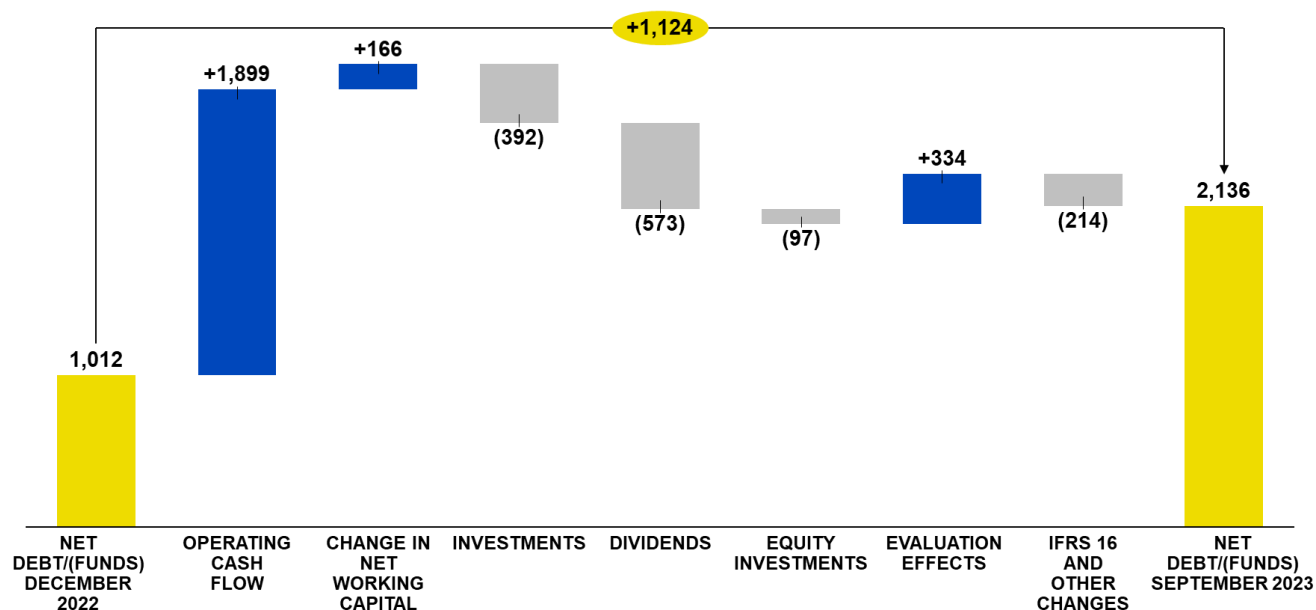
- the positive effect of the profit for the period of €1,522 million;
- the negative effect from the distribution of dividends in the amount of €573 million;
- the net positive change in the fair value reserve for investments held by the Financial Services Strategic Business Unit of approximately €430 million;
- the decrease in the cash flow hedge reserve of €201 million.

Total net debt/(funds) at 30 September 2023 showed funds of €2,136 million, an improvement of €1,124 million from 31 December 2022 (funds of €1,012 million).

Group Net Debt/(Funds)

(€m)





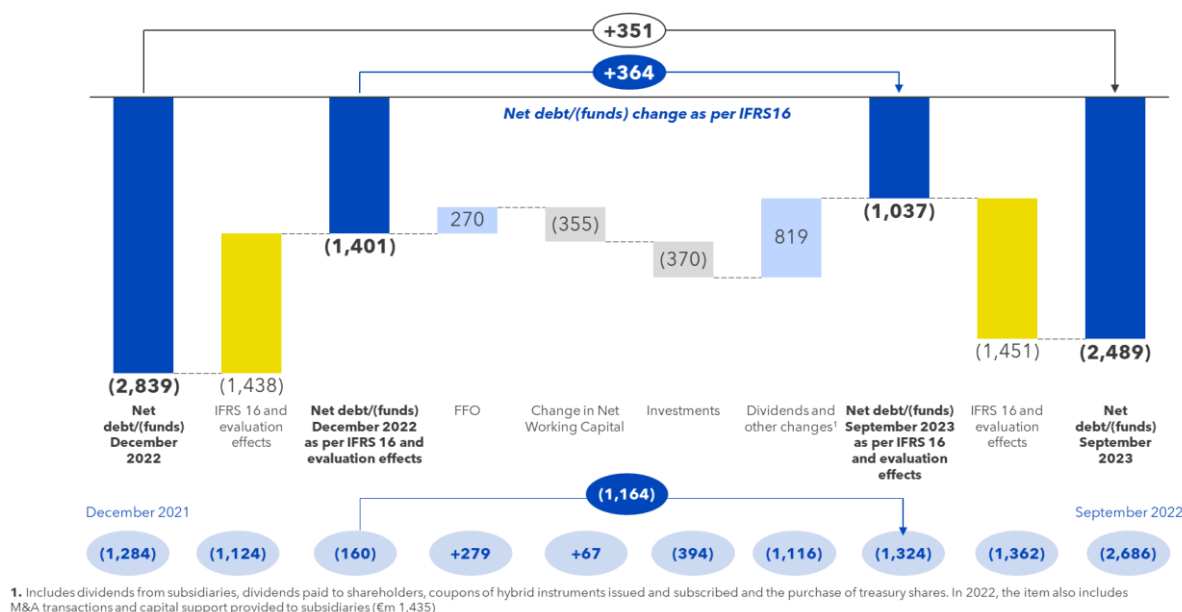
The following mainly contributed to this change:

- a positive operating result of €1,899 million (of which €1,522 million attributable to profit for the period, €671 million to depreciation and amortisation, partially offset by the net change in provisions for risks and severance pay of €225 million and other items of €70 million);
- the positive effect of the change in working capital and taxes (excluding the effects of changes in the scope of consolidation) amounting to approximately €166 million;
- investments in assets for €392 million;
- the negative effect from the distribution of dividends in the amount of €573 million;
- investments in shareholdings amounting to €97 million mainly related to the acquisition of Net Insurance (of which approximately €108 million for disbursement);
- the positive valuation effects of the period amounting to €334 million, mainly attributable to positive fluctuations in the value of investments classified in the FVTOCI category;
- other decreases totalling €214 million, mainly attributable to the increase of €166 million in financial lease liabilities falling under IFRS 16.

With reference to the financial instruments held by the Financial Services Strategic Business Unit, the overall change in the fair value during the year was negative for approximately €1.1 billion and positive €0.5 billion was recognised in the specific equity reserve for the part not covered by fair value hedge instruments and negative €1.6 billion for the part covered in the statement of profit or loss, offset by the positive change in fair value hedging derivative instruments.

At 30 September 2023, the total balance of derivatives in fair value hedge was positive for €6 billion (€5.4 billion 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 30 September 2023 showed a debt of €2,489 million (€1,037 million net of lease liabilities and valuation effects), an improvement of €351 million compared to 31 December 2022, when it showed a debt of €2,839 million (€1,401 million net of lease liabilities and valuation effects).

Net of lease liabilities and valuation effects, the change amounted to €364 million and reflected:

- a positive operating result of €270 million due to the positive result for the period of €16 million net of the gain realised following the renegotiation of the agreements with sender GmbH (€109 million), depreciation and amortisation (excluding rights of use) of €440 million, partially offset by net changes in provisions for risks of €114 million (mainly due to the change in the provision for early retirement incentives) and net utilisations of the provision for severance pay and other minor changes of approximately €73 million;
- a negative effect related to the change in net working capital of €355 million, mainly attributable to the net decrease in trade payables and receivables;
- new investments in fixed assets for €370 million;
- a net positive cash flow from dividends and other changes of €819 million mainly due to the net effect of dividends received from companies (€1,397 million) and paid to shareholders outside the Group (€573 million).

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

- an EIB loan of €173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- an EIB loan of €150 million maturing in May 2028;
- an EIB loan of €100 million maturing in May 2028;
- a private placement of approximately €50 million repaid in 25 October 2023;
- two senior unsecured bonds issued on 10 December 2020 with a total nominal value of €1 billion, the first of €500 million maturing in December 2024 and the second of €500 million maturing in December 2028.

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

€m	At 30 September 2023	At 31 December 2022
A. Cash and cash equivalents	(1,089)	(575)
B. Cash equivalents	-	-
C. Other current financial assets	(9)	(1)
D. Liquidity (A + B + C)	(1,098)	(577)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	358	379
F. Current portion of the non-current financial debt	5	1
G. Current financial debt (E + F)	364	381
H. Net current financial debt (G + D)	(735)	(196)
I. Non-current financial debt (excluding current portion and debt instruments)	1,948	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)	2,964	3,017
M. Total financial debt (H + L)	2,229	2,821

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

€m	At 30 September 2023	At 31 December 2022
M. Total financial debt (H + L)	2,229	2,821
Non-current financial assets	(572)	(539)
K. Trade payables and other non-current payables	(18)	(18)
Tax credits Law no. 77/2020	(421)	(420)
Net debt/(funds)	1,217	1,843
Intersegment financial receivables and payables	1,271	996
Net debt/(funds) including intersegment transactions	2,489	2,839

Existing cash and credit lines are sufficient to cover expected financial requirements. More specifically, at 30 September 2023, the cash of the Mail, Parcels and Distribution Strategic Business Unit amounted to €1 billion (almost exclusively relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €3.4 billion.

The table below provides details of the credit lines at 30 September 2023 and 31 December 2022.

Description (€m)	Balance at 30.09.2023	Balance at 31.12.2022
Committed credit lines	2,450	2,450
Short-term loans	2,450	2,450
Uncommitted credit lines	2,204	2,159
Short-term loans	960	1,005
Current account overdrafts	185	145
Unsecured	1,059	1,008
Total	4,654	4,609
Uncommitted uses	625	652
Short-term loans	0	1
Unsecured	625	652
Total	625	652

7. OTHER INFORMATION

[EVENTS AFTER 30 SEPTEMBER 2023](#)

[SIGNIFICANT TRANSACTIONS](#)

[INDUSTRIAL RELATIONS](#)

[WELFARE - DIVERSITY AND INCLUSION](#)

[CORPORATE UNIVERSITY](#)

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

7.1 EVENTS AFTER 30 SEPTEMBER 2023

The events after the end of the interim reporting period at 30 September 2023 have been described in other sections of the document.

On 6 November 2023, Poste Italiane's Board of Directors, in light of the financial position and results of operations of Poste Italiane S.p.A. at 30 June 2023, the performance for the following months, the business outlook and the related expected economic prospects at 31 December 2023, and in line with the Group's dividend policy, has resolved to anticipate, as an interim dividend, part of the ordinary dividend for 2023. To this end, the company has prepared a Report and Financial Statements pursuant to article 2433-*bis* of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The auditors' opinion was obtained on these documents.

The interim dividend of €0.237 per share, gross of any legal withholding taxes, will be paid with effect from 22 November 2023, with "ex-dividend date" of coupon no. 13 coinciding with 20 November 2023 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 21 November 2023.

Based on the number of shares outstanding at 6 November 2023, which amounted to 1,295,434,202, the total amount of the interim dividend was €307 million.

7.2 SIGNIFICANT TRANSACTIONS

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors, 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, the BancoPosta 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 nine months of 2023, no transactions were carried out to implement the Framework Resolution.

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors, 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. (now Banca Monte dei Paschi di Siena 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 nine months of 2023, three interest rate swap transactions were carried out to hedge interest rate risk and two transactions to buy and sell government bonds for a total amount of €327.3 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 billion 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.

Poste Italiane S.p.A.'s Board of Directors, in its meeting of 29 March 2023, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 28 March 2023, approved the proposed Agreement between Poste Italiane S.p.A. - BancoPosta RFC and the Ministry of Economy and Finance, which regulates the remuneration of the use by the MEF of deposits on postal current accounts in the name of persons other than private customers. The Agreement, the value of which was estimated at €990 million over the reference time horizon (2 years), was finalised on 25 May 2023. On 1 June 2023, the relevant Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, as well as on the website of the authorised storage mechanism "eMarket Storage".

At its meeting of 28 June 2023, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 27 June 2023, approved the Renewal of the Ancillary Own Fund transaction in favour of Poste Vita S.p.A. for a maximum amount of €1,750 million. On 5 July 2023, the relevant Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, as well as on the website of the authorised storage mechanism "eMarket Storage".

On 19 June 2023, the subsidiary SDA Express Courier S.p.A. signed a new Master Commercial Agreement - a framework agreement for the provision of Full Truck Load (FTL) transport services - with sennder Italia S.r.l., with a duration of 5 years starting from 1 July 2023 and an estimated value of €1.053 billion. 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. On 1 July 2023, as a result of the overall renegotiation of the partnership with sennder Tech, approved by Poste Italiane S.p.A.'s Board of Directors on 30 May 2023, Poste Italiane S.p.A.'s stake in sennder Italia S.r.l. decreased from 60% to 25%.

7.3 INDUSTRIAL RELATIONS

<p>Agile Work</p>	<p>The Agreement Report was signed on 2 March 2023 with 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> <p>With the Agreement Report of 14 September 2023, the Parties confirmed the possibility of using smartworking throughout 2024 according to the modalities defined in the agreements of 1 March 2022 and 3 August 2022. For the sake of harmonisation, it has been defined as a general rule that the use of smartworking may take place for a maximum of 2 days per week and 9 days per month. For facility managers, the possibility of working in agile mode is provided for a maximum of 2 days per month. The agreement also confirmed the use - as of January 2024 - of smartworking for training purposes only for personnel assigned to operational activities.</p>	<p>Agile working: extended to 31 December 2024</p>
<p>Post office network</p>	<p>On 24 May 2023, Poste Italiane and the Trade Unions met to verify the progress of some initiatives in the Post office network, such as:</p> <ul style="list-style-type: none"> • The Hub&Spoke Project¹¹¹: as of June 2023, the application was extended to all Hub Offices, which will enable Hub Post Office Managers to proceed independently with the replacement of their internal resources. The Parties also agreed to strengthen the training activities of the Hub DUP, which will have to ensure - in agreement with the reference Branch and in relation to the basin managed - the necessary supply of means and tools at the Spoke Offices, the planning of resource absences and their replacement in the Post Offices where the need arises, as well as commercial coordination on front-end products and services. • Polis Project - House of Digital Services: the parties shared the project's progress, both with reference to the new Post Office model and the company spaces to be allocated to co-working, agreeing to meet every four months for an update on the project's subsequent implementation phases. In September, the Company provided the trade unions with evidence on the progress of the project with respect to the network of Post Offices involved and the services activated. 	
<p>Mail, Communication and Logistics</p>	<p>On 25 May 2023, a Meeting Report was signed with the Trade Unions regarding the start of the reorganisation of internal operations in the Mail, Communication and Logistics area, for details of which please refer to the Interim Report at 30 June 2023.</p>	
<p>Performance-related bonus</p>	<p>On 1 August 2023, the Performance-related Bonus Agreement Report (PdR) was signed, whose economic and regulatory validity is for the two-year period 2023/2024. The agreement provides for a 4% increase in average unit bonus amounts compared to 2022. The provision concerning the payment of an additional sum of €50 - in addition to the individual value of the bonus - for employees who do not carry out any type of absence for each year in which the agreement is in force was</p>	<p>2023 performance-related bonus: +4% vs 2022 2023 extraordinary bonus: €1,000 for Group employees</p>

¹¹¹ Network management and development system in which connections are made, using by analogy an expression referring to the bicycle wheel, from the spoke to the hub and vice versa. In this specific case, the Hub Office Manager is responsible for coordinating resources in terms of planning personnel attendance and managing replacements in the event of sudden absences, as well as providing commercial support, especially for products sold at the counter at the Spoke Offices.

also confirmed. Finally, the possibility of converting all or part of the bonus into welfare benefits has been renewed. Moreover, on an exceptional basis and for 2023 only, in order to appreciate the commitment of the employees of Poste Italiane and the Group companies, as well as to mitigate the effects of inflation, an additional and extraordinary bonus of €1,000 was provided for in November 2023. This bonus, which is the same for all employees, will be paid as a percentage of the achievement of 3 company objectives specifically defined in the agreement.

For further agreements signed with the Trade Unions, please refer to the Interim Report at 30 June 2023.

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 interventions in favour of employees and their families in a logic of growing proximity and personalisation of caring.

In the context of contractual welfare, the **Poste Mondo Welfare 2023** programme was launched, which allows employees, on a voluntary basis, to convert all or part of the Performance-related bonus into welfare goods and services characterised by specific social, educational, recreational and welfare purposes, accessing the tax advantages associated with current legislation and additional company welfare credits. The initiative recorded record registrations of around 28,000, a threefold increase over last year, confirming the value of the programme and the intensive accompanying dissemination plan activated with multi-channel communication and territorial proximity actions.

Membership records: ~28K; X3 compared to 2022

At the same time, the **MultiMe** programme, implemented by Lifeed in collaboration with the Kellogg School of Management at Northwestern University in Chicago, was extended to all employees. It is an innovative online tool that allows people to discover their talents and use them more flexibly in an inclusive perspective.

In support of inclusive welfare actions for vulnerabilities, summer stays for disabled children of employees, supported entirely by the Company, were concluded, providing 15-day holiday periods in accessible tourist facilities. The programme allowed some 40 youngsters moments of entertainment and individual assistance with dedicated caregivers, fostering an experience of socialisation and full integration and, for the families, benefiting from relief in their daily care needs. With a view to promoting cross-cultural exchanges, 19 scholarships abroad were awarded to children of employees.

Since February, new podcasts of the serial series "In other words" dedicated to the topics of interculturality, gender and generations have been published in the internal communication channels followed in July by new podcasts on gender equality from the series "Choices".

At the same time, cultural awareness-raising initiatives continue through the "Diversity Innovation Meetings", webinars open to staff to create virtuous opportunities to connect with nationally available inclusive start-ups and best practices, with a particular focus, in the four out of six editions planned for the year, on the topics of generations, their distinctive characteristics, affective orientation, vulnerabilities and gender equality.

Furthermore, in July 2023, the Company launched a survey dedicated to the issue of disability and vulnerability with the aim of analysing the level of inclusion perceived by the entire company population in order to identify and implement policies, actions and improvement projects.

For further initiatives and projects in the area of Welfare - Diversity & Inclusion, please refer to the Interim Report at 30 June 2023.



7.5 CORPORATE UNIVERSITY

Corporate University

The Poste Italiane Group confirms the strategic importance of training aimed at continuous improvement and the evolution of the learning experience through innovative didactic solutions; a total of **about 4.3 million hours of training** were delivered during the period. The training projects launched, both transversal and business-specific, continued and aimed at implementing role skills at different levels of specialisation.

**~4.3 million
hours of training
provided**

Training activities continued for the Group's people (in the areas Post Office Network and Business and Public Administration, BancoPosta, Postal and Logistics, Information & Communication Technology).

With a view to strengthening leadership skills, the '**Leadership in Action**' initiative was resumed, involving around 160 Distribution Centre Managers in order to explore their understanding of the distinctive aspects of managerial action, so that they can be promptly and effectively brought into the daily operational context.

In addition, the online training initiative on "Eco-Drive" techniques was resumed and a training programme on the topic of energy saving was launched; the first event, "**Green Talk: "Together for energy-conscious consumption"**", involved a number of managers of organisational/operational structures to raise their awareness of the issue and the procedures to be applied in order to reduce energy consumption.

Mandatory regulatory training continues for the entire company population (e.g. safety at work, Legislative Decree no. 231/01, Integrated Quality and Corruption Prevention System, etc.) delivered mainly online.

Initiatives were carried out with the **Financial, Digital and Postal Education** programmes with the aim of promoting campaigns and discussion opportunities to foster dialogue with citizens on these issues.



7.6 PROCEEDINGS PENDING AND PRINCIPAL RELATIONS WITH THE AUTHORITIES

The following information, provided in accordance with accounting standard IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, only covers ongoing proceedings where there have been significant developments in the first nine months of 2023. Please refer to the 2022 Annual Report for a complete analysis.

**AGCM
(Autorità Garante
della Concorrenza e
del Mercato - the
Italian Antitrust
Authority)**

On 3 October 2018, **Poste Italiane** proceeded to pay the fine of €23 million plus interest imposed by the Autorità Garante della Concorrenza e del Mercato (AGCM - the Antitrust Authority) following its ruling, in January 2018, that Poste Italiane had abused its dominant market position in the period from 2014 to 2017, as per art. 102 of the TFEU. This did not constitute acceptance or admission of liability in relation to the alleged misconduct and does not

affect the Company's right to defend its position through the appropriate channels. Poste Italiane has challenged the above measure before the Lazio Regional Administrative Court (TAR). By ruling no. 13477/2023, the Regional Administrative Court rejected the appeal. The Company is considering an appeal.

On 6 April 2020, pursuant to art. 9, paragraph 3-bis of Law 192/98 and art. 14 of Law 287/90, AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. A hearing was held on 8 June 2020 at which Poste Italiane stated its position and, subsequently, the Authority requested the delivery of documentation. The final hearing was held on 3 May 2021, during which Poste Italiane set out its position and presented its defence. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of more than €11 million for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane appealed against the above-mentioned measure before the Lazio Regional Administrative Court, which found that Poste Italiane actions were lawful and annulled the sanction with ruling no. 10044/23 issued on 13 June 2023. AGCM appealed against the Lazio Regional Administrative Court's ruling on 10 October 2023, and is now awaiting the setting of the hearing.

On 24 March 2022, AGCM initiated proceeding **PS/11287** for alleged unfair commercial practices in relation to information on the maturity and prescription periods of **paper-based Postal Interest-bearing Certificates**, as: A) during the placement of the postal certificates, Poste allegedly omitted to indicate the maturity and/or prescription date, as well as to provide information regarding the legal consequences arising from the expiry of the aforementioned terms and/or provided such information with a confusing and deceptive wording; B) in the management of the postal certificates that had expired over the last five years, Poste allegedly omitted to inform the holders of postal certificates close to the expiry of the prescription period, of the expiry of that period and the legal consequences arising in the event of failure to request the redemption of the postal certificate within that period. On 13 April 2022, Poste sent the AGCM a statement in which, in addition to replying to the request for information contained in the writ of initiation, it highlighted its role as placement agent, the nature of the postal certificates and the inapplicability of the consumer discipline to the case at hand. On 30 August, AGCM notified Poste of the Notice of Investigative Findings, substantially confirming the objections of the opening proceedings. On 19 September, Poste filed the final statement of defence, accompanied by the steps it had taken, on a voluntary basis, to eliminate the Authority's concerns, without complying with the objections raised in the proceedings. On 4 November 2022, the Authority notified Poste of its final decision imposing an administrative penalty of €1.4 million. This amount was thus quantified taking into account the actions implemented by the Company on a voluntary basis, which were deemed appropriate to improve the information provided to consumers; in fact, the Authority granted Poste Italiane a 60% reduction in the amount of the fine. In line with the provisions of the final measure, on 2 February 2023, the

Company sent its Report of Compliance with the AGCM warning. The Resolution itself was appealed to the Regional Administrative Court by the Company, which, at the outcome of the hearing on the merits of 7 June 2023, issued an order on 13 September in which it ordered the suspension of the trial in question pending the definition of the interlocutory referral ordered by the Regional Administrative Court in Order no. 12962 of 1 August 2023.

AGCOM
Autorità per le
Garanzie nelle
Comunicazioni
(AGCOM - the Italian
Communications
Authority)

AGCom Resolution 412/14/CONS regarding "**Assessment of the net cost of the universal postal service for 2011 and 2012**" was published on 31 July 2014. In addition to acknowledging that the cost is unfair, the Resolution quantified the cost of providing the Universal Postal Service in 2011 and 2012, respectively, as €381 million and €327 million for fees originally recognised by Poste Italiane for €357 and €350 million respectively. The Authority has also established that no compensation fund was established for 2011 and on 13 November 2014, Poste Italiane filed an appeal before the Lazio Regional Administrative Court against the above Resolution. The Regional Administrative Court, in ruling no. 11416 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, AGCom and A.I.C.A.I. (Italian Association of International Air Couriers) lodged separate appeals with the Council of State against the Regional Administrative Court ruling. The appeal rulings were joined and discussed at the hearing on 21 September 2023. The Council of State, in ruling no. 09021/2023 published on 17 October 2023, annulled the contested ruling and referred it back to the same Regional Administrative Court.

TAX DISPUTES

With reference to the verification carried out in 2018 by the Guardia di Finanza at the headquarters of the company **SDA Express Courier**, for the purposes of VAT, income taxes, IRAP and withholding taxes for the years 2014, 2015 and 2016 pursuant to and by effect of articles 52 and 63 of the Presidential Decree no. 633/72, art. 33 of Presidential Decree no. 600/73, art. 2 of Legislative Decree no. 68/2001, as well as Law no. 4/1929, during the first half of 2023, the facilitated conciliation procedure was formalised, which led to the extinction of the case for the 2014 tax year.

**SOCIAL SECURITY
DISPUTES**

Since 2012 and until 30 September 2023, the Istituto Nazionale per la Previdenza Sociale (INPS, the National Institute of Social Security) office at Genoa Ponente has issued Postal some payment orders, for a total amount payable of €27.25 million, with which the payment of contributions funding income support, extraordinary income support, unemployment benefit and family benefits not covered by the contributions paid to IPOST was requested. Appeals against these requests were brought before the Court of Genoa.

With a ruling published on 20 September 2022, the Court of Appeal of Genoa, partially reforming the first instance ruling of 29 December 2020, ordered the Company to pay the amount indicated in the Debit Notice in the amount of approximately €0.009 million. The ruling became final because INPS did not bring the subsequent appeal in cassation.

Taking into account the rulings, the reasons given for the rulings and the latest appeals brought by INPS, the Company has adjusted its provisions for risks and charges based also on the opinion of its legal advisors.

Provisions recognised in the financial statements at 30 September 2023 amount to €13.13 million.

The Bank of Italy, from 14 March 2022 to 15 July 2022, conducted an inspection at **Poste**


BANK OF ITALY

Italiane S.p.A. - BancoPosta RFC, on profitability and the business model, governance and control systems, interest rate risk management methods including related internal modelling, new tax credit business and associated risks. On 30 November 2022, the report containing a number of findings and a "partially unfavourable" assessment was delivered to Poste Italiane. Poste Italiane, by the established deadline and after discussion at the Board of Directors' meeting of 25 January 2023, notified the Bank of Italy of its considerations and planned improvements; for the only finding in respect of which a sanctioning procedure was initiated, the Company sent counter-claims in support of the correctness of its actions. After examining the counter-claims and evaluating the actions already implemented or planned by the Company, the Bank of Italy approved the filing. The improvement plan communicated to the Bank of Italy is currently being implemented and is monitored on a monthly basis by BancoPosta's control functions.

On 20 July 2022, the Authority sent a notice to **Poste Italiane S.p.A. - BancoPosta RFC** and **PostePay** concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMIs provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of BancoPosta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of "credit institution" under the relevant European legislation. In the face of a proposed alternative approach, aimed at equating the deposit with BancoPosta of the sums collected by PostePay with a direct investment in qualified debt securities, in the aforementioned communication the Authority asked BancoPosta and PostePay for further observations, aimed at identifying an operational solution that would allow full alignment with the relevant regulatory provisions. Upon completion of the further investigations requested, a transitional solution was identified, also on the basis of the discussions with the Authority. This solution was represented to the Bank of Italy in a communication sent jointly by BancoPosta and PostePay on 29 March 2023. Consistent with this solution, a draft of the revolving pledge agreement was prepared and sent to the Bank of Italy on 4 August 2023, supported also by the opinion of an external law firm.

During the last quarter of 2022, the Bank of Italy conducted two inspections of **PostePay S.p.A. - EMI RFC**, one "of a general nature" initiated in September and one concerning "unauthorised payment transactions, frauds and disallowances" initiated in November.

Both inspections were completed in December.

Moreover, in February 2023, the Bank of Italy initiated a third inspection aimed at verifying the "open banking"  procedures provided for in the PSD2 Directive to allow access to online payment accounts from third parties, which was concluded at the beginning of March 2023.

In relation to these interventions:

- On 27 March 2023, the Bank of Italy delivered the findings attributable to the first "general" audit with a "partially favourable" outcome, against which an action plan was defined and forwarded to the Authority in April 2023.

- On 14 July 2023, the Bank of Italy delivered the findings attributable to the second "disallowance" audit, highlighting a number of areas of attention against which an action plan was defined and forwarded to the Authority in September 2023.
- On 25 September 2023, the Bank of Italy delivered the findings attributable to the third "open banking" audit, noting that the tools set up by the intermediary for third-party access were adequate, with some aspects that could be improved. The Company has already defined and initiated an action plan, which was submitted to the Authority in October.

IVASS - the insurance regulator

With reference to the notice of objection served by IVASS on 23 February 2023 in respect of the alleged breach of article 183, paragraph 1, letter "a", of the Private Insurance Code arising from the alleged late payment of insurance benefits beyond the contractual deadline, on 24 August 2023, **Poste Vita** was sent a "Proposal for the imposition of administrative sanctions" with which the "Sanctions and Settlements Service" of the Supervisory Authority requested to the "Integrated Directorate" of the same Institute to which the decision-making function in the proceedings in question is attributed, the application to the Company of the minimum administrative penalty of €0.03 million. We are therefore awaiting the decision by which the sanction proceedings in question will be settled.

In addition, on 20 July 2023, **Poste Vita** was served, by the "Sanctions and Settlements Service" of the IVASS, a further notice of objection for the alleged breach of article 183, paragraph 1, letter "a" of the Private Insurance Code. With regard to this case, Poste Vita filed its counter-claims within the deadlines provided for by the sector regulations.

Following the inspection initiated by IVASS on 7 March 2023 on **Poste Vita** concerning the verification of the **management process of so-called dormant policies**, the Company prepared a plan of managerial actions aimed at strengthening the monitoring of the management of dormant policies and increasing the effectiveness and efficiency of the settlement process of these policies.

At the same time, the Internal Auditing Function and the Compliance Function drew up a plan of checks both on the execution of the aforementioned plan and on certain operational areas adjacent or ancillary to the area of so-called dormant policies (e.g. contractual conditions set out in the general conditions of insurance, communications to claimants).

For the sake of full disclosure, it should be noted that the findings of the inspection, which were completed on 21 April 2023, were presented by IVASS officials at the board meeting of 28 September 2023. The action plan drawn up by the Company during the inspection was supplemented in order to adapt it to the findings of the supervisory authority.

With regard to the IVASS inspection of **Poste Vita** concerning the **governance, management and control profiles of investments and financial risks** concluded on 7 May 2021, discussions continued with IVASS during the period and on 25 July 2023, the decision-making phase was concluded by the Supervisory Authority, which notified the Company of the imposition of a fine of €1.8 million. The sanction was imposed as a result of violations of the applicable regulations found by IVASS with particular reference to:

- alleged failures in the governance and management of financial risks as well as in the protection of policyholders' rights for investments made through so-called "multi-asset" funds;
- alleged deficiencies in the process of defining the Risk Appetite Framework.

**OTHER
INFORMATION**

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

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

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

The Court of Rome, in an order dated 11 January 2022, held that the request submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy of Poste Italiane.

Federconsumatori appealed the order of the Court of Rome, and the Court of Appeal deferred the hearing for closing arguments to 22 May 2024.

The Court of Cassation, in a ruling published on 5 July 2023, upheld the most significant grounds of an appeal by Poste Italiane concerning the accrual of interest on the IRES receivable arising from the failure to deduct personnel expenses for IRAP purposes. As a result of this ruling, the case will have to be resumed before the Tax Court of Second Instance to settle the amount of interest actually due to the Group.

In August 2023, the IT continuous monitoring units detected anomalies on the systems of the subsidiary Postel S.p.A. and identified an event of compromise of some Domain Controllers, made possible through the use of various malware and the activation of a malicious code used to encrypt computers (ransomware). The execution of the ransomware, claimed by a cyber criminal group, disrupted the operation of some servers and several workstations spread across the country. Based on the provisions of the "Data Breach Management" procedure governing the activities of detecting, notifying and communicating personal data breaches in accordance with the provisions of EU Regulation 2016/679 (GDPR), the GDPR Team was convened and, within the timeframe set out in Articles 33 and 34 of the GDPR, the Company notified the Privacy Guarantor and all relevant stakeholders.

8. CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(€m)		
ASSETS (€m)	30 September 2023	31 December 2022	1 January 2022
Non-current assets			
Property, plant and equipment	2,395	2,404	2,267
Investment property	28	31	32
Intangible assets	1,905	1,817	873
Right-of-use assets	1,273	1,334	1,116
Investments accounted for using the equity method	291	267	277
Financial assets	196,353	191,850	221,226
Trade receivables	3	3	3
Deferred tax assets	3,316	2,601	1,644
Other receivables and assets	3,397	4,118	4,012
Tax credits Law no. 77/2020	6,477	7,458	5,551
Assets for outward reinsurance	210	44	48
Total	215,649	211,928	237,048
Current assets			
Inventories	168	157	155
Trade receivables	2,262	2,179	2,508
Current tax assets	412	140	115
Other receivables and assets	1,229	986	1,097
Tax credits Law no. 77/2020	2,066	1,563	905
Financial assets	29,617	34,290	27,630
Cash and deposits attributable to BancoPosta	4,829	5,848	7,659
Cash and cash equivalents	5,002	4,983	7,958
Total	45,586	50,146	48,027
TOTAL ASSETS	261,235	262,074	285,076
			(€m)
LIABILITIES AND EQUITY	30 September 2023	31 December 2022	1 January 2022
Equity			
Share capital	1,306	1,306	1,306
Reserves	(233)	(509)	3,676
Treasury shares	(94)	(63)	(40)
Retained earnings	7,962	7,100	6,262
Total equity attributable to owners of the Parent	8,941	7,835	11,205
Equity attributable to non-controlling interests	114	44	8
Total	9,055	7,878	11,213
Non-current liabilities			
Liabilities under insurance contracts	146,324	141,380	160,334
Provisions for risks and charges	709	804	693
Employee termination benefits	631	705	922
Financial liabilities	10,414	10,939	15,122
Deferred tax liabilities	1,910	815	953
Other liabilities	1,794	2,004	1,750
Total	161,782	156,647	179,774
Current liabilities			
Provisions for risks and charges	515	551	575
Trade payables	1,973	2,234	2,029
Current tax liabilities	314	60	16
Other liabilities	1,916	1,997	1,860
Financial liabilities	85,680	92,706	89,610
Total	90,398	97,548	94,090
TOTAL LIABILITIES AND EQUITY	261,235	262,074	285,076

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Q3 2023	Q3 2022	(€m)	9M 2023	9M 2022
860	843	Revenue from Mail, Parcels and other	2,755	2,648
1,192	1,240	Net revenue from Financial Services	3,858	3,745
1,369	1,292	Revenue from Financial Services	4,269	3,904
(177)	(53)	Expenses from financial activities	(411)	(158)
371	348	Net revenue from insurance services	1,142	1,144
642	558	Revenue from insurance contracts issued	1,872	1,744
(281)	(211)	Costs arising from insurance contracts issued	(770)	(573)
(3)	(3)	Revenue/(costs) from outward reinsurance	(11)	(9)
469	(40)	Income and (expenses) from financial operations and other income/expenses	3,428	(3,116)
(458)	43	Net financial (costs)/revenue related to insurance contracts issued	(3,380)	3,099
2	(0)	Net financial revenue/(costs) related to outward reinsurance	4	(0)
405	297	Revenue from Payments and Mobile	1,122	779
2,827	2,728	Net operating revenue	8,878	8,315
786	676	Cost of goods and services	2,303	1,988
1,263	1,156	Personnel expenses	3,695	3,542
200	193	Depreciation, amortisation and impairments	617	569
(13)	(10)	Capitalised costs and expenses	(40)	(28)
42	43	Other operating costs	177	120
10	13	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	21	51
539	657	Operating profit/(loss)	2,105	2,073
30	39	Finance costs	84	109
35	43	Finance income	121	130
0	(0)	Impairment losses/(reversals of impairment losses) on financial assets	(25)	0
6	3	Profit/(Loss) on investments accounted for using the equity method	15	(10)
550	664	Profit/(Loss) before tax	2,181	2,085
168	210	Income tax expense	659	646
382	454	PROFIT FOR THE PERIOD	1,522	1,439
379	453	of which attributable to owners of the Parent	1,516	1,436
3	1	of which attributable to non-controlling interests	6	3
0.292	0.349	Earnings per share	1.169	1.105
0.292	0.349	Diluted earnings per share	1.169	1.105

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Q3 2023	Q3 2022	(€m)	9M 2023	FY 2022	9M 2022
382	454	Profit/(Loss) for the period	1,522	1,583	1,439
		Items to be reclassified in the Statement of profit (loss) for the period			
		FVOCI debt instruments and receivables			
(4,539)	(8,543)	Increase/(decrease) in fair value during the period	(485)	(27,742)	(26,571)
(82)	(29)	Transfers to profit or loss from realisation	241	(286)	(219)
(2)	0	Increase/(Decrease) for expected losses	(1)	4	(2)
		Cash flow hedges			
5	59	Increase/(decrease) in fair value during the period	11	279	406
11	(71)	Transfers to profit or loss	(293)	(409)	(399)
3,506	6,240	Financial revenue or costs relating to insurance contracts issued	934	22,784	21,982
(1)	(0)	Financial revenue or costs relating to outward reinsurance	(1)	(1)	(1)
318	676	Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit/(loss) for the period	(64)	1,542	1,414
0	0	Share of after-tax comprehensive income/(loss) of investees accounted for using the equity method	0	1	0
0	2	Change in translation reserve	(0)	(1)	4
-	-	After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale (net of tax effect)	-	-	-
		Items not to be reclassified in the Statement of profit/(loss) for the period			
(65)	19	Equity instruments measured at FVOCI - increase/(decrease) in fair value during the period	(73)	(315)	(265)
(0)	(0)	Actuarial gains /(losses) on employee termination benefits	5	125	118
-	-	Financial revenue or costs relating to insurance contracts issued	-	-	-
1	0	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)	(30)
(0)	0	Share of after-tax comprehensive income/(loss) of investees accounted for using the equity method	(0)	0	0
-	-	Actuarial gains/(losses) from employee termination benefits relating to groups of assets and liabilities held for sale (net of the tax effect)	-	-	-
-	-	Other	-	-	-
(849)	(1,648)	Total other comprehensive income	274	(4,048)	(3,564)
(467)	(1,194)	TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	1,796	(2,465)	(2,125)
(470)	(1,196)	of which attributable to owners of the Parent	1,790	(2,471)	(2,129)
3	1	of which attributable to non-controlling interests	6	6	4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)	Equity														Total equity
	Reserves													Total equity attributable to owners of the Parent	
	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 reinsurance ceded	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Retained earnings	Equity attributable to non-controlling interests		
Balance at 1 January 2022	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)	-	-	-	(974)	(897)	-	(897)
Balance at 1 January 2022	1,306	(40)	299	1,210	800	9,251	(33)	(7,868)	1	3	13	6,262	11,205	8	11,213
Total other comprehensive income for the period	-	-	-	-	-	(18,846)	5	15,190	3	0	-	1,519	(2,129)	4	(2,125)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(526)	(526)	-	(526)
Purchase of treasury shares	-	(25)	-	-	-	-	-	-	-	-	-	(0)	(25)	-	(25)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(63)	(63)	-	(63)
Incentive plans	-	2	-	-	-	-	-	-	-	-	4	0	7	-	7
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	(54)	-	-	-	1	-	54	1	(0)	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	29	28
Balance at 30 September 2022	1,306	(63)	299	1,210	800	(9,648)	(28)	7,322	4	4	17	7,230	8,453	41	8,494
Total comprehensive income for the year	-	-	-	-	-	(944)	(98)	554	(4)	0	-	149	(342)	1	(341)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(273)	(273)	-	(273)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(6)	(6)	-	(6)
Incentive plans	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2
Other changes	-	-	-	-	-	-	-	-	-	0	-	0	0	0	0
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	4	4
Balance at 31 December 2022	1,306	(63)	299	1,210	800	(10,592)	(127)	7,876	(0)	5	19	7,100	7,835	44	7,878
Total other comprehensive income for the period	-	-	-	-	-	(226)	(201)	697	0	0	-	1,520	1,790	6	1,796
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(570)	(570)	(3)	(573)
Changes due to share-based payments	-	(34)	-	-	-	-	-	-	-	-	-	(0)	(34)	-	(34)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(78)	(78)	-	(78)
Incentive plans	-	3	-	-	-	-	-	-	-	-	5	(0)	8	-	8
Equity instruments - perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	1	-	-	1	-	1
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	6	6	67	73
Balance at 30 September 2023	1,306	(94)	299	1,210	800	(10,818)	(328)	8,573	(0)	5	25	7,962	8,941	114	9,055

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	9M 2023	9M 2022
Unrestricted net cash and cash equivalents at the beginning of the period	1,228	2,590
Restricted net cash and cash equivalents at the beginning of the period	3,755	5,368
Cash and cash equivalents at the beginning of the period	4,983	7,958
Result for the period	1,522	1,439
Depreciation, amortisation and impairments	671	614
Losses and impairment losses/(Reversals of impairment losses) on receivables	19	46
(Gains)/Losses on disposals	(112)	(2)
Impairment losses/(reversals of impairment losses) on financial assets	(25)	0
(Increase)/Decrease Inventories	(11)	3
(Increase)/Decrease Receivables and Other assets	75	288
Increase/(Decrease) Payables and Other liabilities	(94)	140
Change in tax credits Law no. 77/2020	(165)	11
Change in provisions for risks and charges	(132)	(224)
Change in employee termination benefits and Provision for retirement benefits	(70)	(84)
Difference in accrued finance expenses and income (cash adjustment)	37	25
Other changes	345	368
Net cash flow from/(for) non-financial operating activities [a]	2,060	2,624
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	(10,021)	3,092
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	5,334	(12,089)
(Income)/Expense and other non-cash components	(1,475)	5,111
Increase/(Decrease) in net liabilities under insurance contracts	5,497	1,291
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	(665)	(2,595)
Net cash flow from/(for) operating activities [c]=[a+b]	1,395	29
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(392)	(409)
Investments	(2)	(3)
Other financial assets	(19)	(133)
Investments in consolidated companies net of cash acquired	(95)	(640)
<i>Disposals:</i>		
Property, plant and equipment, inv. property, intangible assets and assets held for sale	8	3
Other financial assets	1	10
Net cash flow from/(for) investing activities [d]	(499)	(1,172)
Proceeds from/(Repayments of) borrowings	(249)	(629)
(Purchase)/Sale of treasury shares	(34)	(25)
Dividends paid	(573)	(526)
Equity instruments - perpetual hybrid bonds	(21)	(21)
Net cash flow from/(for) financing activities and shareholder transactions [e]	(877)	(1,201)
Effect of exchange rate differences on cash and cash equivalents [f]	0	4
Net increase/(decrease) in cash [g]=[c+d+e+f]	19	(2,339)
Cash and cash equivalents at the end of the period	5,002	5,619
Restricted cash and cash equivalents at the end of the period	(3,388)	(3,573)
Unrestricted net cash and cash equivalents at the end of the period	1,614	2,046

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 at 30 September 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:

TOTAL FINANCIAL ASSETS: they represent the amount of assets/liabilities managed or administered by the Group and are obtained from the sum of Postal Savings collected by the Parent Company in the name and on behalf of Cassa Depositi e Prestiti, deposits on postal current accounts, and assets managed by the subsidiary BancoPosta Fondi S.p.A. SGR, as well as the investments made on behalf of customers in investment products other than the above (equities, bonds, Moneyfarm products, etc.) and the Insurance Technical Provisions of the Life insurance business, which represent the obligations taken on vis-à-vis policyholders and tariff premiums net of loadings. The presence within this indicator of Insurance Technical Provisions, calculated analytically contract by contract, in accordance with the application rules set out in Annex 14 of ISVAP Regulation no. 22 of 4 April 2008 (Mathematical Provisions¹¹²), i.e., in accordance with the standards for preparing the statutory financial statements of Poste Vita S.p.A., does not make it possible to perform a reconciliation with the insurance obligations presented in the financial information for the period.

AVERAGE PORTFOLIO RETURN EXCLUDING PRO-ACTIVE PORTFOLIO MANAGEMENT (%): yield portfolio average calculated as the ratio between interest income and average current account balances (excluding the value of pro-active portfolio management).

CET 1 CAPITAL: consists of Primary Tier 1 capital, as defined in Regulation (EU) no. 575/2013, and includes the Capitalised Earnings Reserve created upon appropriation of assets and the Retained Earnings Reserves, taking into account the transitional regime.

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).

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

EBIT (Earnings 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)

¹¹² In addition to the Mathematical Provisions, the Insurance Provisions also include provisions for future expenses, supplementary insurance premium provisions, profit-sharing provisions and reversals.

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, Cassa e Depositi BancoPosta, Cash and cash equivalents, liabilities under insurance contracts, assets for outward reinsurance and Financial liabilities.

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

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

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

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

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

NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT AS PER IFRS 16: 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 severance pay.

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.

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

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): consists, as defined by Regulation (EU) no. 575/2013, of the sum of Tier 1 capital, consisting of CET 1 Capital and Additional Tier 1 capital (AT1, which for BancoPosta includes the hybrid instrument contributed by Poste Italiane), and Tier 2 capital (not relevant for BancoPosta).

TOTAL CAPITAL RATIO: is the coefficient that expresses the adequacy of Total Capital (Own Funds) with respect to the weighted exposure to Pillar 1 risks (operating, credit, counterparty, exchange rate). Ratio of Total Capital (Own Funds) to 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.

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).

BTPs (MULTI-YEAR TREASURY BONDS)

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.

CONTAINERISATION

Procedure consisting in the creation of a "container", i.e. a logical structure (software environment) consisting of all the components necessary for the operation of a single application. This new paradigm enables greater efficiency in the management of hardware resources, the possibility of increasing the processing resources available to the system in real time, and the portability of applications between the on premises infrastructure and the public cloud of Poste Italiane's Hybrid cloud platform.

CONTRACTUAL SERVICE MARGIN (CSM)

It represents for the Company the expected and unrealised profit that it must represent in the statement of profit or loss, over the life of the contract.

COVERAGE UNIT

The Contractual Service Margin (CSM) is the quantity through which the pattern is defined and represents the amount of insurance services rendered during the year

(e.g. the volume of mathematical provisions for the period compared to the total volume projected over the duration of the insurance contracts).

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).

CYBER SECURITY

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, Ufficio Postale app, PostelD app) represent one of the 3 channels of customer care to support the Group's omnichannel strategy.


DIGITAL 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 make it up.

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 the Risk Adjustment cash flow adjuster for non-financial variables) and a Contractual Service Margin (present value of expected profit).

GROSS PREMIUMS

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.

H2H (HUMAN TO HUMAN) SIM

H2H (Human-to-Human) SIM are the ones in everyday use in smartphones that allow calls and data connections.

HIGH-YIELD SECURITIES

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.

HOME BANKING (INTERNET BANKING)

This is an online service that allows current account holders to carry out various information and order operations on their current account via the Internet (checking account statements, making online credit transfers, post transfers, online payments, etc.), without having to physically go to their bank or post office.

HYBRID - MULTI-CLASS POLICY

In multi-class products, a part of the premium is invested in separately managed accounts 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.

INFLATION LINKED

These are government bonds that provide investors with protection against rising price levels: both the principal repaid at maturity and the coupons paid are, in fact, revalued on the basis of inflation.

INSURANCE CLASS

An insurance class 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 intervene to 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. Health: 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. Financial 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 financial losses; other financial 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.

INVESTMENT GRADE

Definition referring to securities issued by companies with regular financial statements, well managed and favourable business prospects. In the case of investment grade securities, the rating is high and in any case higher than triple B. Below that level, instead, there is the world of high-yield instruments, i.e. high-risk instruments, characterised by low ratings that reflect the danger of default or insolvency.

LIABILITY FOR INCURRED CLAIM (LIC)

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

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 so-called "onerous" contracts if the sum of the present value of future cash flows, adjusted for risk, is negative.

MANAGEMENT FEES

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.

MERCHANT

Person carrying out a commercial activity.

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 that does not require payment of fees for its access and use is called "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 very 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.

PAD

It is a device equipped with a screen that can electronically capture graphometric signatures (also recording non-visible biometric data, such as pressure, movement and speed) and display QR codes .

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)

Subjects who, with the express authorisation of the customer, provide the service of arrangement 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 P&C insurance (not exceeding one year);
- Some multi-year contracts as long as they give the same result as the General Model .

PREPAID CARD

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 (EMI) 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.

QR CODE (QUICK RESPONSE CODE)

It is a type of barcode depicted by a square with dots and lines of different sizes inside. Through special apps, multimedia content can be accessed by simply framing the QR code with the smartphone camera.

REDEMPTION

The policyholder's right to terminate the contract early by requesting payment of the benefit resulting at the time of the request and determined in accordance with the contractual conditions.

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 LOANS

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 ACCOUNT

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 and 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).

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.

