Single Solvency and Financial Condition Report of the Poste Vita Group at 31 December 2021

Contents

Document summary and goals

This Solvency and Financial Condition Report constitutes the annual report to the market for the Poste Vita Group, Poste Vita S.p.A. and Poste Assicura S.p.A. for financial year 2021, prepared on the basis of the requirements contained in Chapter XII of Delegated Regulation (EU) 2015/35 and Implementing Regulation (EU) 2015/2452, integrating the provisions of Directive 2009/138/EC, Solvency II. The Report also contains the additional information, with regard to European legislation, envisaged by Regulation no. 33/2016.
The Group made use of the option envisaged by the combined provisions of Art. 216-*novies*, paragraph 2 of Italian Legislative Decree no. 209/2005 and Art. 36, paragraph 1 of IVASS Regulation no. 33 of 6 December 2016. The Report was approved by the Board of Directors of the parent company Poste Vita S.p.A. on 28 April 2022.

This report is also consistent with the provisions of Italian Legislative Decree 209 of 7 September 2005 (Private Insurance Code), subsequently amended by Italian Legislative Decree 74 of 12 May 2015.

Pursuant to IVASS Regulation 42/2018, containing provisions on the external auditing of public disclosures, the document is accompanied by the reports of the independent auditors relative to the following information contained in the Report, relative the Poste Vita Group, the parent company Poste Vita S.p.A. and the subsidiary Poste Assicura S.p.A.:

- Statement of financial position with current values, consisting of the schedules "S.02.01.02 - Statement of Financial Position" and the relative information in section D, "Valuation for solvency purposes";
- Own Funds, consisting of the forms "S.23.01.22 - Own Funds" (exclusive of the Solvency Capital Requirement and Minimum Consolidated Capital Requirement) at the Group level and "S.23.01.01 - Own Funds" at the individual level (excluding the Solvency Capital Requirement and Minimum Capital Requirement) and the relative information in section E.1 "Own Funds".

Pursuant to articles 4, paragraph 1, letter c) and 5, paragraph 1, letter c) of IVASS Regulation 42/2018, the independent auditor reports also contain the checks carried out on the individual and Group Solvency Capital Requirements, with a limited audit, relative to the following sections of the document:

- Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), included in the templates "S.25.01.21 – Solvency capital requirement for companies that use the standard formula" (individual SCR), "S.25.01.22 – Solvency capital requirement for groups that use the standard formula" (group SCR) and "S.28.02.01 – Minimum capital requirement in the case of a joint company" (MCR of Poste Vita S.p.A.) "S.28.01.01 – Minimum capital requirement" (MCR of Poste Assicura S.p.A.) and the information contained in section "E.2. – Solvency Capital Requirement and Minimum Capital Requirement".

For financial year 2021, the audit was performed by Deloitte & Touche S.p.A., the Group auditor selected following a single tender launched by Poste Italiane S.p.A. in compliance with the

provisions of Regulation (EU) no. 573 of 16 April 2014 and Italian Legislative Decree no. 39 of 17 January 2010, as amended by Legislative Decree 135/2016.
Finally, all the Quantitative Reporting Templates required under articles 4 and 5 of Implementing Regulation (EU) 2015/2452 are annexed to this report, respectively for the individual companies and the Poste Vita Group.
The report, intended to provide the market with clear and exhaustive information in the context of Solvency II, is structured as follows:

- Section A provides information on the Group's business, its structure and the results of underwriting and investment during the year for the Group and the individual companies.
- Section B provides an overview of the governance system, including the requirements for the administration and control bodies, as well as a description of the Control Functions of the Group and the individual companies.
- Section C analyses the risks to which the Poste Vita Group is exposed and the relative methods used to measure them, indicating the main techniques used to attenuate risk and the results of stress tests.
- Section D illustrates the methods used to measure assets and liabilities for Solvency II purposes (including BEL and Risk Margin), with respect to the Local GAAP.
- Section E is focussed on the Group's solvency position and provides information on the composition and classification of own funds and individual sub-risk modules of the Solvency Capital Requirement (SCR).

In this report, numbers indicating monetary amounts are indicated, if not otherwise stated, in thousands of euro, the functional currency of the Poste Vita Group. Therefore, there may be discrepancies in the final digit when adding values, due to rounding.

This report was published on the Poste Vita Group website www.postevita.poste.it.

Executive Summary

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

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

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

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

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

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

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

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

In particular, in the context of the welfare business, a non-recurring loss was recorded in the period for around € 14 million. Furthermore, the result for the period was also formed of non-recurring components for around € 16 million, attributable for € 10 million to COVID guarantees granted to employees of the Poste Italiane Group participating in the Poste Italiane supplementary healthcare fund and for € 6 million to expenses for claims associated with the

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

phenomenon of dormant policies. Against these dynamics, the overall loss ratio was 60.1%, compared to 46.9% in late December 2020.

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

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

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

The trends of the financial markets recorded during the period albeit positive were less favourable than at the end of 2020, giving rise to a decrease in the unrealised capital gains that decreased from around € 18.4 billion in late 2020 to around € 13.5 billion at the end of the reporting period, referring almost exclusively to the investments included in the Separately Managed Accounts, and therefore reflected in the DPL reserve in compliance with the so-called “shadow accounting” methodology pursuant to IFRS5[2] (therefore, the balance of the DPL provisions decreased by around € 17.9 million at 31 December 2020 to around € 13.2 million at 31 December 2021).

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

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

[2] Application of the “shadow accounting” methodology, as an option adopted by the Company upon the initial application of IFRS9 on financial instruments from 2018, makes it possible to reduce the accounting mismatch existing between the fair value measurement of financial instruments according to IFRS9 and the measurement at cost of insurance liabilities according to IFRS4 (which, in turn, refers to national accounting standards).

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

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

A summary of the principal KPIs is shown below:

(€m)

PRINCIPAL FINANCIAL KPIs	31/12/2021	31/12/2020	Increase/(decrease)	
Equity	5,935.8	5,272.7	663.2	12.6%
Solvency SII ratio	285.4%	299.3%	(13.8%)	
Dividends distributed	285.0	237.80	47.2	
Technical provisions for insurance business	159,089.9	153,794.7	5,295.1	3.4%
Financial Investments*	163,279.8	157,022.8	6,257.0	4.0%
Financial Investments/Shareholders' Equity***	27.8	30.3	-2.5	
Workforce	490	483	6.7	

PRINCIPAL OPERATIONAL KPIs	31/12/2021	31/12/2020	Increase/(decrease)	
Gross premium revenue	17,871.1	16,897.6	973.5	5.8%
EBIT	1,119.2	982.0	137.2	14.0%
Net Profit	826.1	781.2	44.9	5.8%
ROE**	14.9%	16.3%	(1.4%)	(1.4%)
Impact of costs on reserves	90.0%	153.5%	(63.5%)	
Return PostaValorePiù	2.35%	2.16%	0.2%	
Return PostaPensione	2.64%	2.82%	(0.2%)	
Surrender ration on initial reserves	3.1%	2.5%	0.6%	
Operating costs / Premiums	0.8%	0.7%	0.0	
Operating costs / Provisions	0.1%	0.1%	(0.0)	
Impact of costs on premiums	-124.2%	0.08%	0.0	

* Including cash and cash equivalents

** Calculated as the ratio between the net result for the period and the half sum of equity for the current year and equity for the previous year net of the FVOCI reserve.

*** Shareholders' equity is expressed net of the FVOCI reserve

With regard to the main **Solvency II indicators**, the Insurance Group's solvency position at 31 December 2021 shows qualifying own funds of € 12,677 million, up by € 1,483 million with

[3] Overheads allocated to acquisition costs and administrative expenses.
[4] The tax rate for financial year 2020 (totalling approx. 23.8%) benefited from the application of the "Patent Box" subsidised taxation scheme, which led to lower taxes for approx. € 57.6 million.

respect to the € 11,194 million at the end of 2020. On the other hand, 2021 saw an increase in total capital requirements of around € 701 million (from € 3,740 million at the end of 2020 to € 4,441 million at 31 December 2021). These led to a decrease in the Solvency Ratio with respect to 31.12.2020, going from 299% to 285% in December 2021.

(€k)

Principal Solvency II KPIs	31/12/2021	31/12/2020	Delta
SCR-eligible own funds	12,676,835	11,193,573	1,483,262
MCR-eligible own funds	10,926,835	9,580,778	1,346,057
Solvency Capital Requirement (SCR)	4,441,175	3,740,340	700,835
Minimum Capital Requirement (MCR)	2,029,162	1,714,345	314,817
Solvency Ratio	285.44%	299.27%	(13.83%)
Ratio between eligible own funds (EOF) and MCR	538.49%	558.86%	(20.37%)

The decrease in the Solvency Ratio compared to 31 December 2020 was determined by an increase in the available capital of the Group, which was less than proportionate to the increase in the capital requirement.

Specifically, the increase in own funds at 31 December 2021, compared to the previous financial year, is attributable:

- for € 446 million to the increase in the eligibility of subordinated loans, of which € 298 million related to the new Tier1 Restricted subordinated loan signed on 26 July 2021 and € 148 million to the Tier 2 subordinated loan;
- for € 1,042 million to the higher capitalisation of the Poste Vita Group compared to the previous financial year, determined: i) by the profit according to the provisions of civil law for approx. € 334 million, net of the dividends distributed for financial year 2020 for approx. € 429 million and ii) by the increase in the reconciliation reserve for approx. € 708 million.

With reference to the capital requirement, an increase of around € 701 million compared to 31 December 2020 was recorded. The increase was mainly due to the increase in the SCR with reference to the following risks, namely:

- underwriting risk for € 626 million;
- counterparty risk for € 271 million;
- market and operating risks, which increased by € 455 million and € 34 million respectively;
- an increase in the gross amount of capital add-on for around € 25 million, with reference to the SCR of the subsidiary Poste Assicura S.p.A.

Furthermore, the capital requirement benefited from: i) an increase in risk diversification for around € 483 million (correlation between the various risks determined by the EIOPA matrix) and for ii) € 227 million from a higher absorption of the loss-absorbing capacity of deferred taxes (LACDT).

With reference to the parent company **Poste Vita S.p.A.**, the solvency position at 31 December 2021 showed admissible own funds for € 12,677 million, an increase of € 1,487 million compared to € 11,189 million at the end of 2020. On the other hand, 2021 saw an increase in total capital requirements of around € 677 million (from € 3,732 million at the end of 2020 to € 4,409 million at 31 December 2021). These led to a decrease in the Solvency Ratio with respect to 31.12.2020, going from 300% to 288% in December 2021.

(€k)

Principal Solvency II KPIs	31/12/2021	31/12/2020	Delta
SCR-eligible own funds	12,676,835	11,189,369	1,487,466
MCR-eligible own funds	10,926,835	9,580,778	1,346,057
Solvency Capital Requirement (SCR)	4,409,170	3,731,931	677,238
Minimum Capital Requirement (MCR)	1,984,126	1,679,369	304,757
Solvency Ratio	287.51%	299.83%	(12.32%)
Ratio between eligible own funds (EOF) and MCR	550.71%	570.50%	(19.79%)

With reference to the subsidiary **Poste Assicura S.p.A.,** the company's solvency position at 31 December 2021 showed admissible own funds for € 297.8 million (€ 277.7 million at the end of 2020), a capital requirement of € 123.0 million (€ 89.2 million at the end of 2020) and a solvency ratio that decreased from 311.31% at the end of 2020 to 242.13% at December 2021, remaining well above the regulatory requirements.

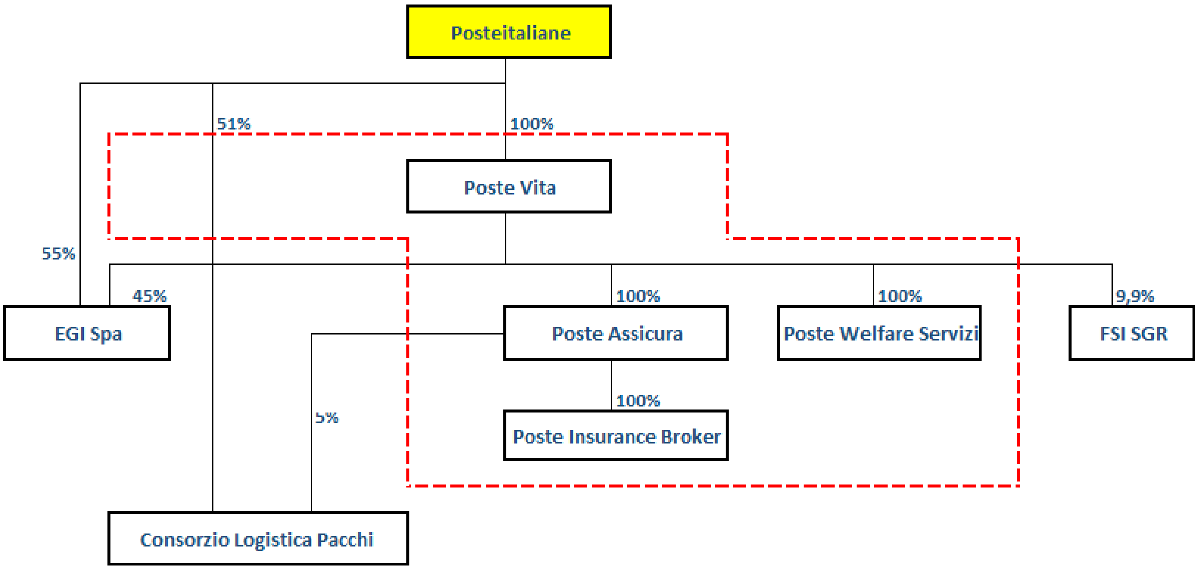
(€k)

Principal Solvency II KPIs	31/12/2021	31/12/2020	Delta
SCR-eligible own funds	297,791	277,720	20,071
MCR-eligible own funds	297,791	277,720	20,071
Solvency Capital Requirement (SCR)	122,988	89,210	33,778
Minimum Capital Requirement (MCR)	45,036	34,976	10,060
Solvency Ratio	242.13%	311.31%	(69.18%)
Ratio between eligible own funds (EOF) and MCR	661.23%	794.03%	(132.80%)

The subsidiary's solvency ratio decreased by around 69 percentage points compared to 31 December 2020, mainly due to the increase in the capital add-on of the SCR for around € 25.4 million compared to what was applied in the measurement at 31/12/2020 and in the first three quarters of 2021. In this regard, Poste Assicura decided to apply the capital add-on calculated according to maximum prudence criteria pending approval from IVASS of the undertaking specific parameters (USPs) that best represented the company's volatility.

A – BUSINESS AND PERFORMANCE

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



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

The scope of consolidation includes:

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

For the equity investment in Poste Welfare Servizi, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane S.p.A. 100% of the shares held in Poste Welfare Servizi. The aforesaid operation was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares for a consideration of around € 70 million, a value that sits within the valuation range provided by the independent expert appointed by the company, as described in section "A.5 - Other Information".
In relation to this, the Poste Vita Group, in the consolidated financial statements at 31 December 2021, proceeded to restate € 24.6 million in assets held by the subsidiary Poste Welfare Servizi, in accordance with IFRS 5, to item 6.1 of the assets "Non-current assets or disposal groups

held for sale" and to restate € 6.6 million in liabilities held by the same subsidiary to item 6.1 of the liabilities "Liabilities included in disposal groups held for sale".

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

Additionally, Poste Vita holds a non-controlling interest in Europa Gestioni Immobiliari S.p.A (EGI), while mainly operates in the real estate sector, managing and developing Poste Italiane real estate assets no longer used in operations.

On 30 June 2020, Poste Assicura S.p.A. acquired 5% of the share capital of "Consorzio Logistica Pacchi S.c.p.a." as a minority interest. The company mainly provides sorting, tracking and delivery services for the Poste Italiane S.p.A. packages service.

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

Lastly, on 31 January 2022, the company transaction approved by the company's Board of Directors on 28 April 2021 was finalised, regarding the entry of Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR S.p.A. (hereinafter ECRA) through the subscription of a dedicated paid capital increase. Following the subscription of the capital increase, the company holds, at the reporting date, alongside Banco Posta Fondi SGR, a total equity investment (to be split equally between the two) equal to 40% of the share capital of ECRA and 24.5% of the voting rights.

Performance of Poste Vita Group Subsidiaries and Associates

As regards the subsidiary **Poste Assicura S.p.A.**, total business amounted to € 318.8 million, an increase of € 79.2 million compared to the figure from the same period in 2020 (equal to € 239.6 million) driven by all sectors: i) payment protection (CPI) policies +43%; ii) the "goods, property and personal protection" line +17%; iii) the "welfare" segment with premiums increasing from € 83.4 million at the end of 2020 to the current € 121.5 million, mainly supported by the new distribution agreements signed with corporate customers (employee benefits) and iv) +€ 7.6 million in premiums related to the new integrated life/non-life offer.

During the same period, claims expenses were equal to € 181.2 million compared to € 113.6 million in the same period in 2020, an increase mainly due to the development of the corporate "Illness" business and the "Accident" class.

In particular, in the context of the welfare business, a non-recurring loss was recorded in the period for around € 14 million.

Furthermore, the result for the period was also formed of non-recurring components for around € 16 million, attributable for € 10 million to COVID guarantees granted to employees of the Poste Italiane Group participating in the Poste Italiane supplementary healthcare fund and for € 6 million to expenses for claims associated with the phenomenon of dormant policies. Against these dynamics, the overall loss ratio was 59.5%, compared to 48% in late December 2020.

Operating costs at the end of the reference period came to around € 30.6 million (€ 28.7 million during the same period in 2020), mainly relative to personnel expense, advertising/publicity costs, IT services costs and consulting/professional services.
Prudent financial management aimed at preserving the company's financial solidity generated net financial income during the period for € 6 million, a slight decrease compared to the figure from the corresponding period in 2020 (€ 6.2 million), nearly exclusively attributable to the ordinary income accrued on the government securities in the portfolio.
By virtue of the trends mentioned, gross profit for the period was € 29.9 million, a decrease compared to the € 52.9 million reported at 31 December 2020. Considering tax expense, the net result amounted to € 21.1 million, a decrease of € 16.2 million when compared to the result achieved in 2020. The company closed this period with a shareholders' equity of € 246.3 million.

The **subsidiary Poste Welfare Servizi S.r.l.** made total revenues of € 14.8 million during the period, an increase compared to the € 13.8 million in 2020 (+€ 1.1 million).
Costs totalled € 10.6 million, substantially in line with the figure from the same period in 2020 (€ 10.5 million) and mainly related to personnel expenses and service costs.
In relation to the aforementioned trends, the gross profit for the period amounted to € 4.2 million, an increase (+€ 1 million) compared to € 3.2 million recorded in the twelve months prior. Considering tax expense, which in the period benefited from the application of the "Patent Box" subsidised taxation scheme, which led to lower taxes for around € 0.9 million, the net profit for the period at 31 December 2021 was € 4 million, an increase of € 1.6 million compared to the figure in late December 2020 for € 2.4 million, while shareholders' equity at 31 December 2021 was € 20.8 million.

As for **Europa Gestioni Immobiliari S.p.A. (EGI)**, a company held for 45% by Poste Vita S.p.A. and 55% by Poste Italiane S.p.A., which mainly operates in the property sector for the management and development of the non-instrumental real estate assets of the parent company, the figures for 2021 showed shareholders' equity for € 241.8 million and a positive operating result for € 3.1 million, an increase on the figure reported in the corresponding period in 2020 of € 0.3 million.

In relation to the company **Poste Insurance Broker S.r.l.** (wholly owned by Poste Assicura S.p.A.), the company only launched its activities in December 2019, involving the placement of standardised insurance policies aimed at a small target of customers of the Poste Italiane Group, specifically identified for an initial pilot phase among employees and retirees of the Poste Italiane Group and their family members. This distribution was only extended to the market in early 2021. At the end of the period, the company recorded a loss of € 454.7 thousand, gross of tax, mainly attributable to the quota pertaining to the costs incurred for the audit of the financial statements, for the fees due to the sole auditor and sole director and for costs related to the service activities provided by Poste Assicura and Poste Vita.
Net of the related deferred taxation, the company closed the period with a net loss of € 345.9 thousand (€ 96.2 thousand at the end of 2020). Shareholders' equity at 31 December 2021,

which was affected by the loss during the period, was around € 118.8 thousand, therefore leading to a loss greater than one third of the share capital with the consequent need for the sole shareholder to take prompt action and, taking into account the necessary resolutions by the responsible bodies, to make a sinking fund contribution to cover the losses in line with article 2482 bis of the Italian Civil Code.
The shareholders' meeting on 21 March 2022 approved the proposed capital strengthening of the company for an amount of € 900 thousand through a sinking fund contribution to be attributed, in part, to coverage of the ascertained losses in line with article 2482 bis of the Italian Civil Code and the remainder to an available reserve intended for future loss covering operations and/or capital increases, while guaranteeing its ability to continue as a going concern.

On 30 June 2020, Poste Assicura S.p.A. acquired 5% of the share capital of the company "**Consorzio Logistica Pacchi S.c.p.A.**" (the "Consorzio") from "SDA Express Courier S.p.A.", at the agreed price of € 36.9 thousand. The Consorzio mainly provides sorting, tracking and delivery services for the Packages service which the parent company Poste Italiane S.p.A. has undertaken to provide. Additionally, the Consortium is responsible for air transport services for postal items and newspapers (night star network) between national airports with a transfer hub at Rome Fiumicino and for air transport services for postal items for services carried out on Saturdays and on days before holidays. The Company ended the present period with equity of € 787.9 thousand.

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

Qualitative and quantitative information on significant infragroup operations
The Parent Company, Poste Vita S.p.A., is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.
Relations with the ultimate parent, Poste Italiane SpA, which owns all the shares outstanding, are governed by written agreements and conducted on an arm's length basis. They primarily regard:

- subscription of the Tier 2 subordinated loan (€ 265,335 thousand) by Poste Italiane S.p.A.;
- subscription of the Tier 1 subordinated loan (€ 298,590 thousand) by Poste Italiane S.p.A.;
- bank deposits of approximately € 922,056 thousand;
- distribution of dividends related to the results of FY 2020 for approx. € 428,921 thousand);

- acquisition commissions of € 483,406 thousand.
- Commissions of € 39,778 thousand, related to ancillary own funds and the credit facility, provided by Poste Italiane S.p.A.
- Outsourcing of IT services to the parent company Poste Italiane S.p.A. for € 45,693 thousand.

With reference to the subsidiary Poste Assicura S.p.A., the main relations with Poste Italiane refer mainly to:

- bank deposits of approximately € 17,829 thousand;
- acquisition commissions of € 43,165 thousand;
- outsourcing of IT services for € 12,946 thousand.

Lastly, Poste Vita S.p.A. and Poste Assicura S.p.A. have significant intercompany relations mainly related to the secondment of personnel to and from the subsidiary, centralisation of functions, operational marketing and communication; while Poste Assicura has carried out significant intercompany transactions with Consorzio Logistica Pacchi S.c.p.A. and Poste Welfare Servizi S.r.l. related to receivables generated during the period and costs for claims management, respectively.

A.1 Business

The parent company Poste Vita S.p.A., a joint stock company with a sole shareholder, is an Italian insurance company with its registered offices in Viale Europa no. 190 - 00144 Rome, Italy, tax ID, VAT, and Rome Companies Register registration no. 07066630638, REA no. 934547.
Poste Vita S.p.A. is authorised to carry out insurance and reinsurance business based on the ISVAP provisions 1144 of 12/03/1999, 1735 of 20/11/2000, 2462 of 14/09/2006 and 2987 of 27/06/2012 and is registered in Section I of the Insurance Companies Register under no. 1.00133. The company is the head of the “Poste Vita Insurance Group”, registered in the Insurance Groups Register under no. 043.
Poste Vita S.p.A. is fully held by Poste Italiane S.p.A., a company which issues securities listed on the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A., with registered offices in Viale Europa, 190 - 00144 - Rome, Italy, tax ID and Rome Companies Register no. 97103880585, REA registration no. 842633 and VAT no. 01114601006.
Poste Vita S.p.A. is subject to the supervision of IVASS, the Italian Institute for the Supervision of Insurance.

The subsidiary Poste Assicura S.p.A., a joint stock company with a sole shareholder, is an Italian insurance company with its registered offices in Viale Europa no. 190 - 00144 Rome, Italy, tax ID, VAT, and Rome Companies Register registration no. 07140521001, REA no. 1013058.
Poste Assicura S.p.A. is authorised to carry out insurance business based on ISVAP provision 2788 of 25/03/2010 and is registered in Section I of the Insurance Companies Register under

no. 1.00174. Additionally, with provision file no. 251398/20 of 24 December 2020, IVASS authorised Poste Assicura, pursuant to article 15 of Legislative Decree 209/2005, to expand its insurance business to Class 14 “Credit”, limited to financial loss risk deriving from insolvency. The Companies Register maintained by the authorities was updated on the same date.
The company is part of the “Poste Vita Insurance Group”, registered in the Insurance Groups Register under no. 043 and is also subject to supervision by IVASS the Italian Institute for the Supervision of Insurance.

The parent company Poste Vita S.p.A. and the subsidiary Poste Assicura S.p.A. assigned the statutory audit for the nine-year period 2020-2028 to the company Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona 25, share capital of € 10,328,220.00 fully paid up, VAT no. IT03049560166, tax code and registration in the Milan, Monza Brianza and Lodi Business Register no. 03049560166 - Milan Economic and Administrative Index (REA) Milan 1720239, on the register of statutory auditors under no. 132587 with Italian Ministerial Decree of 15/03/2013 *O.J.* no. 26 of 02/04/2013.

Poste Vita S.p.A. is an insurance company specialised in life products and authorised to operate in the following insurance sectors:
Life business:

- Class I - Life insurance;
- Class III - Life insurance linked to investment funds;
- Class IV - Sickness and disability;
- Class V - Tontines;
- Class VI - Management of group pension funds.

Non-life business:

- Class 1 – Accidents;
- Class 2 – Illness.

The parent company Poste Vita S.p.A. mainly distributes its own products through Poste Italiane S.p.A. - BancoPosta RFC, an insurance broker registered under section D of the Single Register of Insurance Brokers (RUI), which, in addition to placement activities, provides training to the salespeople with support from the company. It operates in Italy.
The subsidiary Poste Assicura S.p.A. is an insurance company specialised in non-life products and authorised (since March 2010) to operate in the following insurance sectors:

- Class 1 – Accidents;
- Class 2 – Illness;
- Class 8 – Fire and natural disaster;
- Class 9 – Other damage to property;
- Class 13 – General liability;
- Class 14 – Credit, limited to the risk of asset losses from default;
- Class 16 – Monetary losses of various kinds;
- Class 17 – Legal protection;
- Class 18 – Assistance.

Poste Assicura S.p.A. operates in Italy and mainly distributes its own insurance products through Poste Italiane S.p.A. – BancoPosta RFC, which, in addition to placement activities, provides training to the salespeople with support from the company.

In 2021, a partnership was launched in the alternative investment fund sector between the Poste Italiane Group and the Intesa Sanpaolo Group. As a result, on 31 January 2022 the company transaction approved by the Board of Directors of Poste Vita on 28 April 2021 was finalised, regarding the entry of Poste Vita and Banco Posta Fondi SGR into the capital of Eurizon Capital Real Asset SGR S.p.A., through the subscription of a dedicated paid capital increase.
In order to initiate the operation in question, the shareholders' meeting of ECRA during the extraordinary session on 31 January 2022 approved the paid conditional capital increase, reserved for the subscription by Poste Vita and BancoPosta Fondi SGR.
Following the subscription of the capital increase, Poste Vita now holds, alongside Banco Posta Fondi SGR, a total equity investment (to be split equally between the two) equal to 40% of the share capital of ECRA and 24.5% of the voting rights.
At the same time as the subscription of the capital increase, a portfolio management mandate was concluded between the parties regarding the transfer to ECRA of the management of a number of alternative funds.

Furthermore, on 26 January 2022, the Board of Directors of Poste Vita resolved on the proposed transfer by Poste Vita to Poste Italiane of 100% of the shares held in Poste Welfare Servizi S.r.l. (hereinafter "PWS").
The operation in question – qualifying as intercompany and between related parties – was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares.

Furthermore, on 26 July 2021 the parent company carried out a capital strengthening operation regarding the increase in available capital, through the issue of Restricted Tier 1 subordinated and non-convertible capital instruments entirely allocated to Poste Italiane, for an amount of € 300 million.
The instrument can be recalled after the tenth year and after each interest payment date. The fixed-rate security is issued at par with an annual coupon of 5.00%, deferred half-yearly payment (26 July and 26 January).

Finally, the Board of Directors of Poste Assicura, as the sole shareholder of Poste Insurance Broker S.r.l. ("PIB"), at the meeting on 26 January 2022, approved the proposed capital strengthening of the subsidiary to be carried out through a sinking fund contribution to be attributed, in part, to coverage of the ascertained losses in line with article 2482 bis of the Italian Civil Code and the remainder to an available reserve intended for future loss covering operations and/or capital increases, while guaranteeing its ability to continue as a going concern. The shareholders' meeting of Poste Insurance Broker approved the aforesaid operation on 21 March 2022.

Poste Vita S.p.A. is wholly owned by Poste Italiane S.p.A. and

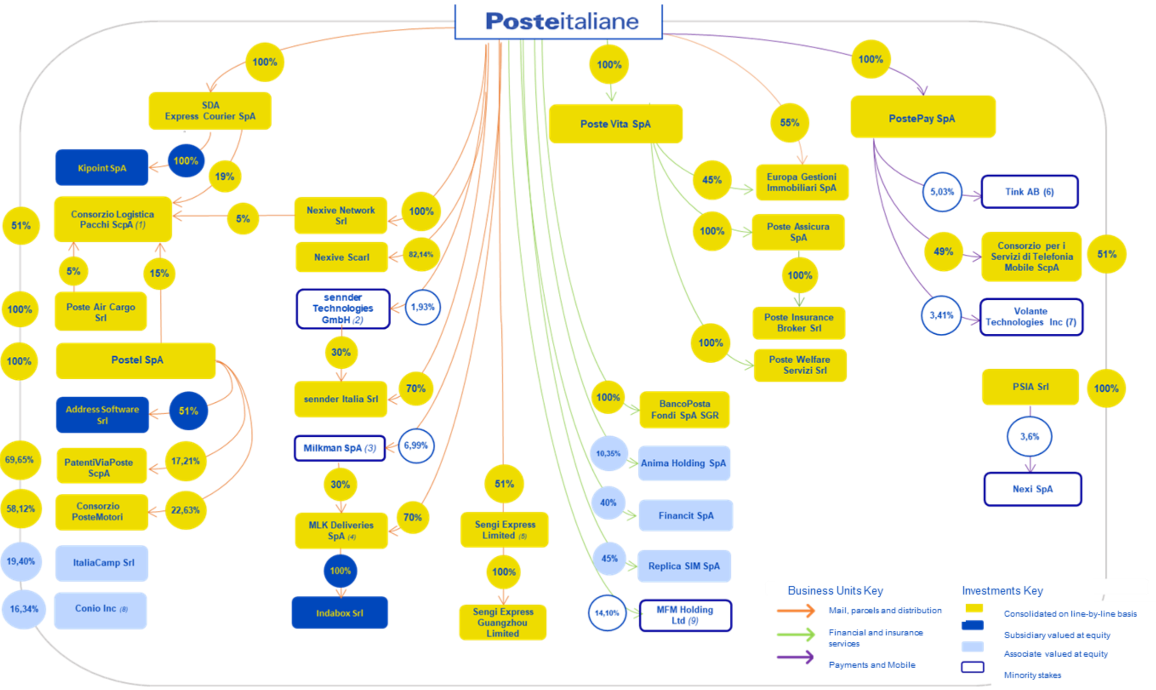
- as parent company of the Poste Vita insurance group, entirely controls the insurance company Poste Assicura S.p.A. with registered office in Italy;
- holds 45% of the share capital of Europa Gestioni Immobiliari S.p.A. – the remaining 55% of which is held by Poste Italiane - which has its registered office in Italy and manages and develops non-instrumental real estate transferred to it by Poste Italiane in 2001;
- at 31 December 2021 held a fully controlling interest in Poste Welfare Servizi S.r.l, with registered office in Italy, which manages services and settlements on the account, among others, of private healthcare funds for additional assistance and designs, develops and maintains management software products and provides professional IT services; As described above, the aforesaid equity investment was transferred to the parent company Poste Italiane S.p.A. with deed dated 24 February 2022.

Furthermore, for the sake of completeness, Poste Vita holds a non-qualifying and non-controlling equity investment of 9.9% in the capital of the company FSI Società di Gestione del Risparmio S.p.A. or, in short, FSI S.G.R. S.p.A., with registered office in Italy and which carries out the promotion and management of investment funds pursuant to Italian Legislative Decree no. 58 of 24 February 1998, as amended (consolidated law on provisions regarding financial intermediation) and related implementing regulations.

The subsidiary Poste Assicura S.p.A. is 100% held by Poste Vita S.p.A. and, as of the date this document was prepared, holds in turn, (i) a fully controlling interest in Poste Insurance Broker S.r.l., with registered office in Italy, providing insurance distribution and brokering and (ii) an interest equal to 5% of the share capital of Consorzio Logistica Pacchi S.c.p.a. which mainly provides sorting, tracking and delivery services relative to the Packages service, which the ultimate parent Poste Italiane S.p.A. has undertaken to carry out, as well as air transport services for postal items and newspapers (night star network) between national airports with a transfer hub at Rome Fiumicino and for air transport services for postal items for services carried out on Saturdays and on days before holidays.

Below is the organisational structure deemed significant for the Poste Italiane Group as at 31 December 2021:

DIRECT AND INDIRECT EQUITY INTEREST OF POSTE ITALIANE SPA AT 31 DECEMBER 2021



Notwithstanding the above, with regard to the possible configuration as intercompany relations, based on the guidelines for intra-group transactions of the Poste Vita Group (document prepared pursuant to IVASS Reg. no. 30 of 26 October 2016):

a) in line with the guidance provided by the Supervisory Authorities, the Ministry of Economy and Finance and its subsidiaries and investees which in turn are not controlled or invested in by Poste Vita do not fall within the scope of infragroup counterparties;

b) for the purposes of the above Guidelines, Cassa Depositi e Prestiti S.p.A. and the companies subject to its management and coordination are included within the scope of infragroup counterparties, on a voluntary basis, based on the 35% stake Cassa Depositi e Prestiti S.p.A. holds in the share capital of Poste Italiane;

c) in line with that implemented within the Single Perimeter of Poste Italiane Related Parties and Associated Parties at 31 December 2021, Anima Holding and its subsidiaries are at present, for the purposes of the above Guidelines, infragroup counterparties.

Finally, note that the same scope of consolidation was used in preparing the consolidated financial statements and the Solvency II document.

A.2 Underwriting Performance

The results below are found in QRT S.05.01, detailing information on premiums, claims and expenses at the level of the Lines of Business (LoB) defined in Delegated Regulation (EU) 2015/35, adopting Italian GAAP standards for the preparation of financial statements.

Underwriting Performance - Poste Vita S.p.A.

During 2021, the parent company launched:

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

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

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

Therefore, based on the trends described above, the earned premiums came to € 17.6 billion in 2021, with a 5.5% increase compared to the total figures from 2020. Results by LoB are shown below.

(€k)

Line of Business	31/12/2021	31/12/2020	Delta
Insurance with profit participation	16,624,873	15,903,132	4.5%
Index-linked and unit-linked insurance	863,026	680,871	26.8%
Other life insurance	76,874	67,516	13.9%
Health insurance (direct business)	9,340	9,532	(2.0%)
Total	**17,574,113**	**16,661,051**	**5.5%**

In 2021, there was an increase in pure risk products (+13.9% compared to 2020) and unit-linked products (+26.8% compared to 2020), while there was a decrease in illness products (-2.0% compared to 2020) and an increase in savings products (+4.5% compared to 2020).

Claims expense for insurance benefits prior to outward reinsurance came to € 9.5 billion in 2021, compared to € 11.0 billion recognised in the same period in 2020, detailed in the table below:

(€k)

Line of Business	31/12/2021	31/12/2020	Delta
Insurance with profit participation	9,180,955	10,881,631	(15.6%)
Index-linked and unit-linked insurance	267,441	123,969	115.7%
Other life insurance	40,984	25,156	62.9%
Health insurance (direct business)	2,659	3,113	(14.6%)
Total	**9,492,040**	**11,033,870**	**(14.0%)**

The performance by expenses related to other life insurance products in 2021 substantially increased (+62.9% compared to 2020) with regard to pure risk products and for unit-linked products (+115.7%), in line with the increase in gross inflows.

On the other hand, there was a decrease in expenses for claims of illness products (-14.6% compared to 2020) and a decrease in expenses for savings products (-15.6% compared to 2020), as a result of the fewer maturities recorded during the reporting period.

Total expenses incurred by LoB in 2021, again with reference to the data in QRT S.05.01, net of the reinsurance portion are shown below and remain in line with the figure at the end of 2020.

(€k)

Line of Business	31/12/2021	31/12/2020	Delta
Insurance with profit participation	459,947	435,529	5.6%
Index-linked and unit-linked insurance	20,562	16,440	25.1%
Other life insurance	23,229	18,810	23.5%
Health insurance (direct business)	845	710	19.1%
Total	**504,583**	**471,490**	**7.0%**

In particular, details by type of expense are provided in the following table:

(€k)

Line of Business	31/12/2021	31/12/2020	Delta
Administrative expenses	68,707	49,736	38.1%
Investment management expenses	60,299	47,742	26.3%
Claims management expenses	6,272	9,452	(33.6%)
Acquisition expenses	357,475	340,649	4.9%
Overhead expenses	11,830	23,911	(50.5%)
Total	**504,583**	**471,490**	**7.0%**

For distribution and collection activities, a total of around € 292.4 million in **commissions** was paid (€ 296.4 million in 2020). Taking account of the amortisation of pre-counted commissions paid for the placement of pension policies (increase for € 6.7 million) and the commissions received from reinsurers (equal to € 1.2 million), accruals amounted to € 297.9 million. The percentage compared to gross premium revenue remained stable at 1.7%, a slight drop from 1.8% recorded in the same period in 2020.

Details on substantial techniques used to attenuate risk

With an eye to prudential management of the company and risk, as in previous years, the Company has decided to make use of a reinsurance policy with regards to life insurance again in 2022. In particular, it has opted to make use of Treaty Reinsurance. This type of reinsurance includes both "proportional" and "non-proportional". The selection of one or the other technique is made after considering the characteristics of the portfolio in terms of size and the homogeneity of the amounts insured. A sufficiently wide and homogeneous risk portfolio again in 2022 allowed Poste Vita, as in 2021, to not sign proportional "quota share" treaties in the Retail market.

On the other hand, the specificity of the Corporate portfolio requires flexibility in terms of possible reinsurance choices based on the risk insured. The substantial homogeneity of amounts insured in individual collective contracts has frequently allowed the Company to move autonomously in sectors, such as group term life and disability, where the availability of the Company's own technical bases lets it control risk within well-known sectors, measured with confidence intervals also used to construct the technical bases themselves. Nevertheless, to mitigate the risk associated with the group TCM and IPT guarantees and specifically to reduce any random fluctuations caused by claims with very high capital in relation to the expected margins on the portfolio of collective policies, following specific stress test analyses, the company confirmed its decision to maintain a proportional treaty, introducing in 2021 a transfer of a portion of the insured capital, maintaining a surplus, intended to transfer the insured capital that, on the individual covered parties of the collective policies, exceeded € 300 thousand. This decision was confirmed was 2022.

With reference to the Group’s critical illness and LTC products, in light of the decrease in the volume of premiums acquired, it was considered best not to renew the treaties previously subscribed, at least for the moment. The Company will continue to monitor new portfolio acquisitions and associated risk, carrying out new reinsurance needs analysis, to ensure new treaties are signed when necessary.

Reinsurance for treaties:
At present, the following treaties are in effect for Poste Vita:

1. Catastrophe Term Life Treaty: for Term Life products (Retail market) and Group products (which include, for some policies, Permanent Disability coverage), the Company has signed a Catastrophe treaty for simultaneous coverage of multiple deaths linked to a single catastrophic event, effective as of 1 January 2021 and with a one-year term. The treaty was signed with Swiss Re Europe S.A;
2. ***Quota plus Surplus Treaty***: for the Group’s *Temporanea Caso Morte* products (where Permanent Invalidity cover is included), a reinsurance treaty was signed for part quota (10%) and part surplus where 10% of the capital below € 300 thousand (the layer) and 100% of the amounts of insured capital greater than the layer are transferred to a risk premium, with a profit sharing clause in favour of the ceding company for 50% of the profit. The treaty takes effect on 1 January 2022 and has no established expiration. Either party can withdraw from the contract by 30 September of each year. The treaty was signed with Swiss Re Europe S.A.

As a consequence of the above, in terms of the extent and homogeneity of the portfolio, in January 2016 a proportional treaty signed with Swiss Re Europe S.A. for Term Life (Retail Market) was terminated in January 2016. This treaty called for the transfer of premiums and claims equal to 50% of insured capital up to € 100 thousand and 100% of higher amounts. As these are policies with an annual premium, we continue to transfer premiums from policies signed prior to the termination of the treaty.
At the end of 2017, reinsurance treaties for mortgage and loan CPI with a single premium were terminated, relative to which the reinsurer will continue to participate for claims and returns of premiums not enjoyed in the case of early repayment. Additionally, treaties regarding retail LTC and death benefits for the Da Grande product were not renewed for which we will continue to cede the recurring premiums for policies signed prior to the termination of the treaties.

Elective reinsurance
Generally speaking, this type of reinsurance makes it possible to reinsure special risks not covered through other treaties, reinsuring sums and amounts that exceed the limits established

in existing treaties, reducing exposure in special areas in which the insurer is already excessively exposed.

The guidelines for elective contracts are similar to the general guidelines used for treaty reinsurance. More specifically, the elective reinsurance policy is equally intended to find balance for the corporate portfolio through prudential segmenting of risks, with the ultimate goal of stabilising medium-term profit.

In 2021, Poste Vita made use of elective reinsurance for two TCM policies, one capital and one fixed annual premium, both personalised according to smoking habits, with insured capital of € 1,000 thousand and € 500 thousand.

A necessary condition for collaborating in the various areas of reinsurance with Poste Vita is the assignment by one of the rating agencies identified (Standard & Poor's – Moody's – Fitch – A.M. Best) of a rating no lower than:

- ✓ Standard & Poor's: [A-]
- ✓ Moody's: [A3]
- ✓ Fitch: [A-].
- ✓ A.M. Best: [A-].

Reinsurance is a fundamental tool for managing and mitigating risk and for optimising capital requirements.
The initial result is obtained by transferring risk to the reinsurer, generating a reduction in required risk capital for the assignor Company.

Capital requirements are optimised thanks to *"result stabilisation"*. This is achieved because using reinsurance minimises discrepancies due to higher claim frequency or catastrophes, limiting exposure to individual risks and reducing the claims to which a portfolio is subject during the underwriting period.
These results can be identified through careful analysis of Premiums collected and ceded. The impact of reinsurance must be evaluated for each line of business.

Analysis carried out on the two lines of business currently reinsured showed a decrease in Poste Vita's margin after reinsurance for Health Insurance (72% to 69%). This is due to the lag in the payment of claims paid directly with respect to that recovered from the insurer through the expired treaty on collective LTC policies. In fact, while the Company will continue to pay monthly amounts on LTC claims until the policyholder is alive, with the treaty that ended in April 2019 the reinsurer, estimating the future rates of return and profit sharing to be returned to the Company, settled the same, ending the commitments it had taken on with regards to Poste Vita. Relative to the "Other Life Insurance" segment, the higher margin after reinsurance (47% to 51%) confirms the quality of the decision to make use of reinsurance for pure risk products (taking into account the fact that this evaluation also includes the retail portfolio, which involves run-off treaties since December 2017).

To verify the efficacy of reinsurance techniques the Company periodically performs analysis to evaluate profitability and necessity.
This analysis is based on statistical and probabilistic models based on the business in question. For example, relative to reinsurance for individual and collective class I policies statistical simulations are carried out to obtain projections of premiums collected and benefits paid, to assess profitability both before and after reinsurance.
Through this analysis, the Company constantly assesses the amount of capital to be ceded, if any.

Analysis performed in 2017 on the retail treaties still in effect led the Company to decide not to renew the expiring treaties (Postapersona SemprePresente LTC and the death benefit for the Postafuturo Da Grande product) and to withdraw from those involving tacit annual renewal (Postaprotezione loans and mortgages CPI).
In fact, as indicated by the simulations, for CPI the Company was ceding profits and premiums in an amount greater than required to mitigate the risks.
For 2021, it was deemed expedient to continue to not cede the new portfolio. This decision was made after observing the decrease in amounts ceded relative to the run-off portfolio during 2020.
In the case of LTC policies, a more recently commercialised product, for which the Company had decided to sign a reinsurance treaty as it lacked proprietary demographic statistics, a simulation of product performance for the next 40 years was used to determine the efficacy of the reinsurance, using morbidity rates provided by the reinsurer. Lacking additional historical data on LTC claims, it was decided to use as the hypothesised duration for payment of claims that taken from the mortality tables for persons with disabilities, again provided by Swiss Re. A simulation was also done to compare claim trends, hypothesising that the Company will pay claims for at least 10 years on average to each policyholder (an even more prudent hypothesis for Poste Vita).
The results for both simulations indicated that, even in 40 years, without any ceding to reinsurance the Poste Vita margin would still remain positive, thanks to the excellent pricing schedule defined internally by the Company.
This led to the decision to not renew the treaty, which was also supported by the fact that the portfolio has not increased over the last few years.

For the collective portfolio, on the other hand, a “beauty contest” was held for the selection of a new reinsurer for the collective reinsurance cover of Class I TCM and TCM ITP. Swiss Re, one of the participants in the “beauty contest”, met the ongoing conditions at both economic and qualitative level (underwriting methods, portion transferred, etc.) and outperformed the other participants at both economic and underwriting level.
Finally, analysis of reinsurance requirements was done which through suitable stress tests confirmed the need to make use of proportional reinsurance.

Underwriting Performance – Poste Assicura S.p.A.

At 31 December 2021, the company's gross premium revenue amounted to around € 318.8 million (+33.0% compared to the same period in the previous year) and at sector level, was structured according to the following table:

(€k)

Gross Premium Revenue	31/12/2021	Distr. %	31/12/2020	Distr. %	Delta	Delta %
Goods & Property & Personal Line	150,203	47%	128,635	54%	21,568	16.8%
Payment Protection Line	39,448	12%	27,523	11%	11,926	43.3%
Corporate Policies	129,137	41%	83,448	35%	45,690	54.8%
Total	**318,788**	**100%**	**239,606**	**100%**	**79,183**	**33.0%**

Note that premium volumes relative to the Asset & Personal & Modular line benefited from a 16.8% increase with respect to the previous year, mainly due to the introduction of a new modular offer which replaced the existing product range. This new offer allows customers to freely choose between individual models and policies that make up various protection lines. They can also adjust insurance coverage based on changes in their requirements over time. Also note pleasing growth in Employee Benefits business, relative to collective death and permanent disability and health insurance contracts.

The table below shows the distribution of premiums by Line of Business. It can be seen that the Medical Expenses (40.8%) and Income Protection (37.3%) Lines of Business predominate with respect to total premiums. This, as noted previously, is due to development of Employee Benefits business. The increase in the premiums is generalised across all lines of business with particular reference to the income protection, medical expenses and miscellaneous lines of business.

(€k)

Line of Business	31/12/2021	Dist. %	31/12/2020	Dist. %	Delta	Delta %
1. Medical expense insurance	130,067	40.8%	96,625	40.3%	33,442	34.6%
2. Income protection	118,913	37.3%	85,075	35.5%	33,838	39.8%
3. Workers' compensation						
7. Fire and other damage	24,882	7.8%	21,906	9.1%	2,976	13.6%
8. General liability	21,838	6.9%	19,959	8.3%	1,879	9.4%
10. Legal expenses	3,073	1.0%	2,778	1.2%	294	10.6%
11. Assistance	194	0.1%	216	0.1%	(21)	(9.9%)
12. Miscellaneous	19,821	6.2%	13,046	5.4%	6,774	51.9%
Total	**318,788**	**100.0%**	**239,606**	**100.0%**	**79,182**	**33.0%**

Commissions totalling around € 50.4 million were paid for distribution and collection activities which, combined with other acquisition costs, determine the amount of the item "Acquisition expenses" of around € 62.2 million, a 23.4% increase with respect to the same period in 2020. This effect is attributable, above all, to an increase in commissions.

(€k)

Line of Business	31/12/2021	31/12/2020	Delta	Delta %
1. Medical expense insurance	14,134	11,377	2,757	24.2%
2. Income protection	28,758	22,793	5,965	26.2%
3. Workers' compensation				
7. Fire and other damage	5,267	4,819	448	9.3%
8. General liability	4,915	4,719	196	4.2%
10. Legal expenses	681	639	41	6.5%
11. Assistance	23	27	(4)	(14.1%)
12. Miscellaneous	8,390	6,005	2,385	39.7%
Total	**62,168**	**50,379**	**11,790**	**23.4%**

In 2021, the company launched analyses of its modular protection offer in order to identify possibilities for improvement and to increasingly respond to the needs of customers. In particular, the company made changes to several guidelines on individual guarantees (Accident and Illness): first and foremost, it extended the selection of Accident sums insured (both Death and Permanent Invalidity) by inserting higher values (e.g. up to € 2 million for Accidental Death) in order to meet the needs of several categories of customers, who requested greater protection. Furthermore, for Illness cover, including in light of the current pandemic, which has drawn even more attention to health insurance, the company increased the range of sums insured for reimbursement of medical expenses and specialist examinations.

In light of the ongoing global health emergency due to COVID-19, the company also decided to prolong the free extension of guarantees against COVID-19 for its policyholders and employees until the first half of 2021.

During the fourth quarter of 2021, in line with the parent company's growth strategies, the company began marketing the insurance cover combined with salary-backed loans. The offer involves a joint non-life and life proposal, in order to cover the customer who requests a salary-backed loan, in the event of loss of employment or death. The offer is dedicated to employees of the Poste Italiane Group.

With reference to the CPI Mutuo and Incendio Mutuo products, the possibility was introduced to pay the premium in a single unfunded instalment.

With the aim of developing insurance offerings and making them even more complete, the company established an integrated solution between life and non-life products, protecting individuals holding specific life products in the case of serious illness.

Relative to the Corporate segment, during 2021 the Company continued with its consolidation policy, stipulating collective contracts with death, permanent disability and health coverage for employees of large and medium companies and those in the public sector. The most relevant groups included insurance cover for employees of the Tod's Group.

Regarding insurance cover for public bodies, the company (either as lead insurer or co-insurer) was awarded contracts with: Ministry of Defence, CIPAG, Ferrovie dello Stato and FIGC.

All guarantees have been provided in compliance with the National Labour Contract (CCNL) for the sector and/or the Supplemental Company Contract (CIA) and/or the call for tender/specifications.

Claim Trends

Relative to claim trends, claim expense, including costs for settling claims, amounted to around € 181.2 million, compared to 113.6 million in 2020. This increase (€ +67.6 million), accompanied by a higher increase in premiums accrued with respect to December 2020 (€ +66.7 million), translated into a claim to premium ratio for the year of 60.3%, up by around 11.7 percentage points with respect to the value seen in December 2020 (48.6%). Below are details by Line of Business:

(€k)

	31/12/2021		31/12/2020	
Line of Business	Claim Expense	Claim Ratio (CY+PY)/Premium accrued	Claim Expense	Claim Ratio (CY+PY)/Premium accrued
1. Medical expenses	120,367	95.7%	78,861	82.9%
2. Income protection	54,913	49.0%	20,183	24.4%
3. Workers' compensation	0	0.0%	0	0.0%
7. Fire and other damage	2,717	13.8%	5,075	29.2%
8. General Liab	3,157	14.9%	4,992	25.5%
9. Credit and suretyship	0	0.0%		
10. Legal expenses	431	14.6%	506	18.7%
11. Assistance	15	7.6%	42	18.4%
12. Miscellaneous	-381	-2.1%	3,974	24.8%
Totale	**181,219**	**60.3%**	**113,632**	**48.6%**

The increase in the claims ratio, equal to 11.7 percentage points, was due to the higher impact of premiums related to the Collective business (from 34.1% in 2020 to 41.1% in 2021) for which the claim trend was structurally higher than the one expressed by the Retail segment.

Details on substantial techniques used to attenuate risk

The 2021 reinsurance strategy involved the establishment of non-proportional structures, per risk and per event (e.g. base structures) to cover all the risks conserved by Poste Assicura (Retail and Corporate) relative to its Income Protection Insurance, Medical Expense Insurance, Fire and Other Damage to Property Insurance and General Liability Insurance guarantees:

- for all the risks conserved in the portfolio, relative to the Income Protection Insurance and Medical Expense Insurance, the reinsurance policy provides Excess of Loss coverage, per risk and per event, with the aim of protecting the Company from any peak exposures, with a risk/event priority of € 500 thousand at 100% and a capacity up to € 70 million. For the main "income protection insurance" risks subscribed prior to 2013 and the "credit protection" risks prior to 2018, the quota share treaties continue to be valid as run off, with risk attaching coverage and 50% transfer rate. For the new Retail Illness risks, coverage is proportional at 50%, with fixed commissions and profit sharing. For these cases, the Excess of Loss treaty covers the portion conserved with a € 250 thousand priority on the amount conserved;

- for all retained risks related to the "fire and other damage to property insurance" and "general liability insurance" guarantees, the reinsurance policy uses an excess of loss cover per risk and per event intended to protect the company from any peak claims, with a priority of € 500 thousand at 100% (with the exception of the catastrophic component: priority per event € 1 million) and a capacity up to € 120 million for the "fire and other damage to property insurance" component in relation to earthquake/collapse catastrophe guarantees.

Risks relative to the Legal Expenses line of business were handled for 2021 with a quota share treaty on a Loss Occurring basis, with fixed reinsurance commissions to Poste Assicura and profit sharing at the end of the year.

For all risks that do not meet the qualitative and quantitative criteria provided for in existing reinsurance treaties, but which however fall within Poste Assicura underwriting philosophy, elective reinsurance is used. More specifically, for Poste Italiane Fund risks, coverage is proportional with ceding of 50% and a scalar reinsurance commission.

The reinsurance structure described above is effective in terms of attenuating risk and the results obtained are consistent with expectations.

A.3 Investment Performance

Investment Performance - Poste Vita S.p.A. Insurance Group

The composition of the Poste Vita Group's medium/long-term investment policy derives from a strategic investment policy aimed at optimising the risk/return profile, with the goal of strengthening and stabilising future performance while maintaining a risk profile in line with that established in the Risk Appetite Framework (RAF). Poste Vita S.p.A. intends to continuously maintain an adequate level of quality in the portfolio, attributable in particular to the level of asset diversification alongside the use of adequate investment selection criteria, ensuring levels of security, liquidity, profitability and the continuous availability of sufficient assets to cover the liabilities.

The financial assets of the Poste Vita Group at 31 December 2021 amounted to € 158,337,342 thousand, an increase of € 2,273,104 thousand compared to 2020, due to the positive net inflows recorded in the period, despite the financial trends on the markets being less favourable compared to December 2020.

Financial assets were measured at fair value making use of prices listed on active markets when available and, when not, determining fair value in line with that established in the Group's Fair Value Policy, which will be discussed further in paragraph D.4 - Alternative Valuation Methods.

Below is a schedule showing the composition of financial assets at 31 December 2021 with a comparison with the figures at the end of 2020:

(€k)

	31/12/2021	31/12/2020	Delta
Equities	7,777	6,857	920
Government Bonds	92,248,174	97,179,771	(4,931,596)
Corporate Bonds	23,075,784	19,664,961	3,410,824
Structured notes	572,519	586,162	(13,642)
Collateralised securities			
Collective Investments Undertakings	34,832,715	33,794,738	1,037,977
Assets held for index-linked and unit-linked contracts	7,600,372	4,831,750	2,768,622
Total	**158,337,342**	**156,064,238**	**2,273,104**

Investments during the period by the Poste Vita Group, due to the trends on the financial markets being less favourable compared to the previous financial year, generated a decrease in the market value for a total of € 4,125,332 thousand, and ordinary income for a total of € 2,612,667 thousand.

(€k)

	31/12/2021		
	Net gains and losses	Interest / Dividends	Net Unrealised Gains
Equities	17,194	7,430	37,649
Government Bonds	(113,923)	1,918,528	(4,398,070)
Corporate Bonds	(11,168)	440,754	(385,726)
Structured notes		15,861	(13,684)
Collateralised securities			
Collective Investments Undertakings	195,480	230,093	634,498
Forwards			
Total	**87,584**	**2,612,667**	**(4,125,332)**

Investment Performance - Poste Vita S.p.A.

The parent company portfolio continues to mainly invest in government bonds and corporate bonds, which represent 72.5% of total portfolio exposure.

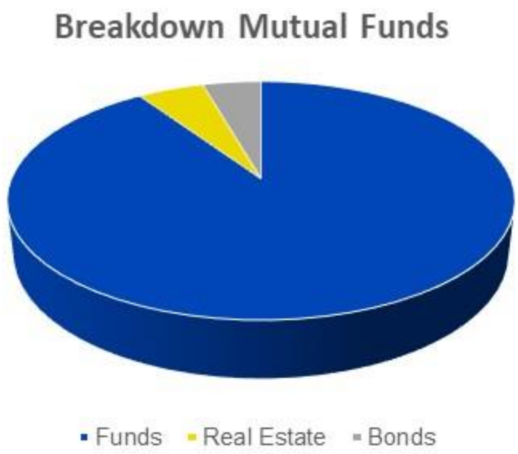
The financial assets under Solvency II values, net of equity investments, at 31 December 2021 amounted to € 157,823,987 thousand, an increase of € 2,213,767 thousand compared to 2020, due to the positive net inflows recorded in the period, despite the financial trends on the markets being less favourable compared to December 2020.
Financial assets were measured at fair value making use of prices listed on active markets when available and, when not, determining fair value in line with that established in the Company's Fair Value Policy, which will be discussed further in paragraph D.4 - Alternative Valuation Methods.
Below is a schedule showing the composition of financial assets at 31 December 2021, equity investments excluded, with a comparison with the figures indicated in the Italian GAAP financial statements and the amounts at the end of 2020:

(€k)

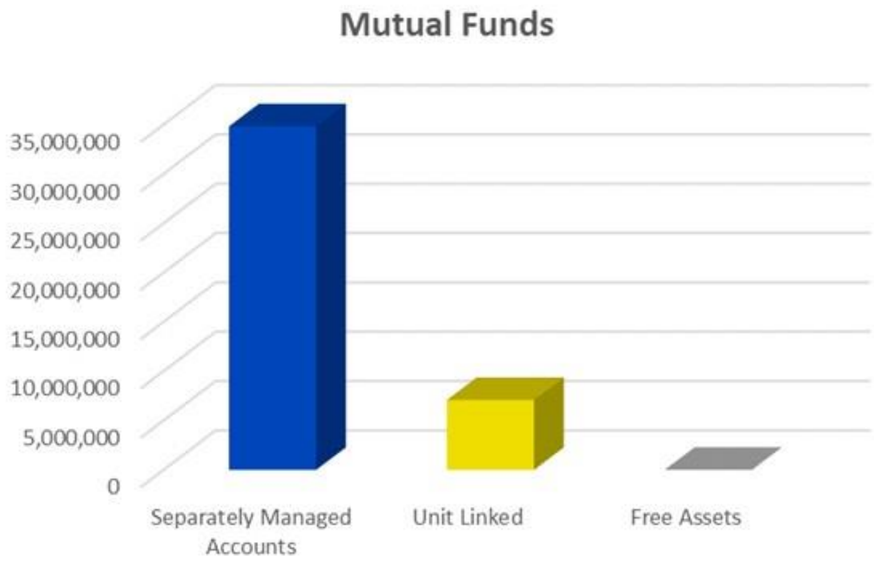
	31/12/2021			31/12/2020		
	Solvency II value	Statutory accounts value	Delta	Solvency II value	Statutory accounts value	Delta
Equities	7,777	7,777		6,857	6,857	
Government Bonds	91,802,630	80,282,808	11,519,822	96,777,843	80,534,307	16,243,535
Corporate Bonds	23,007,974	22,359,962	648,012	19,612,870	18,646,741	966,130
Structured notes	572,519	547,424	25,096	586,162	546,912	39,250
Collateralised securities						
Collective Investments Undertakings	34,832,715	32,975,472	1,857,243	33,794,738	32,208,264	1,586,473
Assets held for index-linked and unit-linked contracts	7,600,372	7,600,372		4,831,750	4,831,750	
Total	**157,823,987**	**143,773,815**	**14,050,172**	**155,610,220**	**136,774,831**	**18,835,388**

There was an increase of € 0.9 million in the value of shares compared to the previous period, which amounted to € 7,777 thousand at 31 December 2021.
Government bonds, totalling € 91,802,630 thousand (€ 96,777,843 thousand at 31 December 2020), mainly refer to listed fixed income bonds issued by European governments, of which around 98% issued by the Italian government.
Corporate bonds total € 23,007,974 thousand (€ 19,612,870 thousand at the end of 2020) and mainly refer to listed fixed income bonds issued by major European companies.
Structured bonds, equal to € 572,519 thousand at the end of the period, refer to bonds issued by Cassa Depositi e Prestiti as private placements.
Relative to mutual investment funds, totalling € 34,832,715 thousand at the end of the period (€ 33,794,738 thousand at 31 December 2020), their impact on the Company's entire portfolio went from 22.4% to the current 23.2%.

More specifically, the total for mutual investment funds held by the parent company at 31.12.2021, including the Class D component, amounted to € 41,916,241 thousand.
At the end of the period, the investments in UCITS fund units (including multi-asset funds) totalled € 37,943,532 thousand, units in mutual real estate investment funds totalled € 2,113,580 thousand and mutual funds that primarily invest in bonds totalled € 1,859,129 thousand.



Mutual investment funds refer to the separately managed accounts for around € 34,827,095 thousand, while € 7,083,526 thousand related to unit-linked products and the remainder (equal to € 5,620 thousand) is included in the company's free capital.



Within this item, the amount of € 32,019,259 thousand refers to unconsolidated structured entities, while € 9,897,982 thousand refers to funds which are not part of unconsolidated structured entities, for the most part alternative investment funds.
The parent company Poste Vita holds a stake in excess of 50% for each structured entity. The parent company Poste Vita's interests in these funds were not subject to consolidation as it does not meet the "control" requirements of IFRS 10, but nonetheless fall under the scope of IFRS 12 as they are unconsolidated structured entities. The purpose of these investments made by the parent company is to diversify the financial instruments portfolio used to cover Class I products (Separately Managed Accounts), with the objective of mitigating exposure to Italian government bonds and corporate bonds denominated in euro.

Relative to financial instruments acquired to cover Unit-Linked policies, these are measured at the value on the last trading day of the year and at the end of the year in question amounted to € 7,600,372 thousand (€ 4,831,750 thousand at 31 December 2020). This growth is mainly due to positive net revenue recorded during the year.
In relation to operations in derivatives, at 31 December 2021 all operations on derivatives had matured, of which three, subscribed in February 2021 for a nominal value of € 700 million, had matured in November 2021, while the previous five positions, subscribed during 2020 for a nominal value of € 1,260 million, matured in the second quarter of 2021.
These are forward sale transactions, fair value hedging in nature, in order to mitigate the risk of changes in the fair value of the underlying securities, subject to hedging, deriving from interest rate fluctuations

Investments during the period by the company, due to the trends on the financial markets being less favourable compared to the previous financial year, generated a decrease in the market value for a total of € 4,087,604 thousand, and ordinary income for a total of € 2,605,414 thousand.

(€k)

	31/12/2021		
	Net gains and losses	Interest /Dividends	Net Unrealised Gains
Equities	17,194	7,430	61,794
Government Bonds	(113,580)	1,911,805	(4,385,197)
Corporate Bonds	(11,152)	440,225	(384,998)
Structured notes		15,861	(13,684)
Collateralised securities			
Collective Investments Undertakings	195,480	230,093	634,498
Forwards			
Total	**87,943**	**2,605,414**	**(4,087,588)**

Equity investments held by the company at 31 December 2021 amounted to € 426,555 thousand and refer, as indicated previously:

- to Poste Assicura S.p.A. for € 297,791 thousand, a 100% controlled subsidiary operating in the non-life segment, excluding vehicle insurance;
- to Europa Gestioni Immobiliare S.p.a., for € 108,808 thousand, held by Poste Vita and Poste Italiane S.p.A. with 45% and 55% equity interests, respectively, operates primarily in the real estate sector for the management and development of real estate assets no longer used by Poste Italiane S.p.A.;
- to Poste Welfare Servizi S.r.l for € 19,971 thousand, an equity investment fully acquired on 4 November 2015, in order to strengthen the Insurance Group's individual and collective offerings in the Health sector. For the equity investment in Poste Welfare Servizi, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane S.p.A. 100% of the shares held in Poste Welfare Servizi, as described in section "A5".

Finally, note that for the purposes of preparing the Poste Vita Group Consolidated Financial Statements, the carrying amount of the equity investments held by the parent company Poste Vita in the subsidiaries Poste Assicura and Poste Welfare Servizi were eliminated against the corresponding portion of shareholders' equity against line-by-line inclusion of the assets and liabilities of the subsidiaries.

Investment Performance - Poste Assicura S.p.A.

With reference to investment policies, in compliance with the framework resolution on investments approved by the Board of Directors, an asset management policy was maintained that features a prudent approach intended to preserve the solidity of the company's equity. In relation to the stated investment policies and current market situation, asset allocation has not changed substantially in terms of country risk, with a portfolio almost entirely invested in Italian government bonds.

The financial portfolio, measured at fair value with the exception of equity investments, amounted at the end of 2021 to € 513,355 thousand, an increase of € 59,337 thousand compared to the figure recorded at the end of 2020 (equal to € 454,019 thousand) mainly due to inflows (net of claims and expenses).

Assets invested by Poste Assicura S.p.A. at 31 December 2021 show a Solvency value of € 513,355 thousand, an increase of € 26,889 thousand with respect to the statutory figure, broken down as follows:

(€k)

	31/12/2021			31/12/2020		
	Solvency II value	Statutory accounts value	Delta	Solvency II value	Statutory accounts value	Delta
Government Bonds	445,545	419,538	26,006	401,928	364,023	37,905
Corporate Bonds	67,811	66,929	882	52,091	50,678	1,413
Total	**513,355**	**486,467**	**26,889**	**454,019**	**414,701**	**39,317**

At 31 December 2021, the company held the entire share capital of Poste Insurance Broker S.r.l., which recorded a net loss of € 346 thousand (€ 96.2 thousand at the end of 2020). Shareholders' equity at 31 December 2021, which was affected by the loss during the period and losses in previous financial years, amounted to € 119 thousand, therefore leading to losses greater than one third of the share capital with the consequent need for the shareholder to make a sinking fund contribution for an amount of € 900 thousand to cover the losses in line with article 2482 bis of the Italian Civil Code, while ensuring the capital strengthening of the capital and its ability to continue as a going concern.

Consequently, at the meeting on 18 February 2022, the Board of Directors of the company and the sole director, having ascertained that the aforesaid conditions had been met, convened the shareholders' meeting on 21 March 2022 for the necessary measures and the BOD of the parent company Poste Assicura on 24 February 2022 in order to approve the proposed capital strengthening.

Furthermore, the company holds 5% of the capital in Consorzio Logistica Pacchi S.c.p.A., acquired on 30 June 2020, the shareholders' equity of which amounted to € 788 thousand at 31 December 2021.

The aforesaid investments generated a decrease of around € 13,949 thousand in the market value of the securities, whereas with reference to the ordinary income accrued, the result for the period was € 7,253 thousand, as shown in the following table:

(€k)

	31/12/2021		
	Net gains and losses	Interest / Dividends	Unrealised gains and losses
Government Bonds	(343)	6,723	(12,872)
Corporate Bonds	(16)	529	(727)
Equities			(346)
Totale	**(359)**	**7,253**	**(13,946)**

Note that the Equities category contains only equity investments held by the Subsidiary.

Additionally, pursuant to Article 124-*sexies* of the Consolidated Law on Finance (CLF), as referenced in **Article 5 of IVASS Regulation 46 of 2020**, note that it is held appropriate to differentiate the description of the share investment strategy and agreements with asset managers, on the basis of the type of portfolio - either Separately Managed Accounts or Internal Insurance Fund.

<u>Share investment strategy and agreements with asset managers for Separately Managed Accounts portfolios</u>

The Poste Vita Group's investment strategy, aimed at stabilising performance combined with a low risk profile, is defined in the context of an integrated asset and liability management process (Asset Liability Management - "ALM"), aimed at determining the medium/long-term composition of the investment portfolio. The medium/long-term composition derives from a strategic asset allocation process (Strategic Asset Allocation - "SAA") which identifies the target weights assigned to various asset classes. The Poste Vita Group's ALM and SAA processes are centred around the "*prudent person principle*", ensuring the continuous maintenance of an adequate level of quality and diversification within the portfolio, together with appropriate levels of liquidity, security and profitability.

In terms of the portfolios associated with Poste Vita S.p.A. Separately Managed Accounts, note that the current investment strategy calls for the acquisition of mainly bonds and, in any case does not allow for direct investment in share-based securities.

Asset management agreements, made with both Poste Vita Group and third party asset managers, do not allow for direct management of share-based securities. Management agreements are constructed to align with the profile and duration of the insurance company's liabilities, most of which are long-term. More specifically, agreements are based on a standard which requires the asset manager to provide their services within the context of a specific mandate, which contains objectives and specific investment guidelines deriving from the SAA process and which are periodically revised by the Poste Vita Group.

<u>Share investment strategy and agreements with asset managers for Internal Insurance Fund portfolios</u>

With regards to Internal Insurance Funds ("Internal Funds"), the strategic investment policy is determined at the time they are established, as indicated in the regulations for each Internal Fund.

Management of Internal Funds is outsourced to delegated managers, on the basis of a specific mandate which requires the manager to follow the regulation for each Internal Fund.
The stock investment strategy is carried out through investments in UCITS, for the majority of Internal Funds.
At the time this report was prepared, only one of the Company's Internal Funds invests directly in stocks. More specifically, this is the Internal Fund known as Poste Vita Soluzione Italia which is associated with the unit-linked product known as Postevita Soluzione Italia (the "Product"). Note that this Internal Fund calls for, among other things, direct investments in companies with shares listed on a regulated Italian market or a regulated market in another European Union member state. In fact, the Product is intended to serve as a long-term savings plan (PIR).
The scope of the Internal Fund is, in particular, that of creating capital growth, mainly investing in the Italian business system, with a medium/long-term view.
With respect to that required in IVASS Regulation 46 in relation to information regarding management agreements, note first of all that the management mandate between the Company and the delegated manager calls for the investment strategy to be aligned with the characteristics of the liabilities, in that it requires compliance with the Internal Fund regulation mentioned above, also included with the Product documentation, which represents the Company's commitment with respect to investors/policyholders.
However, there is no incentive for the asset manager to make investment decisions based on valuations related to the long and medium-term financial and non-financial results of the subsidiaries nor to work with such companies to improve their medium and long-term results. For the equity investment, the regulatory requirements needed to classify the product as "PIR compliant" must be met.
Additionally, no variable remuneration on the basis of management results is called for. Instead, measurement and monitoring parameters relative to the manager's actions are indicated, to verify compliance with the investment guidelines contained in the management agreement.
Finally, there is no pre-set portfolio rotation value, in that this was not held to be a useful parameter for the investment strategy of the Internal Fund in question.
Finally, note that the agreement with the manager lasts for two years, renewed tacitly every two years. The Company can withdraw from the contact at any time following methods in line with sector regulations.

A.4 Performance of other assets

With reference to organisational aspects, the operating costs[5] at Group level at the end of the period amounted to a total of around € 140,783 thousand, an increase compared to € 118,023 recorded in the same period in 2020. Operating costs mainly relate to personnel expenses, commercial costs, costs for IT services and costs for professional services/consulting to support the business.

With reference to the parent company **Poste Vita S.p.A.,** during the period the operating costs, net of intercompany eliminations, amounted to € 106,993 thousand, an increase compared to

[5] Overheads allocated to acquisition costs and administrative expenses.

€ 86,460 thousand recorded during 2020 mainly due to the impact of higher costs for IT fees payable to the DTO function of Poste Italiane, as well as for professional services incurred also in support of the analyses conducted by the company for the IVASS inspection that concluded with the inspection report on 26 July.
Operating costs mainly refer to sales/advertising expense, IT services expenses, consulting/professional services and personnel expense.

Relative to the subsidiary **Poste Assicura S.p.A.**, as in previous years, projects aimed at supporting business development and to ensure continuous functional/infrastructure improvement of the most important business support systems continued. Operating costs, net of intercompany eliminations, at 31 December 2021 amounted to € 23,466 thousand, an increase compared to € 21,815 thousand recorded in the corresponding period of 2020 mainly as a result of the higher costs paid to the parent company Poste Italiane related to IT, call centre and back office DTO fees. The operating costs mainly refer to personnel expense, commercial costs/publicity expenses, costs for IT services and consulting/professional services.

With reference to the subsidiary **Poste Welfare Servizi S.r.l.**, during the period, in line with the previous financial year, project activities continued in support of the industrial development of the Poste Italiane Group. In relation to this, operating costs net of infragroup cancellations totalled € 9,587 thousand, substantially in line with the figure recognised for the same period of 2020 (€ 9,636 thousand) and mainly referring to personnel expense, costs for services, costs for IT services and specialist support and amortisation/depreciation.

With reference to the subsidiary **Poste Insurance Broker S.r.l.**, operating costs at the end of the period amounted to € 737 thousand, an increase on the € 112 thousand recorded in the same period in 2020, mainly due to the increase in commissions payable to the parent company Poste Italiane associated with the growth in intermediated volumes.

Lastly, with reference to the extraordinary management, the parent company **Poste Vita S.p.A.**, during the period recorded extraordinary income for € 2,312 thousand (€ 24,855 thousand in 2020) pertaining exclusively to:

- realised gains on securities in the non-current segment for € 1,351 thousand;
- for € 961 thousand to the contingent assets arising from higher costs allocated at the end of the previous financial year. In this respect, the figure from 2020 for € 21,799 thousand referred almost exclusively to the lower current taxes associated with the tax benefit following application of the “Patent Box” subsidised taxation scheme.

In terms of extraordinary expense, the figure in 2021 was 3,821 (€ 933 thousand in 2020) and mainly refers to contingent liabilities deriving from greater costs not recognised at the end of the previous year for € 3,815 thousand.

The subsidiary **Poste Assicura S.p.A.** recorded extraordinary income during the year for € 576 thousand (compared to € 874 thousand referring to 2020) and referring exclusively to the higher costs allocated in the previous financial year.

With reference to extraordinary income, the figure recorded in 2021 amounted to € 956 thousand (€ 556 thousand in 2020) referring entirely to contingent liabilities related to costs not allocated in the previous financial year.

Pursuant to Article 9, paragraph 1 of Delegated Regulation EU 2015/35, specifically with regard to application of accounting standard IFRS 16 - Leasing, in effect as of 1 January 2019, note the following economic effects for the parent company **Poste Vita S.p.A.**:

- straight line amortisation of assets which are the subject of leasing contracts, equal to € 3,246 thousand at the end of the period;
- the recognition, at the time periodic rent is paid, of financial expense calculated using the internal contract rate, falling under the scope of the stated standard, with a corresponding reduction in the financial liability in an amount equal to € 244 thousand at the end of the period.

The economic effects deriving from application of IFRS 16 relative to the Subsidiary **Poste Assicura S.p.A.** are illustrated below:

- systematic amortisation of assets which are the subject of leasing contracts, equal to € 197 thousand at the end of the period (€ 48 thousand net of infragroup cancellations, made for the purposes of preparing the Consolidated Financial Statements, relative to sublease contracts for company offices signed with the parent company Poste Vita S.p.A);
- the recognition, at the time periodic rent is paid, of financial expense calculated using the internal contract rate, falling under the scope of the stated standard, with a corresponding reduction in the financial liability in an amount equal to € 1.2 thousand at the end of the period (€ 0.6 thousand net of infragroup cancellations, made for the purposes of preparing the Consolidated Financial Statements, relative to sublease contracts for company offices signed with the parent company Poste Vita S.p.A.).

Economic effects deriving from application of the stated standard relative to the subsidiary **Poste Welfare Servizi S.r.l.** are illustrated below:

- systematic amortisation of assets which are the subject of leasing contracts, equal to € 558 thousand at the end of the period (€ 293 thousand net of infragroup cancellations, made for the purposes of preparing the Consolidated Financial Statements, relative to sublease contracts for company offices signed with the parent company Poste Vita S.p.A.)
- the recognition, at the time periodic rent is paid, of financial expense calculated using the internal contract rate, falling under the scope of the stated standard, with a corresponding reduction in the financial liability in an amount equal to € 1.2 thousand at the end of the period (€ 0.6 thousand net of infragroup cancellations, made for the purposes of preparing the Consolidated Financial Statements, relative to sublease contracts for company offices signed with the parent company Poste Vita S.p.A.).

A.5 Other Information

Related party transactions

In addition to the companies of the Poste Italiane Group, in line with the provisions of IAS 24 (para.9), related parties include the MEF, Cassa Depositi e Prestiti S.p.A., the entities controlled by the MEF and the key managers of the company. The State and public entities other than the MEF and its subsidiaries are not considered related parties; moreover, transactions with related parties do not include those generated by financial assets and liabilities represented by financial instruments, with the exception of those issued by companies belonging to the Cassa Depositi e Prestiti Group.
In particular, at 31 December 2021, the Poste Vita Group held bonds issued by Cassa Depositi e Prestiti as private placements for a nominal value of € 522 million and a total market value of € 546.6 million, acquired under market conditions.

Legal disputes

Pending civil lawsuits against the Parent Company, Poste Vita, primarily relate to issues directly or indirectly underlying insurance contracts.
Of all the disputes initiated against Poste Vita, one part refers to issues related to the fact that the “dormant policies” were time barred, while the remaining general dispute concerns matters related to the non-payment of policies due to incompleteness of the claim settlement process including cases related to the non-identification of the customers, conflict between beneficiaries in the context of succession or issues related to settlements.
In relation to events involving “dormant policies”, note that in recent years the Ministry of Economic Development has published various specifications for the reimbursement of sums relative to policies subject to biennial statutes of limitations in favour of beneficiaries, relative to which Poste Vita denied payment in that, pursuant to Law 166/2008, it is required to pay these amounts to the Indemnity Fund for Investors Victimised by Financial Fraud, established by the Ministry of Economy and Finance and managed by CONSAP S.p.A.
At present, ministerial initiatives call for partial reimbursement by CONSAP S.p.A. to customers of sums paid to the Fund for policies subject to statutes of limitations prior to 1 January 2012 (with the most recent specifications, the VIII, CONSAP S.p.A. will assess reimbursement requests presented between 15 June 2020 and 15 September 2020).
There has also been a constant increase in bankruptcy proceedings against employers for non-payment of voluntary and compulsory contributions (TFR) in favour of members of the “Postaprevidenza Valore” Individual Pension Plan and in relation to which Poste Vita was set up in order to proceed with the recovery of the related sums, incurring the related costs.
Lastly, there is a growing number of enforcement procedures involving the Company as a third party foreclosed also in relation to sums due to policyholders.
Criminal proceedings begun by Poste Vita, as a general rule, involve cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.
In particular, there were two cases of fraud.

The first, mostly limited to 2019, involves cases of fraud (27 cases to date) regarding settlement requests for life insurance policies accompanied by falsified documentation sent directly to Poste Vita, thus without the intermediation of Poste Italiane, as a result of which insurance payments were often made to parties found not to be legitimate. In some cases, fraud was merely attempted and there were no losses for the company. Where applicable, Poste Vita nevertheless took action by implementing the appropriate initiatives in criminal matters.
The second fraudulent situation was found in Palermo and came to light following a number of inspections by the Questura di Palermo on various settlement requests for so-called TCM policies (in one case, the request involved a P&C policy of Poste Assicura) for claims all characterised by suspicious recurring elements. The company took criminal measures for all positions attributable to this situation, where necessary. For a number of positions, the proceeding concluded via a penalty resulting from plea bargaining or summary disposition. Judgement is still pending for other positions.

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The disputes initiated against the subsidiary Poste Assicura to date mainly concern disputes for the settlement of insurance benefits relating in most cases to Household, Accident and Condominium Policies and mostly concerning reasons for the non-operational nature of the insurance guarantee for TPL cases (both private and professional) in which the liability of the policyholder is not proven and there are financial claims exceeding the estimated value of the damage suffered, as well as claims deemed dubious.
The probable outcomes of disputes were taken into account when determining the claims provision.
The positions of a criminal nature concern, as a general rule, cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.
In addition, there have been a number of serial claims involving fraud relating to accident and home-family policies, for which the Company has already taken appropriate action. A recent series of suspected false claims identified in the areas of Locri, Matera and Barcellona Pozzo di Gotto should also be noted, relative to which the Company has taken action, filing an official complaint with the judicial authorities.
In the area of tenders, note the appeal filed with the Council of State by Poste Assicura, together with its coinsurers AXA and HDI, regarding the call for tender issued by the Italian Red Cross to provide insurance coverage for “volunteer personnel accidents” between 2019-2021 (the amount of the tender presented by the temporary association of Poste Assicura/AXA/HDI was around € 7 million), was resolved with a ruling in favour, with full payment of court costs.
More specifically, the Council of State judges, accepting the arguments put forward in the favour of the Company, recognised the ambiguity and lack of clarity in the tender documents issued by the Italian Red Cross Association, accepting Poste Assicura’s requests in the context of the temporary association.
The dispute, which was resolved favourably in the second instance, was followed by an order of compliance due to the failure of the contractor to comply immediately with the judgement issued by the judges. In this regard, this latest proceeding was resolved in favour of the company and any awarding is pending.

Dispute with INPS

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

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

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

Management of Fondazione Policy Claims

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

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

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

Extraordinary transactions

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

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

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

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

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

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

b) Transfer of equity investment in Poste Welfare Servizi Srl

On 26 January, the Board of Directors of Poste Vita resolved on the proposed transfer by Poste Vita to Poste Italiane of 100% of the shares held in Poste Welfare Servizi S.r.l. (hereinafter "PWS").
The operation – qualifying as intercompany and between related parties – is part of the wider company reorganisation of the Poste Italiane Group, which involves the formation of centres of expertise and excellence; in particular, in the case of PWS it was considered that the consolidated skills developed in the healthcare sector could be integrated with the skills recently developed by the parent company Poste Italiane through the delivery of services both via the IT platform for the Italian COVID-19 vaccination campaign, and the medical centre operating at the offices at Viale Europa and providing services to Group employees.
To determine the economic value of PWS, and thus the suitability of the agreed fee, a mandate was granted to an independent assessor, which an estimate of the economic value of PWS on 14 January. Therefore, the consideration agreed between the parties was established at around € 70 million, a value deemed appropriate within the range of economic values of PWS – between € 64 million and € 76 million – identified by the aforesaid assessor.
The operation in question was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares.
PWS will continue to provide management services for claims settlement management and services involving Poste Assicura contracts, in line with the provisions of the latter's business plan.

Principal proceedings pending and relations with the Authorities

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

The sanction proceedings filed to date against the parent company Poste Vita arose from objections from the sector supervisory authority for the alleged violation of art. 183, paragraph 1, letter a) of the Italian Private Insurance Code, which requires that undertakings, in execution of contracts, act with diligence, fairness and transparency.
Therefore, IVASS has to date filed administrative sanctions against Poste Vita mainly related to the delay in the settlement of insurance services after the contractually established deadline, while in one circumstance it challenged the delay in the response to a request for information after the deadline established by the regulations.
For all proceedings, the parent company filed its defence briefs and three of the four cases mentioned are now resolved.
For appropriate disclosure, in August 2021, IVASS formalised the filing of a proceeding launched in August 2020 without imposing any sanctions and thus fully defining the relative positions.

On the other hand, with regard to a proceeding filed in February 2020 against Poste Vita, the authority found that the disputed violation was still outstanding, considering, however, application of a sanction corresponding to the minimum fine notified in 2021 to suitable, with an injunctive order that was followed by the payment.
At the reporting date, a single proceeding is open, notified in February 2021, regarding which Poste Vita is awaiting the decisions of the authority, which will be able to formulate a sanction proposal, in this case, without prejudice to the right of the company to submit further observations.

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On 4 May 2021, IVASS sent Poste Vita a communication requesting the presentation of an action plan within 60 days, containing the initiatives the parent company intends to adopt to improve processes relative to management of dormant policies.
The relative action plan, containing the initiatives the company intends to adopt, together with assessments of the Compliance and Internal Audit reports, was approved by the Board of Directors at its meeting on 22 June 2021 and sent to the Authorities on 2 July 2021.

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

b) Bank of Italy

The Bank of Italy's Financial Intelligence Unit (UIF) conducted a number of inspections of the Company in 2015 and 2016, in relation to anti-money laundering as per art. 47 and art. 53, paragraph 4, of Legislative Decree 231 of 2007. On 8 July 2016, the UIF sent the Parent Company, Poste Vita, a notice of assessment and violation, alleging the company's failure to promptly report suspect transactions (regarding transactions relating to a single policy) pursuant to art. 41 of Italian Legislative Decree no. 231/2007.
As a result of the related proceedings and having examined the defence papers duly filed by Poste Vita, on 29 May 2019, the Ministry of the Economy and Finance notified the Company of the decree by which it ordered Poste Vita to pay a fine of € 101,400, equal to 10% of the amount of the violation.
The Company carried out its assessment of the case and filed opposition to said decree within the terms of the law. The proceeding is still pending.

Inspections

On 14 December 2020, IVASS launched an ordinary inspection regarding aspects of governance, management and control of investments and financial risks.
The inspection ended on 7 May 2021 and the inspection report was delivered to the parent company Poste Vita at the meeting of the Board of Directors on 26 July 2021 and contained "partially unfavourable" findings.
The results of the inspection included findings, some of which had already been anticipated during the inspection and in relation to which on 12 April 2021, the Board of Directors of Poste

Vita had already approved a targeted Action Plan aimed at overcoming them. To further strengthen the internal control and risk management system with regard to financial investments, the aforementioned Action Plan was subsequently supplemented by the Poste Vita management and such additions were approved by the Board of Directors on 22 October 2021 following receipt of the inspection report by the Supervisory Authority on 26 July 2021. The HR Regulatory Systems and Processes function, as Project Manager appointed by the BOD of Poste Vita, as well as the Internal Audit and Compliance functions, were tasked with monitoring the progress of all the activities in the Action Plan and periodically reporting to the Board of Directors of the company regarding the outcomes of such monitoring.
With regard to some of the aforesaid findings, IVASS identified violations of Articles 30*bis*, 30-*ter*, 37-*ter* and 183 of Italian Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. On 25 October 2021, the parent company Poste Vita prepared defence briefs in support of the correctness of its actions and submitted them to the Supervisory Authority within the legally required deadline.

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

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On 1 March 2021 IVASS began an ordinary audit regarding anti-money laundering activities at both the parent company Poste Vita and the intermediary BancoPosta.
The inspection concluded on 18 June 2021 and the audit report was delivered to the Company at the Board meeting on 30 September 2021.
Checks were made on the organisation, procedures and internal controls adopted by the parent company Poste Vita. The reports found "*an overall satisfactory compliance framework regarding processes and procedures aimed at fulfilling customer due diligence obligations and the consequent evaluation of anomalous relationships and transactions". The decision is partially favourable, as the relationships seen as higher risk remain inadequately verified. These shortcomings concern, in particular, the assessment of how consistent transactions were with customer economic and financial profiles, which is not supported by documentation to check the information on the origin of the funds acquired by the network. The profiling system does not take into account all the risk factors referred to in Regulation 44 of 2019 and all the information collected from the customer".*
The checks performed highlighted a number of specific areas for improvement for which the company is adopting the necessary initiatives, taking into consideration the instructions received from the authority, which are expected to be completed within the first half of 2022.

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

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

On 8 April 2022, the COVIP raised a complaint over an irregularity, introducing sanctionary proceedings.
In particular, the complaints relate to two cases, namely:
- Infringements relating to the collection of members;
- Infringements relating to “Notifications in the case of payment of benefits”.

The administrative fines and penalties for the above complaints are applicable in accordance with Article 19-*quater*, paragraph 2, letter b) of Italian Legislative Decree No. 252/2005.
Counterarguments may be submitted within 60 days of receipt of the complaint.

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

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As is known, due to the outbreak of war between Russia and Ukraine, volatility on the financial markets was strongly exacerbated. In the context of multi asset funds, as well as within a number of Class III funds, there are some indirect exposures to the countries involved in the aforesaid events; these exposures represent approx. 0.1% of the total investments at 8 April 2022.
Furthermore, these exposures are related to fixed assets for approx. 82% and to current assets for approx. 18%.
The company is closely monitoring the evolution of the events in question and the potential impacts on financial reporting, as well as on the disclosure of the separately managed accounts, which it will provide evidence of in the next accounting statements, alongside any impacts in terms of reputational and operational risks.

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The Poste Vita Group continues to closely monitor the progress of the COVID-19 pandemic and its potential impacts on the financial reports.
In addition, at the date of this document the activities for the transfer of the office of the company and other subsidiaries to premises owned by the parent company Poste Italiane located at Viale Europa were substantially finalised. Therefore, the change in the company’s registered offices took effect on 1 March 2022.

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

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

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

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

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

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

B - SYSTEM OF GOVERNANCE

B.1 General Information about the Governance System

The governance model adopted by Poste Vita Insurance Group, is “traditional”, i.e. characterised by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.
The **Board of Directors of Poste Vita S.p.A.**, as the Italian ultimate holding company (UHC)[6] of a group subject to the supervision of IVASS, and the **Board of Directors of Poste Assicura S.p.A.** (hereinafter also “the Boards of Directors”) hold the widest powers for the ordinary and extraordinary management of the above companies, without limitation, with the power to carry out all the actions that it considers necessary and useful for the achievement of the corporate purpose, with the exception of those that by law are reserved expressly for the Shareholders’ Meeting.

These bodies meet periodically (generally at least once per month) to review and adopt resolutions on strategy, operations, results, and proposals regarding the operational structure, strategic transactions and any other obligations under current industry regulations. They therefore represent the central element for defining the Group’s strategic objectives and for guidance on the policies necessary to achieve them.

With reference to the internal control and risk management system, the Boards of Directors of each Company are the entities ultimately responsible for the system, and they must ensure it is always complete, functional and effective.

To that end, each Board, among other things, carries out the following tasks falling under the areas of responsibility (consistent with reference regulations and the By-Laws):

- approves the organisational macro-structure and the assignment of tasks and responsibilities to operating units, monitoring their adequacy over time so as to promptly adjust them to changes in strategic objectives, operations and the context in which the company operates, informing the Supervisory Authorities of any significant changes made to the organisational structure, as well as the internal or external causes that made the changes necessary. In this context, each Board is responsible, among other things, for:
    - establishing the Key Functions and defining their responsibilities, tasks, operating methods and the nature and frequency of their reporting to the Corporate Bodies and other relevant functions, consistent with the Group and Individual Company’s “Guidelines on the Internal Control and Risk Management System”;
    - appointing and dismissing the Heads of the Key Functions, consistent with the requirements established under internal and external regulations (including,

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

among other things, assessment of whether the requirements necessary for the position are met);
  - ensuring: i) the adoption and formalisation of adequate decision-making processes, ii) appropriate separation of functions is implemented and iii) that tasks and responsibilities are adequately assigned, distinct and coordinated in line with company policies and reflected in the descriptions of tasks and responsibilities. In this context, they ensure that all relevant positions are assigned and that unnecessary overlapping is avoided;
  - approving the “Guidelines on the Internal Control and Risk Management System,” to be disseminated to all relevant structures;
  - approving, consistent with regulatory requirements and monitoring adequacy over time, the system used to delegate powers and responsibilities, establishing tools to verify the use of delegated powers (with the consequent possibility to establish adequate measures, when the decision is made to give themselves delegated powers);
  - ensuring appropriate and continuous dialogue between all Board Committees, Senior Management and the Key Functions, also through proactive steps to guarantee efficacy;
  - representing to the Authorities, with the context of the reporting required under the law and regulations in effect, the reasons that make the Company’s organisational structure able to guarantee the completeness, functioning and efficacy of the corporate governance system;

- with specific reference to the Corporate Governance System, they are also responsible for:
  - defining directives, reviewing them at least once per year and monitoring adaptation to changes in company operations and external conditions; in this context, they approve the company policies identified under the regulations, ensuring consistency between these and the Company’s strategy, as well as with Group policies;
  - promoting a culture of integrity within internal control, such as to raise overall staff awareness of the importance and utility of internal control to protect against risks;
  - approving the policy to identify and measure the requirements for positions, in terms of ethics, professionalism and independence, in line with that established under the reference regulations and assessing, at least once per year, the existence of these requirements relative to the persons identified in the policy, as well as for the Administrative Body as a whole;
  - ensuring, through appropriate measures, continuous professional training for employees and members of the Administrative Bodies of the Companies, preparing specific training/informational plans;
  - carrying out, at least once per year, a self-assessment regarding the size, composition and effective functioning of the Administrative Body of each Company, as a whole, in line with current regulations;

  - ensuring an internal review, at least once per year, of the Corporate Governance Systems of the Companies, in line with current regulations, verifying the alignment of these systems with strategic objectives, risk appetite and risk ceilings established, and receiving the results of this review, highlighting any corrective measures taken;

- with specific reference to the Risk Management System (hereafter, also “RMS”), each Board of Directors is responsible for:
  - determining the system of risk objectives (so-called “Risk Appetite Framework” or “RAF”); in this context: 1) it defines, based on relevant assessments (including ORSA), the risk appetite of the undertaking in line with its overall solvency requirement, 2) it identifies the types of risk considered appropriate to take and 3) it sets in a coherent manner the risk tolerance limits, which it reviews at least once per year to ensure their efficacy over time;
  - approving strategies (including medium/long term), the risk management guidelines and, in line with the above, the guidelines on underwriting, reservation, reinsurance and management of operational risk, while also approving the risk tolerance levels and principles underlying the related processes;
  - approving, for the major sources of risk identified, the Emergency Plan (so-called “Contingency Plan”) to ensure the regular nature and ability to continue as a going concern, to be reviewed annually and made accessible to personnel as per regulation;
  - defining ORSA directives, including the relative Policy and the criteria and methods used to assess risk, especially the most significant risks;
  - approving the results of periodic ORSA evaluations, sending them to Senior Management together with the relevant conclusions;
  - carrying out all tasks required under the regulations if an internal model or specific parameters are used to determine the Solvency Capital Requirement;
- defining, when appropriate, the directives and criteria for the circulation and collection of data and information needed for Group supervision, as well as internal control directives to ensure the completeness and timeliness of the relative information flows;
- ensuring the tasks required relative to the Group’s Reporting Policy are carried out (regarding reporting to be provided to IVASS and the public);
- defining and periodically revising the Remuneration Policy, to be approved by the Shareholders’ Meeting, with the responsibility for ensuring it is applied in line with the requirements under the law;
- approving the policy on outsourcing and selection of suppliers, defining the strategy and relative strategies for the duration of the same;
- approving the Capital Management Policy and the Medium-Term Capital Management Plan, in line with regulatory requirements;
- approving the strategic plan on information and communications technology (“ICT”), including company cyber security, in line with the standards;

- receiving specific flows of information to verify that Senior Management implements the internal control and risk management system in accordance with directives and that it evaluates the functionality and adequacy of the same;
- requesting that any significant problems identified are promptly reported (by Senior Management, the Key Functions or personnel in general), with the aim of issuing directives for the adoption of corrective measures, to be subsequently assessed for effectiveness, and identifying and special events or circumstances that require immediate action by Senior Management;
- approving the Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, in order to promote the dissemination of an adequate culture of internal controls;
- assigning the supervisory functions pursuant to art. 6, paragraph 1, letter b) of Italian Legislative Decree no. 231/2001 to a body established for that purpose (the Supervisory Board), the members of which are appointed by the same Board of Directors as defined by the Organisation, Management and Control Model adopted by the company;
- promoting dialogue with the company’s relevant stakeholders, in line with the guidelines and strategies defined and with the initiatives carried out, for the Group, by the parent company Poste Italiane.

In terms of the way work is done, note that each Board of Directors is informed and involved in all significant decisions in terms of risk assumption and management. This occurs not only with reference to financial risk (investments), but also with regards to stress test results, the (financial and technical) risks deriving from the features of insurance products and, in any case, relative to all the most significant operations in which each Company is involved, taking into account their volumes and operating characteristics, including strategic and reputational risk.

Additionally, the Boards of Directors receive specific flows of information from the Key Functions and Line Functions/Staff to verify that Senior Management properly implements the Internal Control and Risk Management System in accordance with directives and that it evaluates the functionality and adequacy of the same.

This said, on the basis of the results of the process for self-assessment of complexity/risk levels as required by the applicable regulations (Letter to the Market dated 5 July 2018), **Poste Vita S.p.A.** identified the applicability of a “strengthened” corporate governance system, which it adopted at company level and as UHC of the Poste Vita Group and which is still consistent for Poste Vita in light of its size, and proportionate to the nature, scale and complexity of the activities carried out and therefore to its risk profile, while **Poste Assicura S.p.A.** deemed an “ordinary” governance model to be adequate, also deciding to apply on a voluntary basis certain corporate governance mechanisms typical of the “strengthened” system.

In line with the results of such process and as part of the adjustment activities to IVASS Regulation no. 38/2018, the **Board of Directors of Poste Vita S.p.A.** then established specific internal board committees, formed of non-executive directors, tasked with carrying out research, providing advice and making recommendations, in order to increase the efficiency and efficacy of its activity and to facilitate decision-making in sectors with a high risk of conflict of interest.

Specifically, the **Board of Directors** of Poste Vita S.p.A. is supported by the following Committees:

- **Internal Control and Risks and Related Party Transactions Committee** which, as will be detailed below, as a Group Committee also carries out its responsibilities relative to internal control and risk management for the subsidiary Poste Assicura;
- **Remuneration Committee.**

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

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

That being said, the **Remuneration Committee** is responsible for providing consultation and proposals in the context of defining the Remuneration Policies adopted by the Company and giving proposals on fees for each of the Directors with special roles. It also verifies the congruence of the overall remuneration structure and the proportionality of remuneration for executive directors with respect to significant employees of the Company, taking into account the risk profile of the same. Additionally, the Committee (i) periodically submits the remuneration policies for examination, to guarantee their adequacy also in the case of changes in company operations or the market context in which it works, (ii) identifies potential conflicts of interest and the measures adopted to manage them, (iii) ascertains whether the conditions for incentive payments to significant employees have been met and (iv) provides information to the Board of Directors regarding the effective functioning of the remuneration policies. The Remuneration Committee was also assigned the task of expressing an opinion to the Board of Directors on Related Party Transactions involving remuneration and economic benefits, in whatever form, of those who carry out functions of administration, management and control, senior management, heads of key functions, and key managers of the company or subsidiaries in accordance with the Guidelines for Operations with Related and Connected Parties.

The **Internal Control and Risks and Related Party Transactions** Committee is responsible for assisting the Administrative Body in determining guidelines for the internal control system and identifying and managing the main company risks, with the periodic assessment of its adequacy and functioning and in identifying and managing the main company risks. Relative to its area of competence and interest, the Committee also provides proposals to the Board of Directors to suggest and promote possible changes and additions to the Internal Control and Risk Management System deemed necessary or expedient. Finally, without prejudice to the aspects assigned to the Remuneration Committee, the Committee has specific responsibilities with regards to related party transactions (as defined in accounting standard IAS 24).

In this regard, since 17 June 2020, in relation to internal control and risk management, the subsidiary Poste Assicura S.p.A. has made use of the Group's Internal Control and Risks and Related Party Transactions Committee, established by the parent company Poste Vita with the consequent adjustment of the Regulations of said Committee in terms of the scope of its activities.

Relative to Poste Assicura S.p.A., the Company's Board of Directors has established, in line with the results of the process and in line with the rights granted under the IVASS Letter of 5 July 2018 to companies adopting an "ordinary" governance mode:

i) **that remuneration tasks are exercised by the Board of Directors as a *plenum*.** With this view and consistent with the described organisational choice, the Board of Directors consequently:

- provides consultation and proposals in the context of defining the Remuneration Policies and gives proposals on fees for each of the directors with special roles;
- periodically reviews the Remuneration Policies to guarantee adequacy also in the case of changes to company operations or in the market context in which it works, as well as to ensure effective functioning;
- verifies the congruence of the overall remuneration structure and the proportionality of remuneration for executive directors with respect to significant employees of the Company, taking into account the risk profile of the same;
- identifies potential conflicts of interest and measures adopted to manage them;
- ascertains whether the conditions for inventive payments to significant employees have been met.

ii) **in relation to internal control and risk management, makes use of the Group's Internal Control and Risks and Related Party Transactions Committee established by the Italian ultimate holding company (Poste Vita).** In line with the indications expressed by the Board of Directors of the parent company Poste Vita, the Committee is suitable to adequately monitor the specific risk profile of the subsidiary.
More specifically, the Committee in question is responsible for assisting the Administrative Body in determining guidelines for the internal control system and identifying and managing the main company risks, with the periodic assessment of its adequacy and functioning and in identifying and managing the main company risks.
Relative to its area of competence and interest, the Committee also provides proposals to the Board of Directors to suggest and promote possible changes and additions to the Internal Control and Risk Management System deemed necessary or expedient.
Finally, the Committee is assigned specific tasks relative to related party transactions (as defined in accounting standard IAS 24, better identified in the Single Scope of Related Parties and Associated Entities of the ultimate parent Poste Italiane S.p.A.).

The **Board of Statutory Auditors of each of the Poste Vita insurance group companies**, under the terms of art. 2403 of the Italian Civil Code, supervises observance of the law and the Articles of Association, observance of the principles of correct administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its concrete operation.
To that end, for each Company they carry out the following tasks, among other things:

- at the beginning of its term, acquires information about the company's organisational structure and examines the work of the Independent Auditors to evaluate the internal control system and administrative/accounting system;
- verifies the appropriateness of delegations, as well as adequacy of the organisational structure, with special attention paid to separation of responsibilities in tasks and functions;
- assesses the efficiency and efficacy of the Corporate Governance System, especially with regards to the work of the Internal Audit function, for which it also verifies the existence of the necessary autonomy, independence and functioning;
- maintains appropriate connections with the Internal Audit function;
- monitors prompt exchanging of significant data and information with the Independent Auditors to carry out their tasks, also examining the periodic reports of the Company;
- informs the Board of Directors of each Company of any anomalies or weaknesses in the organisational structure and Corporate Governance System, indicating and promoting appropriate corrective measures;
- plans and carries out, also in coordination with the Independent Auditors, periodic audit's aimed at ascertaining whether issues/anomalies identified have been resolved and if, with respect to that determined at the beginning of the term, any changes have occurred in the Company's operations such as to require an adjustment in the organisational structure and/or Corporate Governance System;
- keeps adequate evidence of the observations and proposals made and of subsequent verification activities regarding implementation of any corrective measures;
- validates the report on the completion of the procedure to select the Independent Auditors, presenting it to the Board of Directors with the relevant recommendation.

The Board of Statutory Auditors of Poste Vita S.p.A. and the Board of Statutory Auditors of Poste Assicura S.p.A. also report any problems identified in the system to Senior Management of the relative Companies, subsequently verifying whether the initiatives adopted have eliminated the problems in question.

Key Functions:

- **Risk Management**: responsible for guaranteeing development of risk management methodologies and identifying, assessing, measuring and monitoring all relevant risks, monitoring their consistency with the risk appetite defined and helping to define and implement actions to mitigate the same; monitors capital adequacy levels with respect to risk taken on; provides the necessary informational flows to senior management and company bodies.
- **Actuarial Function**: responsible for carrying out second-level controls of technical provisions, underwriting policies and reinsurance envisaged by industry regulations, contributing to the application of the risk management system, with particular reference to risk modelling underlying the calculation of the capital requirements and the internal risk and solvency assessment; ensuring the necessary information flows towards senior management and the corporate bodies.
- **Compliance**: responsible for ensuring in the context of the regulatory framework of reference, second-level controls on compliance, while assessing the adequacy and

efficacy of the prevention measures adopted, for the purposes of adequate supervision of non-compliance risk, assessing the operational and managerial adequacy of the processes and procedures to develop and provide insurance products in order to guarantee due transparency towards customers, collaborating with the interested structures for the identification of the related mitigation measures, providing adequate support for the operating structures and the necessary information flows to senior management and the corporate bodies, ensuring specialist support for the 231 Supervisory Body in the assessment of the compliance aspects set out by Italian Legislative Decree 231/01, ensuring the supervision and monitoring activities of the Integrated Quality And Anti-Corruption Management System and, lastly, ensuring the controls over the distribution network in line with industry regulations.

- **Internal Auditing**: responsible for monitoring and evaluating the efficacy, efficiency and adequacy of the Internal Control System as well as additional components of the Corporate Governance System, through independent and objective assurance activities, using a systematic and risk-based professional approach. The Function periodically reports to the Board of Directors, control bodies and senior management on the results of its work, providing information on assessments and findings, also immediately reporting on any situations of particular gravity identified in the context of audits performed. Lastly, the function ensures specialist consulting and monitoring activities of the adequacy of the insurance group's anti-fraud measures, in collaboration with the competent functions, including Poste Italiane.

Information about remuneration policies and practices

At the meetings in April 2021, the shareholders' meetings of the individual companies approved the remuneration and incentive policies for 2021.
In the context of these policies, for several subjects (executive and non-executive directors, members of the Board of Statutory Auditors and so-called "Material Risk Takers"[7]), a series of remuneration mechanisms were established for sound and prudent risk management. More specifically, the policy in question establishes that the remuneration of the above individuals may consist of 3 components:

- Fixed remuneration: reflects the role expressed and is commensurate with the responsibilities assigned, also taking account of technical, professional and managerial expertise;
- Short-term variable remuneration: intended to award the performance effectively achieved in relation to assigned objectives and results achieved during the year in question, based on indicators correlated with risk and the achievement of effective and lasting results;
- Medium/long-term variable remuneration: intended to focus the attention of resources on medium/long-term strategic success factors by linking the provision of incentives to the

[7] Material Risk Takers include: general managers, key managers, heads and senior personnel of key functions and other categories of personnel whose activities could have a significant impact on the risk profile of the undertaking, identified by the undertaking based on justified and adequately formalised decisions.

performance effectively achieved in the multi-year period of reference, in line with the objectives of the Group's strategic plan.

That being established, these remuneration policies, with the aim of promoting health and effective risk management, discouraging the taking on of risk which exceeds the limits tolerated, call for:

- balance between fixed and variable components (so-called "bonus") of the total remuneration;
- threshold parameters for the distribution of bonuses commensurate with performance and the level of risk to which the Company is exposed (the latter determined with regards to the Solvency II regulations);
- objectives, assigned to the above individuals, which include measurements of performance which adequately incorporate risk, including prospective, associated with the results achieved by the Company and the correlated charges, taking into due account the different roles and responsibilities of the individuals in question within the company.
- mechanisms to defer the distribution of bonuses accrued;
- for the sums paid in the event of early termination of employment of directors or key managers, determination of maximum limits and the specific cases that exclude the payment of the aforesaid sums in line with the principle of sound and prudent risk management;
- application of incentive correction mechanisms both for the component accrued but not yet paid ("malus" systems and other adjustment provisions) and the entire component already paid ("claw-back" systems) for the purpose of taking account of the performance over time of the risks assumed by the company and the results effectively achieved.

The component of "medium/long-term variable remuneration" is realised through the assignment to the beneficiaries of rights to receive units representing the value of the Poste Vita S.p.A. share. (so-called phantom shares) at the end of a vesting period. The number of phantom shares attributed to the beneficiaries at the end of the performance period is connected to the results achieved over a three-year period.

Relative to supplemental pension or pre-pension schemes, note that for the members of the Administrative and Control bodies, no specific programmes or benefits are established while, with reference to the heads of the Key Functions, as Company directors, these positions benefit from the supplementary pension schemes called for in the reference national labour contracts (CCNL).

Significant transactions during the reference period with shareholders, individuals with significant influence over the company and with members of the Administrative, Directive or Supervisory bodies.

With the exception of that represented in paragraph A.with reference to transactions with the ultimate parent Poste Italiane S.p.A., no other substantial transactions were carried out during the reference period.

Methods used to guarantee Key Functions the necessary powers, resources and functional independence from operating areas and units

In accordance with the "Guidelines on the Internal Control and Risk Management System" and the individual Guidelines for Key Functions (attributable to the internal control functions), each function in question is established as a specific organisational unit, different and independent from the other key functions and operational units, with no authority and/or responsibility over the activities in question, ensuring that the requirements meet the applicable standards. These Functions operate in accordance with the organisational principles provided by legislation in addition to compliance with the companies' policies, procedures and principles, collaborating with the Board of Statutory Auditors, the Auditing Firm, the Supervisory Board (envisaged by Italian Legislative Decree no. 231/01) and with each other.

Each Key Function must be able to depend, including through the use of external specialists, on resources who are quantitatively and qualitatively able to carry out the tasks assigned to the function, with an appropriate and adequate level of professionalism, while also guaranteeing continuous professional development.

Personnel involved in the work of the Key Function for whatever reason, must:

- base their professional work on the criteria of independence, authority and separation, to as to be able to classify their choices as "*super partes*";
- abstain from undertaking any actions that could generate conflicts of interest or prejudice the ability of carrying out their task in an impartial manner.

To carry out their tasks, each Key Function must be guarantee fee and independent access to the company structures and databases of the Companies, to obtain pertinent information/data such as management data or information of any other kind.

Methods used to achieve coordination of the Administrative and Control Bodies, and the Risk Management, Compliance, Internal Audit and Actuarial Functions

Definition of methods to achieve coordination and cooperation between the control bodies supports the overall functioning of the Internal Control and Risk Management System (hereafter, also ICRMS), as well as a clear and consistent representation of the risks to which the Companies are exposed to senior management and company bodies.

To that end, through ICRMS Guidelines, the parent company has established the following main opportunities for coordination and cooperation between the control bodies (implemented, among other ways, through the exchange of specific informational flows):

- cooperation and, when possible and expedient, coordination when identifying and updating individual annual activity plans, to guarantee adequate monitoring of the main risks to which the Companies are exposed and to allow, when possible, synergistic work as well as the identification and effective management of overlapping areas, avoiding redundancies and diseconomies;
- periodic updates on risk assessment/measurement and on the adequacy of controls, through exchanges of information on the results of individual activity and assessments of weaknesses in the internal control and risk management system. In this context, the

sharing of possible corrective actions makes it possible to avoid redundancies and inefficiencies, creating synergies by responding to the needs identified by the various Key Functions and/or other functions and individuals responsible for corporate control, better calibrating control efforts.

In addition to the above, if one of the above Functions identifies, in the context of their own work, significant information relative to the responsibilities of another Key Function, it is established that the former should promptly inform the latter.

Methods by which the Key Functions inform and support the Administration and Control Bodies.

To ensure the Administrative Body is always kept up to date, the ICRMS Guidelines call for specific information flows between the Bodies/Key Functions and the Board of Directors, mainly with regards to the proposed annual plans, the results of activities and prompt reporting on any situations of particular gravity identified.

Methods through which the internal control and risk management system and reporting procedures are consistently implemented in all Group companies.

In order to ensure that the risk management and internal control system and the reporting procedures are implemented consistently at all companies under Group supervision, and in line with the principles established by the regulations of reference, Poste Vita, in the exercise of the powers and responsibilities assigned by legislation[8] to the Italian ultimate holding company (hereinafter also "UHC") of a group subject to the supervision of IVASS and the Poste Vita Group (hereinafter also "the Group"), has defined the "Guidelines for the Internal Control and Risk Management System" of the Poste Vita Group. These Guidelines apply to the Poste Vita Group as a whole and to the individual companies of which it consists, including Poste Assicura.

The ICRMS Guidelines define the tools, organisational structures, norms and rules intended to allow for healthy and proper business management, consistent with company objectives. In this context, the parent company Poste Vita has established a structured Group level governance model implemented operationally in the subsidiaries, including Poste Assicura, based on the role of the entities involved in internal control and risk management.

This organisational model aims to ensure, at the Group level, effective and efficient business processes, control over current and future risks, constant reporting between "control levels", and reliable and complete information, while protecting assets over the medium and long term.

The internal control and risk management systems of the Group and the Companies are implemented through a series of documents prepared at the level of the Group and of the individual Company.

[8] In particular, reference is made to the "policy-making powers" over the group companies and to the responsibility for implementing the provisions on group corporate governance systems set out by Title XV of Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code) and to IVASS Reg. no. 22/2016 regarding Group Supervision.

Relative to Group level documents, we note the main ones listed here below, approved by the Board of Directors of the parent company and the subsidiary:

- Guidelines on the Internal Control and Risk Management System;
- Internal Audit Function Guidelines;
- Risk Management Function Guidelines;
- Compliance Function Guidelines;
- Actuarial Function Guidelines;
- Guidelines for Outsourcing and Supplier Choice;
- Guidelines on Assessing Possession of Necessary Requirements for a Position;
- Risk Management System Guidelines;
- Risk Appetite Framework (RAF);
- Investment policies pursuant to IVASS Regulation no. 24 of 6 June 2016 (Investment Framework Resolution);
- Reporting Guidelines;
- Guidelines for the Own Risk and Solvency Assessment (ORSA);
- Capital Management Guidelines;
- Guidelines for Handling Privileged Information;
- Internal Dealing Guidelines;
- Whistleblowing System Guidelines;
- Guidelines for Data Quality Governance;
- Risk Concentration Management Guidelines;
- Guidelines on the governance of outsourced activities at the parent company Poste Vita;
- Guidelines on Infragroup Operations;
- Guidelines on Measuring Assets and Liabilities other than Technical Provisions.

Additionally, consistent with that defined by the parent company Poste Vita, the individual Companies prepare specific documents, taking into account their own size and nature, for example:

- Guidelines on the Internal Control and Risk Management System;
- Internal Audit Function Guidelines;
- Risk Management Function Guidelines;
- Compliance Function Guidelines;
- Actuarial Function Guidelines;
- Risk Management System Guidelines – General Principles and related specialist guidelines:
    - Risk Management Guidelines;
    - Reinsurance Guidelines and additional risk mitigation techniques;
    - Reservation Guidelines;
    - Underwriting Guidelines;
    - Operating Risk Guidelines;
- Investment policies pursuant to IVASS Regulation no. 24 of 6 June 2016 (Investment Framework Resolution);

- Guidelines on Assessing Possession of Necessary Requirements for a Position;
- Complaint Management Guidelines;
- Conflict of Interest Management Guidelines;
- Organisational Model pursuant to Legislative Decree 231/2001;

as well as other corporate documents that make up the procedural corpus for the Companies and which pertain to the system of controls that help guarantee implementation of corporate directives and verify their compliance (e.g. investment limit control procedures, procedures on outsourcing and supplier selection, procedures intended to regulate administrative accounting flows and, more generally, reporting procedures).

In particular, in the context of documents prepared at the “individual company” level, consistent with those defined by the parent company Poste Vita, specific processes and procedures have been established in compliance with the requirements of the Solvency II Directive. The main ones include:

- Product Development and Launch process;
- Reinsurance Management process;
- Investment Management process;
- Capital Management process;
- Risk Management process;
- Administration, Provisions Management and Budget process.

The parent company also ensures an adequate exchange of information with the Subsidiary to optimise the activities carried out, adopting a consistent methodological approach within the Insurance Group.

Governance System Self-Assessment Process pursuant to IVASS Letter to the Market of 5 July 2018

In consideration of the requirement for supervised companies to provide themselves with a corporate governance system that is “*proportional to the nature, size and complexity of the business*” and, therefore, to its risk profile, the Letter to the Market of 5 July 2018 (hereafter, the “Letter”), establishes that the Italian Ultimate Parent Companies must adopt, as a minimum, an “ordinary” governance system and, in any case, not one of a lesser lever than the Italian subsidiaries.

In this context, the Companies of the Poste Vita Group have carried out the self-assessment processes, regarding their own complexity/riskiness, to identify the governance model to adopt after analysing the dimensions of the Companies, the complexity parameters and additional aspects identified in the Letter.

Following the analysis:

- **Poste Vita** assessed and confirmed as adequate a “**reinforced**” governance model. The reinforced governance model continues to appear appropriate for Poste Vita based on its dimensions. It is also proportionate to its nature, size and the complexity of its business, as well as its risk profile.

- **Poste Assicura** deemed an “**ordinary**” governance model to be consistent, since it is in proportion to the nature, scale and complexity of the activities carried out and therefore to its risk profile. Additionally, considering the governance structures present in Poste Assicura and those within the Insurance Group, in addition to adopting the aspects associated with the “ordinary” regime, the Company also decided to keep, on a voluntary basis, certain more detailed and stringent organisational aspects typical of the “reinforced” model, also making use of the governance structures implemented by Poste Vita as the USCI (e.g. the establishment within Poste Vita of Key Functions established as specific and separate organisational units).

Consequently, the USCI Poste Vita adopted a “**reinforced**” governance model.

B.2 Fit and Proper Requirements

As early as 2015, the parent company Poste Vita S.p.A. adopted a policy intended to ensure that the fit and proper requirements are met in terms of integrity, professionalism and independence, by those who carry out functions of administration, management and control and, including in the event of outsourcing or sub-outsourcing, by the heads and personnel of key functions and, in general, any other personnel able to significantly impact the risk profile of the company and the group (hereinafter the “Guidelines”), updating them periodically in line with current industry regulations.

In 2021, as the Insurance Company which is the USCI in a group subject to IVASS supervision, in line with IVASS Regulation 38 of 3 July 2018, Poste Vita updated its policy, creating a document which defines this policy for both itself and the Poste Vita Group.
Among other things, the Guideline creates a list of people who carry out key activities or functions within the company, taking into account the risk profile and organisation of Poste Vita, also in its role as the USCI.
In particular, the Recipients of the Guideline are:

- Heads of Key Functions and the Anti-Money Laundering Function and, in the event of outsourcing of these functions within and outside the Group, the supplier’s Managers of key functions and the supplier’s Anti-Money Laundering Function;
- parties who carry out Key Functions, including senior personnel and staff of the Key Functions and the Anti-Money Laundering Function and, in the event of outsourcing, the Heads of Key Functions and the Manager of the Anti-Money Laundering Function as well as the managers and staff employed in the activities outsourced to the supplier.

More specifically, the following are Key Functions: Internal Audit, Compliance, Risk Management and Actuarial.
Additional recipients of the Guideline are:

- Whistle-blowers;
- parties who report directly to the Chief Executive Officer and General Manager who carry out key or important activities or functions, be these related to core or non-core areas within

the company other than the key functions and the staff employed to carry out the key or important functions;

- in the event of outsourcing of key or important activities or functions within or outside of the Group, be these related to core or non-core areas, the parties in charge of controls over the outsourced functions or activities, the parties responsible for the outsourced function or activity at the supplier and the staff employed in the activities outsourced to the supplier;
- the Head of the Risk Office; the Financial Reporting Manager; the Corporate Distribution Manger; members of the Supervisory Board.

The Guideline also applies to other relevant personnel identified by the Company pursuant to article 2, paragraph 1, letter m) of IVASS regulation 38/2018, consisting of key management personnel and other categories of personnel whose activities may have a significant impact on the company's risk profile, as formalised in the Guidelines on the Internal Control and Risk Management System.

As mentioned above, the company has adopted a policy to ensure that those who carry out functions of administration, management and control, and in the case of outsourcing or sub-outsourcing, the heads and personnel of key functions and, in general, any other personnel able to significantly impact the risk profile of the company and the group meet the due requirements of expertise and integrity, in addition to independence, taking account of the risk profile and the organisation that Poste Vita, including in its role as Italian UHC, has been given.

In this light, the Guideline adopted by the Company also establishes the principles it follows in assessing possession of the aforementioned fit and proper requirements, as well as the procedures adopted to that end, in line with that established in the reference regulations.

In particular, the Guideline describes:

- the fit and proper requirements in terms of professionalism and integrity identified for the Recipients of the Guidelines, and of independence and compatibility with the role pursuant to Italian Decree Law no. 201/2011 (so-called Salva Italia Decree), where applicable;
- the procedure used to assess the requirements of individual Recipients and for reporting to the Supervisory Authority;
- documents useful for assessing the aforementioned fit and proper requirements;
- the rules based on which the Guideline is reviewed with the aim of continuously ensuring compliance after any changes in the regulatory context and the organisational structure of the Company.

Specifically, definition of criteria used to verify the possession of the requirements of professionalism and ethics is based, in general terms on the provisions of articles 3 and 4 of Ministerial Decree no. 220/2011. With reference to the Heads of Key Functions, as well as those providing Key Functions, as for the other Recipients the professional requirements have been outlined in the Guideline, taking into account the specific categories of the Recipients and the years of experience these must have in their respective areas of competence, without prejudice to specific regulatory provisions applicable on the basis of the position held and/or level of responsibility.

In identifying the regulations with regards to ethical requirements, the Company decided to apply to all the Recipients of the Guideline the requirements under article 5 of Ministerial Decree 220/2011, without prejudice to the Private Insurance Code with reference to the Corporate

Distribution Manager. For the Heads of Key Functions, as well as for certain specific categories of Recipients identified in the Guideline, in addition to the aforementioned requirements, article 16 of the Company By-Laws applies, known as the “Ethics Clause”.

Note that verification of the initial and continued existence of fit and proper requirements for positions to which the Guideline applies is carried out by the Board of Directors, based on a (non-binding) opinion issued by the Internal Control and Risks and Related Party Transactions Committee, in the following cases:

- within 30 days from the appointment for the following recipients
  - subjects that carry out functions of administration and management;
  - subjects that carry out functions of control;
  - members of the Supervisory Body;
- at the time of appointment for the following recipients:
  - heads of key functions including in the case of outsourcing;
  - head of the anti-money laundering function;
  - person responsible for reports of suspect transactions;
  - Risk Office Manager;
  - Financial Reporting Manager;
  - Corporate Distribution Manager;
- when there is a reason to presume that one or more of the fit and proper requirements relative to Recipients no longer exist (also through notification made by the Recipients themselves or other informed individuals, for whom anonymity is guaranteed);
- with reference specifically to professional profiles where due to the expiration, resignation or revocation of the position of one or more members, it can be presumed that as a whole the Board of Directors does not possess adequate technical skills as established under current sector regulations;
- periodically, each year (unless governed otherwise by specific cases in the Guidelines). [9]

The Board of Directors is responsible for resolving on the existence of fit and proper requirements relative to the Recipients and making all the most expedient relative decisions, calling, when necessary the Shareholders’ Meeting for all determinations to that end, as well as verifying that the Administrative Body, based on that established under article 5, paragraph 2, letter l) of IVASS regulation 38/2008, possesses adequate technical skills, in particular with regards to the matters indicated by the Supervisory Authority and which involve insurance and financial markets, governance systems, financial and actuarial analysis, the regulatory framework, commercial strategies and business models.

To that end, the Board also makes use of the self-assessment carried out annually pursuant to Article 5, paragraph 2, letter z of IVASS regulation 38/2018.

It is understood that the Recipients who have not demonstrated they hold the fit and proper requirements for their position established in the Guideline after the verification may, in compliance with the provisions of the regulations in effect and the company By-Laws, be subject to suspension and/or termination from their position. These sanctions may also apply, taking into account the seriousness of the violation and non-compliance in question, in cases of false

[9] With sole reference to the verification that the fit and proper requirements exist and have been met by the parties who carry out key functions and the anti-money laundering function and the staff employed for the key or important activity or function, be these “core” or “non-core”, the check is carried out by the HR Business Partner Vigilate Function of Poste Italiane in line with the areas of activities outsourced to it, every two years.

declarations and/or production of incomplete or false documents, without prejudice to the appropriate reporting under the law, also in the case of false declarations.
Without prejudice to the hypotheses of forfeiture envisaged by the relevant regulations, with reference to the parties who carry out functions of administration and management, the Heads of Key Functions including in the event of outsourcing, the General Manager, the Financial Reporting Manager, the Head of the Anti-Money Laundering Function including in the event of outsourcing, the person responsible for reports of suspect transactions, the Managers of the Key Functions and the Anti-Money Laundering Function at the supplier, the managers who carry out key or important functions or activities relative to the "core" areas, the managers of controls for key or important functions or activities relative to outsourced "core" areas, the Risk Office Manager, the Financial Reporting Manager and the members of the Supervisory Board – if during the appointment one of the situations set out by art. 16 of the Articles Of Association occurs, the Board of Directors verifies at the first available meeting the hypotheses envisaged herein in order to resolve on whether the interested party should remain in the role. Resolutions to approve the continuation of the individual in their position must be adequately motivated with regards to the pre-eminent interests of the Company relative to the same.
Based on the decision made by the Board of Directors after completion of the verifications, an appropriate communication is made within thirty days to the interested party(ies) and if necessary to the relevant authorities, if the requirements for such exist or it is necessary based on the regulatory provisions.
In the event that the outcome of this procedure to verify the fit and proper requirements of the aforesaid parties is negative, said parties are required:

- to participate in dedicated training plans, with reference to the requirements of professionalism;
- to undergo an assessment, with reference to the requirements of integrity and independence, by the competent body or senior management with support from the HR Business Partner Vigilate Function of Poste Italiane, on whether the interested party should remain in the role and on the adoption of the most appropriate measures pursuant to the applicable regulations.

B.3 Risk Management System, including the Own Risk and Solvency Assessment

The Solvency II Directive requires that insurance companies and groups provide themselves with effective governance systems that allow for health and prudent management of assets, proportional to the nature, extent and complexity of current and prospective risks, and establishes the main requirements for the same. This system involves the entire business process with the aim of allow the Group and Group Companies to optimise their risk/return profiles, by generating profit and maintaining an adequate level of regular and regulatory capital, simultaneously guaranteeing shareholder and policyholder expectations.
The Poste Vita Group has prepared a Risk Management System in line with that defined in its own Policies and consistent with the provisions of IVASS Regulation 38/2018.
More specifically, in addition to promoting ethical values, promoting a risk culture that includes all employees, the Group guarantees integration of risk management throughout business through:

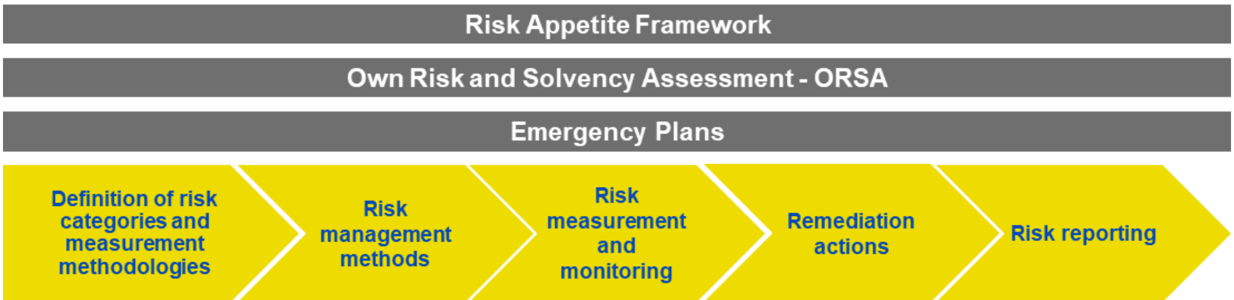
- the Risk Appetite Framework and the mechanisms which monitor the coherence of the Framework and the effective risk profile, by defining specific operating limits;
- the process for measuring current and prospective risk and solvency, aligned with and integrated by the main decision-making process, especially the strategic plan process;
- the coherence of business initiatives regarding development of new products and their impacts on the risk profile, through the use of risk adjusted measurement metrics.

In the context of the investment policy pursuant to IVASS Regulation 24/2016, the Poste Vita Group takes on risk based on the following principles:

- consistent with strategic business objectives, the risk appetite and the need to identify, measure, monitor and manage risks linked to each activity, taking into account the Prudent Person Principle, pursuant to article 132 of the Solvency II Directive.
- Concentration risks are also taken on in line with investment policies;
- investment in complex assets and derivatives is done based on investment guidelines, approved by the Board of Directors with a Framework Resolution pursuant to IVASS Regulation 24/2016 and the specific processes defined by the Poste Vita Group;
- The Poste Vita Group prefers counterparts with greater credit standing and optimises it investment decisions by taking risk/return trade-offs into account.

The Risk Management System (hereafter, RMS) is intended to guarantee risk-based decision making processes that comply with the national and European standards of reference.
This System consists of a combination of strategies, processes and procedures needed to identify, measure, assess, monitor, manage and report the risks to which the Group and the individual Companies are exposed, on a continuous basis.

RMS processes



In particular, this System calls for strategic processes functional to the definition and assessment of the reference framework in which operational processes fall.
Strategic processes include:

- creation of the Risk Appetite Framework (RAF);
- execution of the Own Risks and Solvency Assessment (ORSA);
- creation of Emergency Plans.

Below are the phases of the process which represents the RMS:

Definition of risk categories and measurement methodologies

This phase serves to identify, recognise and record the risks to which the Group and Group Companies are exposed over the short and medium/long-term and to define measurement methods as a function of the nature, extent and complexity of the risks inherent to the activities carried out. The process of defining risk categories includes, in addition to risks already or potentially existing with regards to business, risk deriving from new business.

Risk Management Methods

This involves all the activities that lead to the acceptance, transfer, mitigation or elimination of risks with regards both to existing business and risk deriving from new business.

Risk measurement and monitoring

This phase serves to determine the economic and capital impact of quantifiable risks and to determine the relevance of non-quantifiable risks.

It aims to guide the relative decisions regarding the assumption, acceptance, elimination, transfer and mitigation of the risks.

Corrective actions

In line with that carried out in the previous phase, if operating limits are exceeded and/or the risk profile is not consistent with that outlined in the Risk Appetite Framework, this phase is intended to identify possible corrective actions which could be taken. To that end, in the case of the above circumstances, the following activities are carried out:

- identification of corrective actions;
- assessment of the efficacy of the corrective actions identified;
- activation of the authorisation procedure;
- implementation of the actions and monitoring.

Risk reporting

Finally, the Poste Vita Group and the Group Companies have adopted an integrated risk reporting system intended to provide information about the risk profile and the key points useful for guaranteeing strategic objectives are met. In particular, internal risk reporting for the Group and the Group Companies is aimed at communicating relevant information for strategic-decision making, at various corporate levels, and supporting operational risk management.

Activities relative to the preparation of external reports mainly involve reports going to the Supervisory Authority, Ratings Agencies and the market.

Each process within the Risk Management System maintains consistence between the type of risks taken on and the overall skills and resources available for managing them.

As established under Article 36-*septies* of the Italian Private Insurance Code, the Group applied volatility adjustments on the measurement date, preparing the analysis required for adoption of the same.

Consistent with Article 30-*bis* of the Italian Private Insurance Code, with an eye to integrated asset and liability management, the Group prepared analysis to evaluate:

- the sensitivity of technical provisions and eligible own funds to the hypotheses underlying volatility adjustment calculations;
- the effects felt by eligible own funds after a forced sale of assets;

- the impact of reducing the volatility adjustment to zero.

In the case that reducing the volatility adjustment to zero means the Solvency Capital Requirement is not complied with, the Group has prepared a list of measure to apply to restore the level of eligible own funds to cover the Solvency Capital Requirement or reduce the risk profile, so as to again comply with the Solvency Capital Requirement.

As established by the Supervisory Authority, the Group has also prepared, in the context of risk management, a liquidity plan with incoming and outgoing cash flow projections relative to assets and liabilities subject to the application of volatility adjustments. Asset Liability Management (ALM) assessments involve the simultaneous dismantling of the asset and liability portfolios to determine all the inflows and outflows generated by the policies portfolio (liabilities) and the financial instrument portfolio (assets) in a “Real World” scenario over a period of five years.

This analysis is done using closed, open and 50% production conditions with respect to that forecast by the Group. The purpose of the analysis is to verify the availability of liquidity sufficient to comply with obligations, even under stress, without selling illiquid assets.

In calculating the solvency requirement for spread and counterparty risk, based on the Solvency II Standard Formula, the Poste Vita Group and the Group Companies use a single rating value for assessing credit standing, which synthesises the credit ratings assigned for a single issue or issuers by the main ratings agencies (Moody’s, Standard & Poor’s and Fitch), using the second best criteria.

They are also based on the various investment limits described previously, defined by the Board of Directors and senior management and involving, for example, maximum percentages for subinvestment grade securities and maximum exposure to individual issuers.

Risk management system strategic processes

The Risk Appetite Framework (RAF) plays a central role in the strategy adopted by the Poste Vita Group for taking on and managing risks, in order to achieve business objectives.

The reference structure for defining the Poste Vita Group risk appetite involves the following levels and must guarantee coherence between strategic objectives and capital adequacy requirements.

The Risk Appetite Framework was developed in line with the objectives and strategies of the Group and the Group Companies as defined in the Strategic Plan.

The Risk Appetite Framework is also structured around the operating limits used to define the risk management system for the amounts which are managed by the operating functions, intended to guarantee that risk exposure is consistent with the defined risk appetite.

Risk appetite is defined along the following levels:

- **Risk Appetite**
  this is the target risk level, established based on the development of the Company’s risk profile in the first year of the strategic plan;
- **Risk Tolerance**

this is the solvency threshold determined by analysing the results of stress tests and sensitivity analysis, among other things, and respectively refer to the alert level and maximum risk level accepted by the Group and the individual Companies;

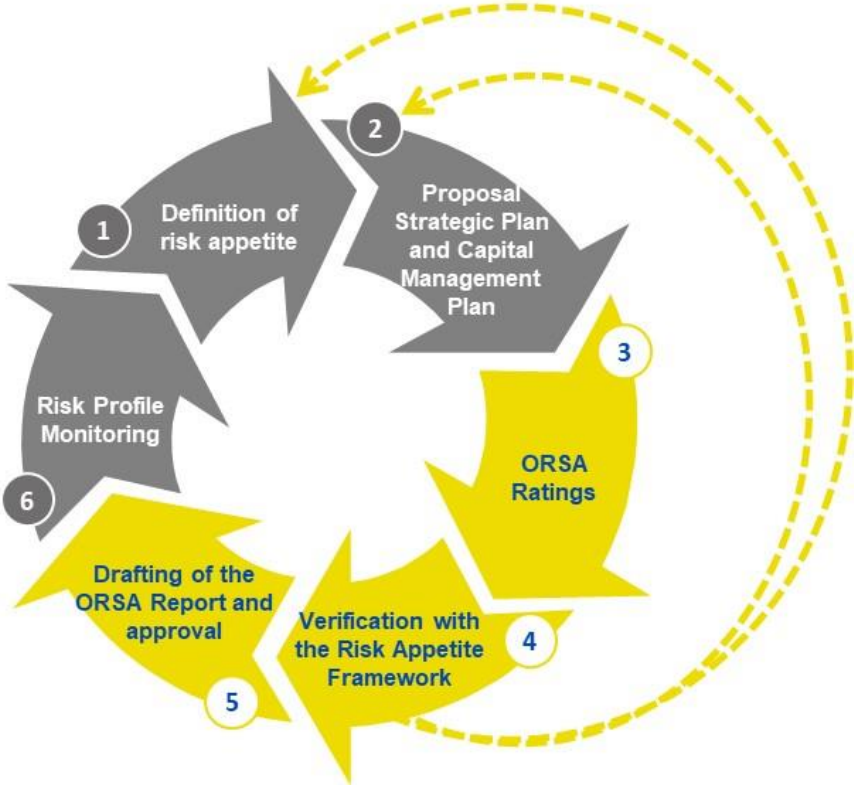
- **Risk Capacity** represents the capacity of the Group and the individual Companies to take on risk in relation to available capital and the rules used to determine capital requirements.

Additionally, for certain specific measurement areas, target levels have been established which, in the context of monitoring, are compared with the effective Risk Profile of the Group and the individual Companies on the measurement date.
The RAF is approved by the Board of Directors at least annually and is monitored, at least quarterly. Reports are approved by the Board.
Emergency Plans are plans prepared by the Group during non-critical times with the aim of defining the methods the business could use to handle crisis situations. In particular, Poste Vita S.p.A. has a:

- **Operating Contingency Plan**: intended to implement direct actions to ensure continuity in Group and individual Company processes in the case that one or more situations defined beforehand degenerate into crises or disasters;
- **Emergency Business Plan**: this serves to manage impacts deriving from negative events linked to scenarios to which the Group and individual Companies may be vulnerable, which could compromise their ability to continue providing services to customers and, at the same time, the capital and financial solidity of the company.

Additionally, as the USCI and consistent with the provisions contained in article 83 of IVASS regulation 38/2018, Poste Vita has provided the Group with a Reinforced Emergency Plan that governs management of crisis situations and provides strategies to restore ordinary working conditions, identifying the operating methods, roles and responsibilities for the main Corporate Bodies and company functions involved in the crisis management process and actions to reestablish regular operating conditions.

Own Risks and Solvency Assessment (ORSA) is a process intended to assess the risk profile and solvency of the Group and the individual Companies both currently and prospectively, in line with the time horizon of the Strategic Plan. The ORSA and the Capital Management processes together constitute the “risk-based decision making process” used to determine the Group’s strategic decisions. The ORSA is a cyclical process that involves defining processes used to define risk appetite, to prepare the Strategic Plan and the Strategic Asset Allocation process linked to the same and Capital Management, as well as the Own Risks and Solvency Assessment itself.



Visual representation of the risk-based decision making process

Risk-based decision-making process	Business	Owner
Definition of risk appetite (RAF) 1	• Definition of risk appetite • Definition of risk preference • Definition of tolerance limits (and operating limits)	• Board of Directors upon proposal of the Chief Executive Officer, with the support of the Risk Office and Financial Office Function
Proposal Strategic Plan and Capital Management Plan 2	• Drafting the Strategic Plan proposal • Drafting the Capital Management Plan proposal • Drafting the Strategic Asset Allocation proposal	• 1 Board of Directors upon proposal of Financial Office • 2/3 Board of Directors upon proposal of Asset and Liabilities Management and Capital Management
ORSA Ratings 3	• Current and prospective assessment of the risk profile in the baseline scenario and under stress assumptions	• Risk Office
Verification with the Risk Appetite Framework 4	• Checking the consistency of ORSA results with the Risk Appetite Framework	• Risk Office
Drafting of the ORSA Report and approval 5	• Drafting of the Report documentation ORSA • Approval of the Report	• Risk Office • Board of Directors
Risk Profile Monitoring 6	• Monitoring of risk profile and liquidity needs (Level I and Level II)	• Operating Functions by competence profile • Risk Office

1. Definition of risk appetite (RAF)

The Risk Appetite Framework (RAF) is the tool through which the Group and Group Companies define their risk appetite, in line with strategic objectives, capital adequacy constraints and economic performance.

Consistent with the business objectives outlined in the Strategic Plan and Risk Management Policy, the Risk Office, with the assistance of other relevant company functions, defines Risk Appetite, including the Soft Limit, Risk Tolerance and Risk Capacity (as described in the "Risk Appetite Framework" paragraph).

2. Proposed Strategic Plan, Capital Management Plan

The second phase of the process calls for creating the proposed Strategic Plan and Capital Management Plan, which is done by the company functions responsible for the Managing Planning and Control and Capital Management processes, consistent with the Risk Appetite Framework and the limits contained therein.

Relative to the Strategic Plan, the planning process includes defining strategic objectives, outlining these objectives in strategic initiatives and creating economic and financial projections linked to business objectives.

The Capital Management Plan includes forecasts for the classification and issuing of own funds, as well as for distribution of dividends.

Based on that established in the Group's Capital Management Plan, the function responsible for Capital Management governs the issuing of own funds, ensuring that capital requirements are satisfied at the time of issuing.

To that end, the following assessments are envisaged:

- quantification of capital requirements with respect to that identified when the Capital Management Plan was finalised, simultaneously informing Senior Management of the amount identified;
- verification of the type of instrument identified with respect to market conditions;
- selection of the most appropriate instrument to cover the requirements, in cooperation with other relevant functions;
- definition of an implementation schedule relative to the selected instrument.

After the analysis referred to in the previous points, the function responsible for Capital Management prepares a technical report which establishes that the instrument identified, in addition to having clear and unequivocal terms and conditions, also satisfies the requirements of the applicable capital regime and can be classified based on the characteristics and levels identified in articles 69 and subsequent of Delegated Regulation (EU) 35/2015.

With reference to the authorisation process, Senior Management examines the above technical report and proposes the details and execution methods as identified for the operation to the Board of Directors.

Authorisation is then requested from the Supervisory Authority following the schedules established in the Regulations.

For the purposes of completing the issue, Senior Management makes use of the function responsible for Capital Management which acts in coordination with the relevant functions of the ultimate parent Poste Italiane.

In addition to the above, in the case of ancillary own funds, the following steps are taken:

- identification of elements for classification of Ancillary Own Funds Tier 2 or Tier 3;
- definition of schedules and methods used to present the request for approval of ancillary own funds to the Supervisory Authority;
- calculation of ancillary own funds in Tier 2 or Tier 3 based on the characteristics of the operation, after approval from the Supervisory Authority;
- verification of contracts, which must include, among other things, an absence of constraints on call requests and irrevocability, and a lack of elements which create obstacles to making calls;
- implementation of procedures to guarantee the call is made promptly when necessary;
- preparation of the request for IVASS authorisation based on the regulatory instructions found in IVASS Regulation 13/2015, with follow up relative to the authorisation procedure.

3. ORSA

The ORSA, for which the Board of Directors is ultimately responsible, is coordinated by the Risk Office with the support of the Actuarial Function and the Operating Functions and is prepared using a process appropriate for the organisation system and consistent with the risk management system of the Group and the Group Companies. The assessment process, detailed below, must be appropriate for the purposes described above, without prejudice in any case to the principle of proportionality.

3. a Frequency and schedule

The ORSA is carried out at least once per year (regular ORSA), using 31 December of the previous year as the reference date.

The regular ORSA and activities to prepare the relative documents are begun after the end of the year in question and completed by the deadlines established by the Supervisory Authority.

The Group's Board of Directors, without prejudice to the regulatory authorisation steps required, may make use of the right to request a different reference date for analysis, provided that this analysis provides information that is more consistent with strategic planning.

The frequency of the measurements can be increased (so-called non-regular ORSA) if circumstances arise that could significantly change the risk profile of the group and the group companies or considering the centrality of the ORSA process in strategic decision-making. This latter possibility may arise in relation to schedules for defining the Strategic Plan if there is a temporal mismatch between the schedule of assessments established by the Supervisory Authority relative to the Group's internal planning cycle. Significant changes to the risk profile may derive from internal factors (e.g. acquisitions, mergers and disposals, changes in investment, pricing or reservation policies, the introduction of new business) or external factors (e.g. financial crises, real estate crises, catastrophic events that exceed reinsurance protection, failure of public institutions, significant regulatory changes).

3.b Identification of risks to be considered in the ORSA

In ORSAs, the Risk Office takes into consideration all the risks represented in the taxonomy established in the Risk Management Policy. This taxonomy consists of current and any emerging risks, whether measurable or not. Special attention is also paid to risks deriving from the introduction of new business or new products. Additionally, the Group and the Group Companies take into account any risks deriving from outsourced essential or important activities, as well as all indirect risks which any risk could generate.

Below are the risk categories identified in the taxonomy:

- life underwriting risk;
- non-life underwriting risk;
- life/health underwriting risk;
- non-life/health underwriting risk;
- market risks;
- counterparty default risk;
- strategic risk;
- reputation risk;
- regulatory non-compliance risk;
- money laundering risk;
- lack of diversification and/or concentration risk;
- risks associated with Group membership;
- intangible assets risk;
- liquidity risk;
- environmental and social risk;
- operational risk.

Of these, the following are risks not entirely included when calculating the solvency capital requirement:

- strategic risk;
- reputation risk;
- regulatory non-compliance risk;
- lack of diversification and/or concentration risk;
- risks associated with Group membership;
- intangible assets risk;
- liquidity risk;
- environmental and social risk.

3.c Risk assessment methods

The process of measuring/assessing risks is intended to determine the economic impact of the same or, for risks which cannot be measured, to determine their significance, as well as to guide relative decisions regarding taking on, accepting, eliminating, transferring and mitigating risk.

Prospective risk measurement is done using the Standard Formula.

The Companies of the Poste Vita Group assess, at least once per year and any time there are circumstances which could significantly change the risk profile, the risks to which they are exposed both currently and prospectively, basing the measurements on the Own Risk and Solvency Assessment (ORSA) principles.

Analysis of the adequacy of the Standard Formulas is done considering all the hypotheses established under the reference Regulations and determining their alignment with the Company's specific situation.

Quantitative assessments may be added to by qualitative assessments that describe organisational safeguards and processes used to manage and mitigate particular types of risk.

When necessary, risks are also analysed using special unfavourable scenarios defined in respect of the criteria established in the Stress and Scenario Testing Framework approved by the Board of Directors. The methods established are applied for the entire period considered in strategic planning and are sent, together with the results of the evaluations, to the Board of Directors which, after appropriate dialogue, gives its approval.

3.d Methods used to carry out ORSA analysis

ORSA analysis is done in respect of the following principles:

- methods identified, assumptions and parameters adopted are shared, adequately documented and subject to review at least once per year;
- any simplifications made use of must be adequately justified and documented;
- the results of the models used for decision-making purposes must be assessed taking into account the assumptions, parameters and simplifications used;
- the results of the models must include adequate controls and be subject to verification by expert company personnel, possibly assisted by external individuals;
- the results of the qualitative and quantitative analysis are appropriately documented and shared with the Board of Directors.

3.e Data collection

Input data used for current and prospective risk and solvency assessment satisfy the requirements governed in the Group's Data Quality Management Guidelines, in order to guarantee complete and up to date information.

3.f Identification of significant risks

Identification of significant risks requires the collection of information needed to identify, recognise and register the risks to which the Group and the Group Companies are exposed over the short and medium/long-term, for which consequences could compromise the ability to achieve strategic objectives and/or impact solvency. In particular, this process calls for a qualitative and quantitative evaluation of gross exposure to risk and an assessment of tools used to mitigate risk. The combined assessment of both these aspects makes it possible to identify significant risks. The results are formalised in a Risk-Map.

The Risk Office carries out stress tests on significant risks.

3.g Stress Test Analysis
For the most significant risks, the Risk Office carries out a sufficiently broad series of stress tests or scenario analysis to evaluate and quantify losses relative to Own Funds and the ability to comply with solvency requirements, after the occurrence of hypothetical adverse situations.
The stress hypotheses or scenarios are applied using measurement methods in line with that established in the Stress and Scenario Testing Framework and are approved by the Board of Directors.

3.h Current and prospective assessment of the Solvency II Balance Sheet and Own Funds
Based on the indications of the Strategic Plan, the Risk Office projects the Solvency II Balance Sheet and determines the Own Funds with the related "Tier" classification. The Actuarial Function provides assistance in ascertaining respect with requirements relative to calculating technical provisions and in identifying potential risks deriving from uncertainties connected to this calculation.
Based on the results of the assessments, including those involving stress conditions, the Risk Office assesses the capital adequacy of each individual Company based on the Solvency Ratio, as well as its ability to comply with the capital requirements for the entire planning period, hence ascertaining the sustainability of the underlying Strategic Plan and Capital Management. If the results of these tests are negative, the decision making process is repeated using a risk-based lens.

4. Verification with the Risk Appetite Framework
In this context, the Risk Office verifies the consistency of the ORSA results with respect to the risk appetite and limits established in the RAF. If the results of these tests are negative, the decision making process is repeated using a risk-based lens. More specifically, a revision of the Risk Appetite and/or the hypotheses underlying the Strategic and Capital Management Plan is evaluated.

5. Drafting of the ORSA Report and approval
The Risk Office reports on the results of the own risk and solvency assessment in internal documents, to be used by the Board of Directors, and in the periodic report submitted to the Supervisory Authority (Regular Supervisory Report - RSR), in line with that established in the reference Regulations and the standards dictated by the company Reporting Policy.
After approval by the Board of Directors, the results of the assessments are communicated to Senior Management and the relevant structures, together with the relative conclusions.
Evidence that makes it possible to reconstruct the ORSA process is kept, ensuring that the evaluations and information on which the process is based can be traced, in line with that established in the reference Regulation.
Further documentation may be called for by the operating functions involved in the process.

6 Monitoring of the risk profile
Monitoring of the capital adequacy of the Companies, after approval of the Strategic Plan, Capital Management Plan and ORSA by the Board of Directors, is intended to ensure that the

risk profile, approved risk tolerance levels and overall solvency requirements are constantly balanced, while also maintaining the ability to comply with solvency requirements.
In particular, the following are monitored:
• discrepancies relative to objectives established in the Risk Appetite Framework and the relative risk tolerance limits;
• the composition of capital in terms of classification in Tiers and coverage, in line with that established in the Risk Appetite Framework;
• potential significant changes in the risk profile with respect to expectations, with possible consequent effects on calculating future solvency capital requirements (SCR) and minimum capital requirements (MCR);
• uncertainties and potential risks associated with requirements relative to calculation of technical provisions.

The monitoring in question is carried out by the Operating Functions and the Key Functions on the basis of the roles and responsibilities defined in the Risk Management Policy.

B.4 Internal Control System

Poste Vita, as the Italian Ultimate Parent Company of the Poste Vita Group, in exercising management and coordination falling to it as the parent company of the Poste Vita Insurance Group, has identified a Group level governance model that is operationally detailed by the subsidiaries, including Poste Assicura, based on the role taken on by the entities involved in internal control and risk management.

This organisational model aims to ensure, at Group level, the presence of effective and efficient company and Group processes, the control of current and future risks, the constant reporting between the "control levels", the reliable and complete information and protection of capital in the medium and long term, the compliance with laws and regulations, the Articles of Association and internal regulatory instruments, as well as the pursuit of the company's sustainable success.

The precise structure of this model (and the cited "control levels"), with reference, in particular, to:

- the tasks and responsibilities of the corporate bodies, the board committees and the risk management, compliance, actuarial and internal auditing functions and the individual company functions for information security as well as
- the connections between functions and bodies assigned control tasks, pursuant to that established in the reference regulations,

is the subject of the "Guidelines on the Internal Control and Risk Management System" for Poste Vita, the Group and Poste Assicura, issued by their respective Boards of Directors.

As is known, the Solvency II directive requires that insurance undertakings and groups subject to IVASS supervision adopt a corporate governance system in line with the applicable legislative provisions and in this context, the insurance companies and Italian ultimate holding companies (hereinafter “UHC”) establish the respective key functions, in proportion to the nature, scale and complexity of the inherent risks of the activities of the undertaking and/or group.

As is known, the Solvency II regulations require insurance companies and groups subject to IVASS supervision to provide themselves with a corporate governance system in line with applicable regulatory provisions. In this context, the Insurance Companies and Italian Ultimate Parents (hereafter, “USCI”) establish their respective key functions, including the Compliance Function, proportional to the nature, extent and complexity of the risks inherent to the company and/or group’s business.

Based on this regulatory framework:

- the Board of Directors of Poste Vita S.p.A. (hereafter “Poste Vita” or “USCI”), an insurance company which is also the USCI of a group subject to supervision by IVASS (hereafter, the “Group”), established the Compliance Function for the Company and the Group, establishing that the latter is exercised by the organisational structure which provides the activities envisaged for the same Function within Poste Vita, with the same Head;
- the Board of Directors of Poste Assicura S.p.A. (hereafter “Poste Assicura”) has established the Company’s Compliance Function as a specific organisational unit and has appointed the relative Head.

In both cases, the Compliance Function is established as an independent function essentially intended to determine whether the organisation and its internal procedures are adequate to prevent non-compliance risks and which participates, in the context of its own activities and specifically with reference to the risk it monitors, in the overall risk management system of the Companies and the Group as a second level control function, cooperating with the Board of Statutory Auditors, the Independent Auditors, the Supervisory Body (required by Legislative Decree 231/01) and the other key functions. 231/01) and the other key functions.

The Heads of Functions appointed by the respective Administrative Bodies (of Poste Vita and the Group on one hand and Poste Assicura on the other) satisfy the requirements for their position in terms of ethics and professionalism as established in the relevant company policies.

Additionally, each Function operates in respect of the organisational principles in the regulations and in respect of the company and Group policies, procedures and principles. In this context, the Compliance Function Policy is of particular importance, approved by the Board of Directors for the two Companies and by the USCI at least annually, as part of the review of corporate governance system directives, with the aim of describing and governing:

- the activities of the Compliance Function relative to the internal control and risk management system of Poste Vita, the Group and Poste Assicura, in relation to managing non-compliance risks;
- defining the responsibilities, tasks and operating methods for the Compliance Function as well as the characteristics of reports sent to Company Bodies and other relevant functions consistent, among other things, with that established in the Guidelines on the Internal Control and Risk Management System for the Company.

Also note that in compliance with the current regulatory situation, the Administrative Body of Poste Assicura has decided to outsource the Compliance Function to the parent company Poste Vita.

This being established, the activities carried out by the Compliance Function can essentially be classified among the following macro-areas:

Analysis of the new legislation and assessment of the company process adjustments: The Compliance Function, in the context of studying and interpreting the legislation applicable to the undertaking, collaborates with the other company functions in relation to the identification of the organisational impacts and impacts on company processes. To that end, the Compliance Function monitors international, EU and national regulations (including secondary regulations) which govern insurance business as well as developments in the same over time. Individual provisions are then analysed in the light of the concrete operations of the Companies and/or the Group, to identify the processes, procedures and functions affected, as well as any deadlines for any specific adjustments required. Consultation with the Administrative Bodies of the Companies and the USCI is also called for, in compliance with legislative, regulatory and administrative provisions adopted.

Verification of compliance with transparency requirements and of proper behaviour relative to policyholders: the purpose of these activities is to assess the adequacy of organisational measures adopted by the Companies in this context, as well as to verify documentation for insurance products and initiatives aimed at customers prior to release on the market. The main areas of action are precontractual and contractual transparency, communications during contract validity, sales network training activities and advertising initiatives.

Verification of organisational measures: the main objective of this work is to investigate the status of organisational measures adopted by the Companies and the Group (especially policies and procedures) to protect against non-compliance risk. Any issues identified and corrective actions held to be useful are then shared with the relevant company functions. An action plan is then agreed upon and implementation of the same is monitored over time.

Second level controls: in this context, the Function carries out after the fact verifications to determine the status of company safeguards relative to specific non-compliance risks, as well as to verify whether the business functions involved in a given area take compliance aspects into due consideration, understanding and implementing operating and control protocols intended to limit these risks.

Continuous controls: The Compliance Function also performs continuous monitoring of particular issues or areas where there is another control or where expressly required by internal or external legislation (e.g. remuneration).

With reference to the above, the Compliance Function works on the basis of Activity Plans which identify the projects it intends to carry out relative to regulatory non-compliance each year (also taking into account issues identified by previous checks and new risk that may derive from the development of products or innovative projects), consistent with the principles established under the regulations on corporate governance systems for insurance companies and that in the Compliance Policy. The Activity Plan, which is submitted to the Administrative Body of each

Company and USCI, also defines the frequency with which controls are carried out and takes the deadlines dictated by national and European regulations into due account.

B.5 Internal Audit Function

The company Poste Vita, as the ultimate holding company (hereinafter also “UHC”) of the Poste Vita Group (hereinafter “the Group”) subject to supervision by IVASS, is obligated (ref. art. 215-bis of the Private Insurance Code and art. 70 of IVASS Reg. no. 38/2018) to equip the group with a corporate governance system that is adequate for the structure, business model and nature, scale and complexity of the risks of the group and individual associated and subsidiary companies, which allows for sound and prudent management of the group and takes account of the interests of its constituent companies and how these interests contribute to the common long-term goal of the group, including in terms of capital protection. In this context, the administrative body of Poste Vita is also the administrative body of the USCI, the guarantor and the entity which is ultimately responsible for the Group’s Corporate Governance System and for definition of its directives.

That being established, as the insurance company which is also the USCI, Poste Vita has established the Group’s internal audit function (see article 91 of IVASS regulation 38/2018), assigning roles and responsibilities to the organisational structure that provides the same activities within Poste Vita. The head of the Group’s internal audit function and the head of Poste Vita’s internal audit function is the same person.

The Group’s Internal Audit Function provides third level controls, in the context of the Group’s Corporate Governance System, on the Internal Control System and other components of the corporate governance system, the directives of which are defined by the Administrative Body of the USCI.

Also note that the Poste Vita Internal Audit function, due to outsourcing of Poste Assicura Key Functions to the parent company Poste Vita, also provides audits for Poste Assicura. To that end, pursuant to the reference regulations, the reference person for audit activities outsourced to Poste Vita by Poste Assicura has been identified, who reports directly to the Head of the Internal Audit function.

The Function helps the Companies and the Group to pursue their objectives, through independent and objective assurance activity, intended to assess and monitor the efficacy, efficiency and adequacy of the internal control system and additional components of the corporate governance system, as well as any needed changes, including through support and consulting provided to the company functions of the Companies and the Group. It carries out its activities in such a way as to preserve its independence and impartiality, in order to verify for the Companies and the Group - including through analysis of the results of the checks carried out within the individual Group companies - the correctness of processes and the effectiveness and efficiency of organisational procedures, the regularity and functionality of information flows, the adequacy and reliability of information systems, the compliance of administrative-accounting processes with criteria of correctness and regular accounting, the effectiveness of controls on outsourced activities.

The activities of the function, in terms of individual companies, are carried out on the basis of annual and multi-year plans. These vary based on the assurance objectives of the internal control system and those of additional corporate governance components. The Audit Plans for the companies are prepared using a risk-based methodological approach, also taking into account issues previously identified and new risks, expected business development and innovation and the non-binding methodologies established by Poste Italiane. With reference to the Poste Vita Group, the Group’s audit plan is determined, taking into account the specific relevance of the individual entities which it is comprised of in terms of their impact on the Group’s risk profile and considering the risk analysis and audit activities carried out by the subsidiaries, balancing Group level audit objectives with those of the individual subsidiaries. Planning also calls for analysing informational flows received from the key functions of the Poste Vita Group and from other functions and entities responsible for Group control, as well as from other investee companies. In line with the Poste Italiane Internal Audit guidelines, it also takes into account any requests for additions made by the Poste Italiane Internal Audit function, for the purposes of establishing the Poste Italiane Group Audit Plan.

The Function carries out its activities with a systematic and risk-based professional approach, taking into account the nature, extent and complexity of current and prospective risks and the specific relevance of the Group companies in terms of their impact on the Group’s risk profile and whether or not there is a control relation. The function also carries out verification activities, with an integrated methodological approach, pursuant to Legislative Decree no. 231/01 for the Supervisory Boards of Poste Vita and Poste Assicura.

It promotes initiatives designed to achieve ongoing improvements to control, risk management and corporate governance systems, including through the provision of support, and contributes to the dissemination of ethical values and principles throughout the Group, without assuming management responsibilities.

It establishes organic connections with all the other key functions of the Companies and the Group, as well as with other functions and entities responsible for corporate control.

The Function is independent and autonomous, has no decision-making authority and/or responsibility relative to the areas audited and/or personnel involved in the same, and has not operating tasks.

The Function answers to the Administrative Body, which defines its powers and tasks.

The Head is not in charge of operating functions and does not hierarchically answer to individuals responsible for the same. Their position is appointed and revoked by the Board of Directors of Poste Vita (based on an opinion from the Group’s Internal Control and Risks and Related Party Transactions Committee) and satisfies the requirements for the position relative to ethics, professionalism and independence established in the Guidelines on Assessing Possession of Necessary Requirements for a Position.

The Head and the employees of the Function (hereafter, also “auditors”) carry out their work autonomously and independently, basing their evaluations and professional and behavioural style on principles of objectivity. Additionally, beyond that established in the Conflict of Interest Management Guideline, the Head and the auditors abstain from undertaking any activity that could generate conflicts of interest or prejudice the possibility of carrying out their work impartially and with the requirement to provide notification of potential conflicts. In this light, the employees of the function do not have any operational responsibilities and those coming from internal operating functions do not carry out any auditing of activities or functions in which they previously had authority or responsibilities, if a reasonable period of time has not passed (at least a year). In case of a potential conflict of interest for the Head, they must promptly inform the Chairman or Administrative Body, while in the case of a potential conflict of interest for an auditor, they must promptly inform the Head of the Function.

The Head promotes continuous improvement in the quality of the Function's work, which must be adequate, in terms of human, technological and financial resources, to the nature, extent and complexity of the risks inherent to the business of the Company and the Group.

The Head and the auditors must possess appropriate abilities, knowledge and specialised skills, guaranteeing constant professional development.

B.6 Actuarial Function

The Actuarial Function is a specific organisational unit which reports to the Risk Office, without prejudice to the independence and autonomy of the Function in its reporting to the Company Bodies in its relevant area, in line with sector regulations.
Reference regulations assign the Actuarial Function tasks of a strictly insurance nature, hence, the scope of activities for the Group Function is circumscribed to the insurance companies Poste Vita (the parent company) and the subsidiary Poste Assicura.
In this context, by carrying out specific tasks relative to technical provisions, underwriting policies and reinsurance agreements in compliance with regulatory requirements, the Actuarial Function contributes to the application of the Risk Management System within the Companies and the Group.
Through the tasks assigned to it, the Actuarial Function carries out second level controls autonomously and objectively, in respect of the primary and secondary regulations for the sector and internal Group regulations.
The Function has human and technological resources able to guarantee continuous execution of verifications, analysis and other necessary actions relative to its area of responsibility. Members of the Actuarial Function and the Head in particular have the knowledge and experience to comply with regulatory requirements.
To allow for execution of the tasks for which they are responsible Actuarial Function employees have free access to company pertinent company data and information.
The Function carries out its work for the companies as individuals and the Group as a whole when appropriate, in line with that established in the reference regulations and the operating methods described in the Actuarial Function Policy of the Group and Company.
The work of the Function can be classified into the following macro-areas:

- Technical provisions - in this area, the main tasks involve:
    - sufficiency of Local GAAP technical provisions for the Poste Vita separate financial statements;

- coordination, data quality, backtesting and assessments relative to the adequacy of the methods, hypotheses and models underlying calculation of Solvency II technical provisions;
- verifying coherence between the amounts of technical provisions calculated based on local standards and using Solvency II criteria;

- Underwriting - Opinion on the overall underwriting policy;
- Reinsurance - Opinion on the adequacy of reinsurance agreements;
- Risk management system - contribution to risk modelling underlying calculation of capital requirements and ORSA evaluations.

The Actuarial Function drafts a written report at least once a year, addressed to the Board of Directors, of the Group and the company, which summarises – in line with the plan of activities approved by each administrative body – the tasks carried out and related results, the areas for improvement and any recommendations, in addition to the status and time frames of implementation of the existing improvement measures, without prejudice to the obligation to urgently report on situations of particular severity according the envisaged methods.
Additionally, the Actuarial Function, as a Key Function, is part of the annual review process for the Group and Company's Corporate Governance System for the areas of relevance.

B.7 Outsourcing

With reference to the parent company Poste Vita S.p.A., in order to strengthen company supervision over outsourcing, the Insurance Operations Manager established an Outsourcing Governance function.

The newly established function will ensure full supervision of the outsourcing process, contributing to the definition and implementation of governance guidelines and methods and supervision of outsourced activities, including through the design of tools, standards and preparatory methods for outsourcing management and monitoring. In addition, directly or in collaboration with the managers appointed to the control over specific high specialisation areas, the function will ensure the monitoring of the outsourced services and compliance with the defined service levels and contractual obligations, also contributing to the identification of possible areas for improvement.

The Guidelines for Outsourcing and Supplier Choice for the Poste Vita Insurance Group define a series of criteria intended to guide Companies in selecting the most appropriate supplier to entrust with an outsourced activity. These criteria are listed below:

selection of a supplier must, when possible in terms of market availability, occur through comparison of three or more suppliers; additionally, in the case Key Functions are outsourced, suppliers must necessarily have their registered office within the European Economic Area[10] (EEA);

[10]In cases in which the potential supplier falls within the category of infragroup entities or is a Related Party, the above comparison may not occur on the condition that internal documentation notes, at the least, the reason awarding the contract to the potential supplier is to be considered advantageous for the Company (e.g. potential operating and business synergy, rapidity of the operating management set up process, special economic conditions, etc.) and that the quality of the service can be considered satisfactory.

b) selection of a supplier must take into consideration the following indicators, to be evaluated using solely objective, documentable and transparent criteria:

- ownership and organisational structure;
- professionalism and specific skills for provision of the required service;
- economic and financial capacity and size;
- the adoption by the supplier of a code of ethics and organisational model pursuant to Legislative Decree 231.01;
- other indicators useful to testify to the ethics of the supplier (possibly identified by the Companies and specific to the supplier's business);
- independence of the supplier;
- with reference in particular to outsourcing of essential or important functions or activities, the presence of adequate plans to deal with emergency situations or interruptions to operations and, when deemed necessary by the Company, procedures to verify back-up devices;

c) selection of a supplier must call for the acquisition of specified documents from the supplier, to be gathered during the selection phase:

- Chamber of Commerce certificate demonstrating the company has registered with the Companies Register and REA, with anti-Mafia phrasing and margin note testifying that the company in question is not subject to any bankruptcy proceedings, or equivalent documentation in the case of a foreign supplier;
- the most recently approved financial statements;
- any provisions authorising them to carry out their business issued by the relevant supervisory authorities;
- information regarding the methods adopted by the supplier to guarantee there are no explicit or potential conflicts of interest that could risk satisfaction of the Company's needs;
- other documents useful for assessing and selecting the supplier.

Additionally, only with reference to suppliers outside of the Poste Italiane Group[11], at least the following additional documents are also required:

- company organisational chart and, more generally, information about the organisational structure;
- group structure when applicable or a self-declaration that the company is not a member of any group.

Furthermore, in the case of outsourcing of ICT services, the company must perform prior due diligence in terms of risk assessment, taking into consideration certain risk elements such as information security and user privacy, the location of data centres if data are collected and stored in archives located in countries with different economic/financial situations and a lack of specific regulations.

[11] For suppliers within the Poste Italiane Group no additional documentation beyond the standard set is required in that this additional information is already known to the Company.

In order to assess the expediency of outsourcing functions or activities, the Companies take the following factors into consideration:

- the strategic importance of the activities to be outsourced;
- company know-how regarding the activities to be outsourced;
- the cost/benefit ratio of outsourcing;
- risk deriving from outsourcing.

Furthermore, to assess whether an outsourced activity is “key or important”, including in order to activate the appropriate authorisation process for the outsourcing itself, the companies consider “key” or “important” the functions or activities that, if they were not to function or were to function improperly, would seriously compromise: (a) the undertaking’s ability to continue to meet the conditions required to maintain the authorisation to operate as an insurance firm or (b) the financial results, the stability of the undertaking or the continuity and quality of the services provided to policyholders.

That being established, all the assets or functions linked to the following cases are, by definition, considered “essential or important”:

- insurance product design, with relative setting of tariffs;
- investment management;
- claims management;
- complaints management;
- company data filing;
- regular and constant accounting support;
- Information and Telecommunication Technology (ICT) services.

Activities considered key and important also include those attributable to the Key Functions (Internal Auditing, Risk Management, Compliance and Actuarial Function), the Anti-Money Laundering Function (in relation to the tasks envisaged by current legislation) and the Information Security function.

Additionally, for the purposes of the above assessment, the following factors are also taken into consideration:

- respect for the commitments taken on relative to policyholders: evaluation of whether non or improper execution of the function or activity is potentially able to seriously prejudice the Company’s ability to comply with contractual commitments to policyholders;
- reputational risk: evaluation of whether non or improper execution of the function or activity is potentially able to damage the company’s image and increase conflict with customers, consequently generating non-renewals (due to loss of customers), capital losses (due, for example, to increased disputes) and an increase in costs (due, for example, to advertising campaigns to improve the company’s image).

Finally, to continuously monitor the quality offered by the supplier providing the outsourced activities, Companies adopt specific organisational and contractual safeguards to constantly monitor the outsourced activities and take prompt action in the case suppliers do not comply with the commitments made.

Below is a summary of essential or important activities outsourced by Poste Vita and Poste Assicura at 31/12/2021, with an indication of the jurisdiction in which the suppliers are located and whether or not they are a member of the Group.

Poste Vita S.p.A. - List of essential or important outsourced activities as at 31/12/2021		
Outsourced activities	**Jurisdiction**	**Intercompany**
Management of Poste Vita Soluzione Italia Internal Insurance Fund	Italy	No
Management of Poste Vita Soluzione Equilibrio Internal Insurance Fund	Italy	No
Management of Poste Vita Soluzione Flessibile Internal Insurance Fund	Italy	No
Separately Managed Account Posta Valore Più	Italy	No
Management of Poste Vita Gestione Bilanciata Internal Insurance Fund	Italy	Yes
Management of Poste Vita Soluzione Multipla Internal Insurance Fund	Italy	Yes
Management of Poste Vita Previdenza Flessibile Internal Insurance Fund	Italy	Yes
Management of Poste Vita Soluzione Sostenibile Internal Insurance Fund	Italy	Yes
Management of “Poste Vita Obiettivo Sostenibile” Internal Insurance Fund	Italy	Yes
Management of “Poste Vita Progetto Dinamico” Internal Insurance Fund	Italy	Yes
Separately Managed Account Posta Pensione	Italy	Yes
Free Capital Management	Italy	Yes
Separately Managed Account Posta Valore Più	Italy	Yes
Separately Managed Account Posta Valore Più	France	No
Management of part of the alternative investment funds present in the portfolio (so-called “Delegated Alternative Funds”)	Italy	No
Management of Poste Vita Moderato Internal Insurance Fund	Luxembourg	No
Management of Poste Vita Equilibrato Internal Insurance Fund	Luxembourg	No
Management of Poste Vita Dinamico Internal Insurance Fund	Luxembourg	No
Separately Managed Account Posta Valore Più	Germany	No
Management of Poste Vita Strategia Diversificata Internal Insurance Fund	United Kingdom	No
Separately Managed Account Posta Valore Più	Italy	No
Mail Room and document management service	Italy	Yes
Call Center services management	Italy	Yes
Management of goods and services procurement	Italy	Yes
IT systems management including disaster recovery	Italy	Yes
Written requests for information management services	Italy	Yes
Partial outsourcing of administrative/accounting activities	Italy	Yes
Portfolio management	Italy	Yes
Settlement management	Italy	Yes
Management of human resources and organisation	Italy	Yes
Partial outsourcing of the Anti-Money Laundering function	Italy	Yes

Poste Assicura S.p.A. - List of essential or important outsourced activities as at 31/12/2021		
Outsourced activities	**Jurisdiction**	**Intercompany**
Services for claim settlement management - collective insurance products	Italy	No
Services for claim settlement management - retail and collective insurance products	Italy	No
Management of restricted assets	Italy	Yes
Services for claim settlement management - collective insurance products	Italy	No
Services for claim settlement management - collective insurance products	Italy	No
Services for claim settlement management - collective insurance products	Italy	No
Services for claim settlement management - retail and collective insurance products	Italy	Yes
Services for claim settlement management - retail insurance products	Italy	Yes
Mail room and document management service	Italy	Yes
Management of goods and services procurement	Italy	Yes
Call Center services management	Italy	Yes
Written requests for information management services	Italy	Yes
IT systems management including disaster recovery	Italy	Yes
Partial outsourcing of administrative/accounting activities	Italy	Yes
Management of human resources and organisation	Italy	Yes
Awarding of the capital management, investment management, operational marketing, training and support activities for the network, treasury management, administrative/accounting and fiscal requirement management, regulatory reporting management, legal affairs, corporate management and activities assigned to the function responsible for distribution controls	Italy	Yes
Outsourcing of fundamental functions	Italy	Yes

B.8 Other Information

The Companies of the Poste Vita Insurance Group carry out an annual review of the corporate governance system, both as individual companies and as the Italian Ultimate Parent (USCI).
This process, carried out on the basis of Group methodological guidelines, calls for a research stage in which standard analytical questionnaires are filled out by the company bodies and the relevant company functions relative to the various areas investigated. This is accompanied by document analysis.
All the areas of the Poste Vita S.p.A. corporate governance system are reviewed, both in its role as an individual Company and in its position as the USCI relative to the subsidiary Poste Assicura S.p.A.
The review also considers follow-up relative to corrective actions approved the previous year and the self-assessment carried out by the Administrative Bodies of the Companies, pursuant to article 5, paragraph 2, letter z) of IVASS regulation 38/2018.
The overall assessment based on the analytical results of the above questionnaires is brought to the attention of the relative Boards of Directors, accompanied by specific Corrective Plans, when areas for improvement are identified.

With reference to financial year 2021, the insurance group companies believe that the general level of adequacy of the corporate governance system is satisfactory and that the organisational structure of the undertaking ensures its completeness, functionality and efficacy, using as a reference the effective operation highlighted by the analyses: (i) of the corporate bodies (Board of Directors, Board of Statutory Auditors) and Senior Management; (ii) of the organisational structure, in terms of structure, human resources, information flows, outsourcing and management control processes; (iii) of the processes related to remuneration and incentive

systems; (iv) the planning and implementation process of strategies; (v) the governance and structure of the controls over Key Functions and the Anti-Money Laundering Function and the newly established Information Security Function; (vi) of the company IT system; (vii) of the follow up to the remediation measures approved in the previous financial year under review; (viii) of the profile of Poste Vita as UHC.
The review process found specific areas for improvement with reference to the strengthening of oversight in terms of information security and outsourcing governance/monitoring in line with the plans that will be developed by the newly established Outsourcing Governance and Information Security functions as well as changes to the culture of control and the sharing of risks.

At 31 December 2021 there was not additional relevant information with regards to the Governance System.

C - RISK PROFILE

Current risk profile

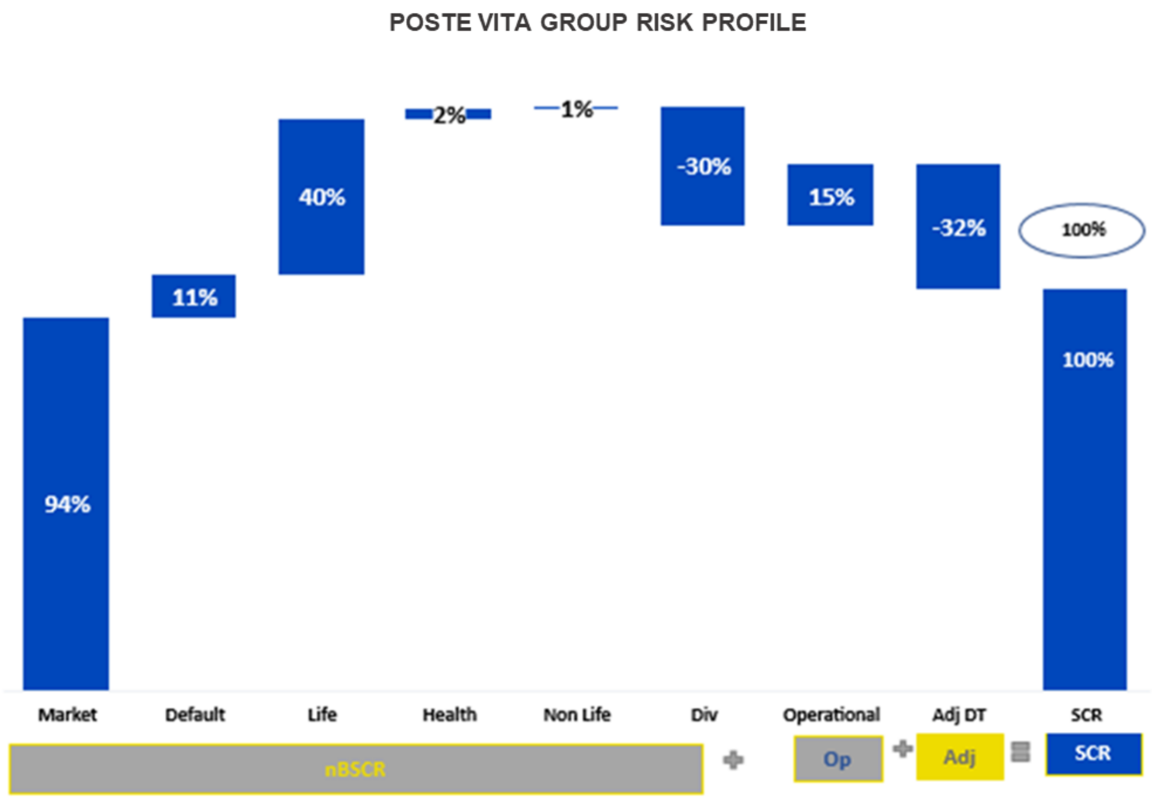
In the context of its Risk Management System, the Poste Vita Group has identified the following categories of risk:

- life, non-life and health underwriting risk;
- market risk;
- credit risk;
- liquidity risk;
- operational risk;
- liquidity risk;
- other substantial risks.

Within the "other substantial risks" category, the Poste Vita Group has identified: strategic risk, reputation risk, regulatory non-compliance risk, money-laundering risk, lack of diversification and/or concentration risk, government spread risk, risks associated with Group membership, ESG risk and intangible assets risk.

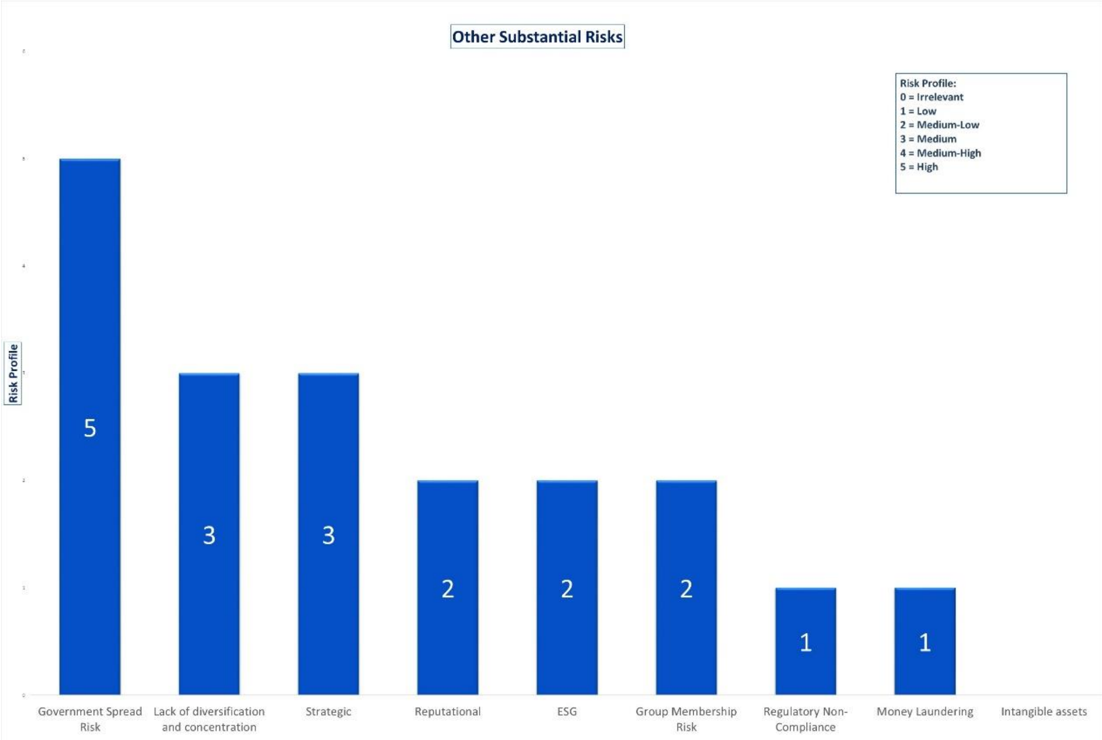
The Group and the Companies of the Group measure underwriting, market, credit and operational risk using Standard Formula metrics, considered appropriate in the light of the adequacy analysis carried out.

Below is the Poste Vita Group's risk profile at 31 December 2021, determined using the Standard Formula, in which the percentage weights of the individual risk areas are determined with respect to the total capital requirement, not considering the effect of diversification (Div) and the deferred tax absorption capacity (Adj DT), but taking technical provision absorption capacity into account.



The biggest risks for the Group are market risk, life underwriting risk, operational risk and credit risk, while the risks associated with health underwriting and non-life underwriting are still marginal.

Below is a qualitative and quantitative evaluation of the other substantial risks.



Prospective risk profile

During the planning period no substantial changes are expected in the risk profile of the Group and the individual Companies.

In particular, market risk and life underwriting risk will continue to prevail, while credit and health and non-life underwriting risks will remain stable over all, with a slight upward trend for the latter two.

Nonetheless, in order to reduce its capital requirements, the parent company will work to increase the placement of multi-class products and both Companies will work to further diversify their securities portfolios.

Relative to the subsidiary Poste Assicura S.p.A., given the nature of the business and the expected growth, it is held that the risk profile will grow in relation to the increase in turnover, but will remain substantially stable in terms of composition in future years, therefore confirming the prevalence of underwriting risk with respect to the remaining risks.

C.1 Underwriting Risk

In order to support strategic and business goals such as profitability and the quality of risks taken on, the Group and the Companies of the Group have defined an underwriting policy which calls for the following during the risk assumption phase:

- Developing products consistent with the requirements and characteristics of various customer segments;
- Taking on risks to manage for which adequate skills and resources are available;
- Taking on risks consistent with the Risk Strategy and Risk Appetite;

- Eliminating or not renewing, when possible, "accepted" risks which are not consistent with the Risk Appetite Framework and/or require exceeding the limits established in specific Group company guidelines;
- Underwriting risks that guarantee adequate mitigation techniques, in particular equilibrium between reinsurance treaties signed, product characteristics (guarantees covered, contract duration) and the portfolio mix;
- Adequate procedures and control systems to guarantee the completeness, relevance and accuracy of accounting and statistical data, used for pricing and risk analysis.
- The evaluation, when designing a new product or sales initiative, of the following aspects:
  - adequate reinsurance structures;
  - risk assumption limits;
  - contractual clauses (possibility to split the premium, possibility of tacit renewal, withdrawal in the case of claims, etc.);
  - costs (for acquisition, management and administration of contracts, including costs for settling claims, etc.);
  - changes in the portfolio mix (in terms of risk and concentration) which issuing the new product may involve;
  - assessment of the impact of non-payment of premiums (e.g. impossibility of recovering expenses and commissions) and the relative impacts on Group solvency.

The Group and the Companies of the Group when taking on risk must, therefore, undertake to guarantee the sufficiency of the premiums collected with respect to the future commitments made relative to policyholders and contract management and acquisition expenses, developing the skills and professionalism of those who define the products, take on risks and, more generally, of all those involved in the underwriting process.
Additionally, the Group and the Companies of the Group must guarantee ever increasing standards of quality in underwriting management to avoid reputational losses and anti-selection and/or moral hazard.
The underwriting policy is intended to strengthen the Group's market position, increasing its share in the various insurance segments in which it operates, developing a profitable risk portfolio.

Underwriting risk - the risk of suffering losses due to inappropriate pricing of insurance products sold - can occur due to:
- inappropriately chosen technical bases (demographic or financial);
- improper evaluation of the implicit options of the product;
- improper evaluation of the parameters used to calculate amounts added for expenses.

The Group and the Companies of the Group assess underwriting risk based on the principles dictated in the current regulations, making reference to the Delegated Regulation (EU) 2015/35 of 10 October 2014, which integrated Directive 2009/138/EC of the European Parliament and

Council on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), based on the standard formula.
This standard formula requires separate evaluation of life, health and non-life underwriting risks. Of these, life underwriting risk is the main component of the capital requirement.
Finally, to mitigate unfavourable technical trends, increase underwriting capacity and manage portfolio risk, each Group Company uses the risk transfer techniques identified in the reinsurance guidelines.
Assessing whether risk transfer is effective is done through the formalisation of specific company procedures which take the risk profile into account, especially Risk Appetite in its various aspects. Formalisation of these aspects is done through the Outward Reinsurance Plan.

At 31 December 2021, the greatest underwriting risk was for life, while non-life and health underwriting risk was still modest.
For retail life products, the Group is able to avoid signing proportional treaties as it has a sufficiently expansive and homogeneous risk profile. However, it has still chosen to make use of non-proportional reinsurance to protect itself against catastrophic events.
The most relevant life underwriting risk is the risk of mass surrender. The Standard Formula scenario which determines the capital requirement for the risk of early redemption (lapse risk) is the mass lapse scenario that assumes a mass outflow of 40% of the portfolio of policies.
Mortality risk is of limited significance for the Group, considering the characteristics of the products it offers. The only area in which this risk has a degree of relevance is that of Term Life. With reference to these products, a comparison is periodically made between effective deaths and those forecast using the demographic bases adopted for pricing: the first category has always been significantly lower than the second. Additionally, mortality risk is mitigated by making use of reinsurance coverage, both proportional and non. Additionally, when risks are taken on, there are well-defined limits both for the amount insured and the age of the insured. The portfolio is well diversified with respect to the parameters of age, gender, smoker/non-smoker, socio-economic class, amount insured, type of insurance, level of underwriting applied and geographic location. The Group has an underwriting system which limits the risk of antiselection.

In recent years, longevity risk has become more significant with the underwriting of individual pension plans. However, these still represent a marginal portion of insurance liabilities. For these products, the Group reserves the right, upon the verification of specific conditions, to modify the demographic bases and gender composition used to calculate the return conversion coefficients.

The Group’s non-life and NSLT illness underwriting risks derive from the business of the non-life company Poste Assicura S.p.A.
The features of the Poste Assicura distribution channel and of the products it sells leads to a portfolio with a greater Health segment concentration, with products offering guarantees linked to injury and illness and to Credit Protection.

Relative to Non-Life Business, the most significant volumes are associated with the Fire, General Liability and Miscellaneous business lines, mainly linked to products offering coverage of assets, capital and income.

The risk of early death represents the sole significant risk measured using the formula standard relative to the underwriting risk module.
Also note that at present the Group and the Companies do not transfer risks to vehicle companies, nor they expect to in the future.

C.2 Market Risk

Market risk is the most significant in terms of the total capital requirement for the Group and Poste Vita S.p.A. at 31 December 2021. However, this is of little significance for Poste Assicura S.p.A.
The financial instruments held by the Group mainly refer to investments made to cover contractual requirements taken on relative to policyholders, for traditional revalued life policies, pension products and multi-class products.
The Group and the Companies of the Group have worked to diversify their investments in recent years, reducing the amount of government bonds in the light of a persistent economic/financial situation with particularly low interest rates and a slow economic recovery at the global level. However, a moderate risk appetite has been maintained.
In particular, in line with the Strategic Asset Allocation (SAA), Poste Vita has favoured liquid multi-asset, real estate fund and private market strategies, with the latter mainly referring to private debt and infrastructure equity.

In terms of market risks, note the following sub-categories:

- Spread risk;
- Equity risk;
- Currency risk;
- Property risk;
- Interest rate risk;
- Concentration risk.

The risk which determines the largest capital requirement within the market risk module is spread risk relative to corporate bonds. Nonetheless, Poste Vita S.p.A. has exposure to government bonds and other instruments similar to government bonds which mainly consist of Italian government bonds. The parent company has begun a gradual diversification policy with a slow reduction in investments in government bonds, also to reduce the volatility associated with concentration in this asset class.

The Group has performed sensitivity analysis on government spread risk, assessing the impact on the solvency index during the time horizon of the 2022-2024 plan of an instantaneous increase in the Italian and European government spreads, for each year of the projection. The instantaneous increase in Italian government spreads did not create any special problems throughout the plan horizon, with the Solvency Ratio staying in line with the established Risk Appetite Framework.

The equity risk module includes shares, mutual investment funds and the equity investment in the associated company (Europa Gestioni Immobiliari S.p.A.).
Property risk is associated with a series of real estate funds held by the Company. At 31 December 2021, this risk was contained.
Currency risk is linked to two private market funds in a foreign currency held by the Company and to positions in foreign currencies within multi-asset funds.
The interest rate risk at 31.12.2021 is mainly linked to the separately managed accounts. Evaluation of interest rate risk is done through asset liability management projections and, in particular, through the shock scenarios called for in the Standard Formula. The Group also did sensitivity analysis on this risk, assessing the impact on the solvency index over the plan horizon with regards to a decrease in the Euroswap rates for each year of the projection.
Again in this case, the solvency level was in line with the defined Risk Appetite Framework.
Finally, at 31 December 2021 the capital requirement relative to concentration risk was zero.

Concentration and risk mitigation
The Group has a risk management system which includes strategies, processes and procedures necessary to identify, measure, assess, monitor, report and manage the risks to which it is exposed, on a continuous basis. This approach makes it possible to react promptly, accurately and in a targeted manner to changes in the economic and financial systems in which it operates.
To control and mitigate market risks, various risk management techniques have been adopted. This include:

- Asset Liability Management (ALM), establishing strategic asset allocation in relation to the liability structure, to reduce risk to the desired level and maximise the contribution of investments to value creation;
- a three-level investment limit system: the first level of limits is approved at least annually by the Board of Directors in investment management policies, the second level of limits is issued by Senior Management and may involve more restrictive limits than those set by the Board of Directors, as well as limits of a more operational nature and finally the third level, issued at the management level with the objective of guiding the activities of the various managers;
- a regulated investment process, which requires formal in-depth analysis of all complex investments by the function working in the area of investments, a Risk Opinion from Risk Management and a Compliance Opinion from the Compliance Function;
- coverage of currency risk for positions in foreign currencies contained within the MultiAsset funds;
- constant monitoring of financial risk relative to the Company’s economic and solvency position.

Relative to concentration risk, within the market risk module, the parent company has identified the following exposures at 31 December 2021:

- Government Bonds, mainly Italian;

- Bonds relative to Cassa Depositi e Prestiti S.p.A.

C.3 Credit Risk

Similarly to that established for all market risks, in order to guarantee that credit risk levels are appropriate to Group business, investments are carried out in respect of the prudent person principle established under article 132 of Directive 2009/138/EC.
The Group and the individual Companies, as established in the Standard Formula, break down their credit exposures into two categories:

- Type 1:
  - Exposures deriving from reinsurance agreements, in particular considering recoveries from reinsurers for premiums and claims coinciding with the best estimate for premium and claim provisions;
  - Other receivables due from reinsurers other than those above;
  - Bank deposits in current accounts.
- Type 2:
  - Receivables due from intermediaries;
  - Receivables due from policyholders.

Depositories have a high credit standing and good ratings. Capital requirements for this risk derive from type 1 exposures for the most part.

Finally, the Group and the individual Companies do not have any operations associated with loans, nor do they plan to.

C.4 Liquidity Risk

This represents the risk of not complying with obligations undertaken relative to policyholders and other creditors, or of being able to do so only through the use of unsatisfactory market and/or credit conditions or by liquidating investments at a value below the acquisition or carrying amount, with negative consequences on the economic, equity and financial situation. For the Group and the individual Group companies, liquidity risk mainly derives from an inability to rapidly sell a financial asset at a value near to its fair value, or without realising significant capital losses.

For the purposes of analysing the liquidity risk profile, the Companies of the Group carry out analysis to ensure effective asset management relative to the commitments undertaken with policyholders, preparing prospective analysis on the effects that would derive from a shock to the financial markets (asset trends) and on the behaviour of policyholders (liability trends).
In managing liquidity, the Companies ensure that:

- assets covering the technical provisions are invested in a manner appropriate to the nature and duration of the liabilities;

- there is a sufficient high level of overall short and medium-term liquidity, carrying out treasury cash flow analysis and matching asset and liability features;
- monitoring of liquid assets occurs through analysis of the securities portfolio, monetary funds and liquidity held with banks.

Cash flow monitoring is done by analysing cash flow from the asset and liability portfolios, to allow for monthly comparison of inflows and outflows.
Relative to separately managed accounts, the Group carries out quarterly monitoring of the liquidity profile using the Liquidity Coverage Ratio (LCR). This has two versions, based on the relative time horizon:

- the Short-Term Liquidity Coverage Ratio (STLCR) is calculated over a one-year time horizon, as the ratio between total incoming cash flow from coupons, dividends, capital reimbursement and premiums and total outgoing cash flow deriving from maturities, surrenders, claims and coupons paid;
- the Medium-Term Liquidity Coverage Ratio (MTLCR) is calculated over a five year horizon, the same as the Business Plan, as the ratio between total incoming cash flow from coupons, dividends, capital reimbursement and premiums and total outgoing cash flow deriving from maturities, surrenders, claims and coupons paid.

Both indicators are calculated using base and stress conditions and are applied to the Poste Vita S.p.A. separately managed accounts, monitored using the thresholds indicated in the Risk Appetite Framework.
With reference to Class III products, the Group makes investments inspired by the close matching principles, meaning that the possibility of compromising its overall liquidity profile is remote, as in any case it could be restored by selling securities covering the provisions.

Finally, the level of liquid assets, identified through a specific liquidity reserve (consisting of on demand bank deposits, monetary funds and securities in the current segment with maturity of less than two years), is monitored on a monthly basis by the investment area and by Risk Management which periodically audits this activity. Analysis is supported by an additional stress scenario carried out to verify the applicability of the volatility adjustment.

The “expected profits included in future premiums”, equal to € 607,581 thousand at 31.12.2021, are determined by the difference in the best estimate in the basic scenario and in the scenario in which a renewal frequency of zero was hypothesised for contracts with a recurring single premium, thus cancelling all future premium contributions and, at the same time, the obligations arising from such payments. In the stress scenario, all additional future deposits are also brought to zero. In this scenario, securities in the portfolio are sold when necessary to handle the payments.

C.5 Operational Risk

Operational risk is the risk of losses deriving from the inadequacy or dysfunction of internal procedures, human resources or systems, or from external events.[12]
Operational risk, assessed using the Standard Formula, is the third biggest risk for the Group at 31 December 2021. The requirement is in line with respect to the previous year.
Additionally, the Group also carries out a Risk Self-Assessment relative to potential operational risks, in which each Risk Owner provides a prospective self-assessment of possible operational risk events for the Group.
More specifically, the Risk Self-Assessment evaluates the following aspects:

- identification of potential extreme and hypothetical events, but still foreseeable, identified in part through the experience of the Risk Owner;
- the frequency with which these events may occur, in order to identify potential risks which have not occurred in the past;
- an estimate of the potential economic effect of the risk events;
- an estimate of the level of efficacy for the controls implemented to safeguard against the risk.

The self-assessment process makes it possible to determine the maximum potential loss associated with operational risk, identifying the areas most exposed to operational risk and creating a corrective action plan.
Analysis of the Risk Self-Assessment led to the identification of certain areas for improvement, in that the potential operational risk levels had increased relative to 2020. In any case, safeguard levels are still at a good level.
Additionally, the Group has implemented a Loss Data Collection method, to collect and create a census of information regarding operational events during the period of the income statement, to identify the main risk factors which effectively affected the Group, as well as any mitigation actions to implement. Therefore, the functions responsible for reporting operating events have been identified and a validation process has been created for events identified during individual quarters.
Controls regarding data coherence are guaranteed by the Loss Data Collection methodology implemented in the operating loss system and the Risk Office ensures this is consistent with findings relative to the model required.
Operating losses recorded in 2021 by the Group increased with respect to the previous year, but the Group has strengthened its safeguards relative to the processes.
Risk is well supervised, in that the Group has safeguards relative to operating risk including analysis done to identify, mitigate and monitor operational risk.

[12]6 Based on that established under Article 10, paragraph 4 of Directive 2009/138/EC, it includes legal risk and excludes strategic and reputation risk.

C.6 Other Substantial Risks

In addition to the risks previously illustrated, the Companies of the Group have identified a series of other additional risks (reputation risk, strategic risk, regulatory non-compliance risk, lack of diversification and/or concentration risk, Italian government spread risk, risks associated with Group membership and intangible assets risk) measured through qualitative and quantitative techniques.

Reputation Risk

This is the current or prospective risk of a decrease in profits or capital deriving from a negative perception of the company's image relative to customers, counterparts, shareholders, employees, investors or supervisory authorities. This risk is measured with a qualitative approach.

The Group and the individual Companies, to protect and maintain a good reputation with customers and operating credentials, based on trust and transparency, work with Poste Italiane to identify reputation risks for the Group and monitor and control this risk for all insurance products. Additionally, when measuring operational risk, risk owners assess whether an event could also impact the reputation.

Given that reputation risk is of particular significance for the Group, monitoring is done monthly, focussed on complaint management and customer care (service levels, assistance and customer response time) with specific reports on these two areas sent to all company functions. The Complaints Function regularly monitors the corrective actions undertaken relative to major complaint causes and works to increase awareness in owners until the actions have been fully completed.

Finally, the Products Committee examines the reputation risk that could derive from the sales of new products. Additionally, all advertising and/or informational materials or communications intended for the public must always be shared with and approved by the Compliance Function.

Strategic Risk

Strategic risk is the current or prospective risk of a decrease in profits or capital deriving from:

- mistaken "strategic" decisions
- inadequate attention paid to strategic decisions made;
- inadequate reactivity to changes in the competitive and market context.

In general, strategic risk refers to the risk of not achieving the risk/return objectives established in the strategic plan.

Strategic risk is monitored by Risk Management in line with the methodology defined by Poste Italiane to identify, measure, handle and monitor strategic risks which involve the activities of the Poste Vita Insurance Group. This is achieved through a coordinated collection of principles, rules, procedures, methodologies, instruments and organisational structures that introduce safeguards to company operations able to effectively and efficiently monitor strategic risks, while also producing a continuous flow of information to support decision-making processes. In particular, with the support of Group Risk Management, the Risk Office coordinates Risk Owners during the Risk Assessment stage, with the aim of identifying the main strategic and reputation risks for the group. These are then measured in terms of their degree of significance.

Additionally, in relation to tools to mitigate strategic risk, the Risk Management function is involved in the strategic planning and budgeting process with the aim of assessing the potential impact of the main strategic plan assumptions on capital adequacy beforehand.
The Group's Risk Appetite Framework calls for definition of Risk Appetite objectives, Risk Tolerance thresholds and Risk Capacity limits that are consistent with the strategic plan and allow company governance bodies to effectively and continuously monitor the actual risk profile with reference to the planned profile.

Regulatory Non-Compliance Risk

This is the current or prospective risk of a decrease in profits or capital deriving from legal or administrative fines, losses or damages as a consequence of not observing laws, regulations or Supervisory Authority provisions, or self-governance rules such as By-Laws, Codes of Conduct or self-governance codes.
It includes risk deriving from unfavourable changes to the regulatory framework or in jurisprudence.
The level of regulatory non-compliance risk is considered to be adequately safeguarded against on the basis of the coordinated monitoring by the Compliance function, which identifies and measures/assesses regulatory non-compliance risk for the Companies, using Risk Assessment techniques.
The analysis identified certain areas for improvement, but no significant problems were found.

Money-laundering Risk

This is the current or prospective risk of a decrease in profits or capital deriving from legal or administrative fines, operating losses or reputation damage as a consequence of a violation of legal, regulatory or self-governance provisions functional to preventing the use of the financial system for money laundering and/or to finance terrorism, as well as involvement in money laundering and/or financing of terrorism. At least once a year, the Group carries out a self-assessment of its exposure to this risk, in line with that called for under the relevant regulatory provisions. In particular, risk exposure identified in 2021 was substantially unchanged with respect to the previous year, confirming a residual risk level which is contained. Hence, the system is substantially adequate and able to identify and prevent the risks in question.

Lack of diversification and/or concentration risk

This is the risk that the business is excessively concentrated on only certain types of risk, product, customer and/or geographic area and hence is not adequately diversified. The products currently placed present fairly standardised features and with relatively low minimum guarantees for the majority of the portfolio not consolidated year by year. The geographic distribution of these products is homogeneous throughout the country of Italy due to the extensive nature of the distribution network. Nonetheless, the Group's product portfolio is still quite concentrated in traditional revalued products, even if efforts are being made to place class III products.

Government spread risk

This is the risk of possible losses deriving from a deterioration in the credit standing of Italian government bonds.

Poste Vita S.p.A. is exposed to government bonds and other similar instruments which, at 31 December 2021, accounted for 68% of the market value of all class C investments, with 89% of the government portfolio issued by Italy.

While in the Standard Formula these exposures are risk free, the Company has begun a policy to gradual diversify government bonds, to reduce the volatility associated with the concentration in this Asset Class.

Additionally, as part of the 2021 ORSA, Poste Vita carried out sensitivity analysis on government spread risk, assessing the impact on the solvency index in the period from 2022-2024 of an instantaneous increase in Italian government spreads in each year of the projection, with a consequent adjustment of the Volatility Adjustment value.

The solvency level was in line with the Risk Appetite Framework prepared by the Company.

Risks associated with Group membership

Risks associated with Group membership include:

- the risk of “contagion”, that is the risk that due to relationships between the Company and other Group entities, difficulties faced by one Group entity may spread, with negative effects on Company’s solvency;
- the risk of conflicts of interest deriving from operations carried out with Group entities.

The assessment of risks associated with Group membership, done using a qualitative approach, gave rise to the following points:

- the parent company Poste Italiane has demonstrated over time it has a high level of interest in protecting the interests of customers of all Group Companies through specific safeguards.
- The Companies have provided themselves with a specific infragroup operation policy, as required under IVASS Regulation 30 of 26 October 2016, to guarantee infragroup operations consistent with the principles of healthy and prudent management and avoid the implementation of operations which could produce negative effects.
- The Companies have also provided themselves with a specific policy for managing conflicts of interest, defined in respect of the main regulatory references on the subject, to identify and manage conflicts of interest in relation to the issuing/management of insurance and social security products, as well as relative to services and investment activities;
- It is established that the ultimate parent, Poste Italiane, may take action to support the Insurance Group, in the case in which its solvency position exceeds the Risk Tolerance limits as defined in the Risk Appetite Framework.

Intangible assets risk

This is the risk deriving from changes in the value of intangible assets relative to expectations. Intangible assets amount to zero. Therefore, this risk is considered insignificant.

Social and environmental risk

This is the risk deriving from factors associated with social problems, including risks relative to human rights and the environment, linked to climate change.

The Poste Vita pays attention to issues of social responsibility inherent to the financial management of its assets.

Social and environmental risk are monitored on a quarterly basis by the Risk Management Function, in the context of the Risk Appetite Framework, through an indicator which synthesises Environmental, Social and Governance (ESG) analyses relative to its own direct investment portfolio, to assess the level of social responsibility.

The analysis method used are inspired by universally recognised norms and conventions, issued by international bodies relative to human rights, worker rights and environmental protection, including the UN, OECD and ILO. Issuer companies are evaluated, for both stock and corporate bond investments, measuring their ability to manage stakeholder relations. The evaluation process ends with the assignment of a final ESG score (from 0 to 100) to each company, using the average of the score obtained in each of the areas of analysis.

ESG risk is well protected against in that the results of the analysis indicate that the Company has a score higher than the Ishares MSCI World ETF benchmark, which was used for comparison.

Risk Mitigation Techniques

The Group makes use of various techniques to attenuate risk, both reinsurance and financial.

In terms of financial techniques to attenuate risk, when calculating its solvency requirements for the currency risk submodule, the Company takes into account forward derivatives it holds relative to currencies found in Multi-Asset funds.

In line with article 23 of Delegated Regulation EU 2015/35, through the regulations for the Separately Managed Accounts of the Poste Vita Group and the investment policy pursuant to Regulation 24 approved by the Poste Vita Board of Directors, the following management actions have been established:

- Investment strategy
- Crediting strategy

The main objectives of the investment strategy for each Separately Managed Account are:

- Definition of an appropriate asset mix, reviewing the mix at established intervals.
- Definition of a strategy to (re)invest cash flows from assets and liabilities between one mix review and the next.

The mix review occurs on the basis of asset classes, in relation to which all assets are classified based on their characteristics.

D - VALUATION FOR SOLVENCY PURPOSES

The measurement criteria adopted when preparing the Market Value Balance Sheet comply with Article 75 of Directive 2009/138/EC and the criteria established in Delegated Regulation EU 2015/135 of 10 October 2014 (hereafter, also "Reg. 2015/35") and, in particular, that established under Article 9 of the same Delegated Regulation, which establishes the following:

- undertakings value assets and liabilities in line with the international accounting standards adopted by the European Commission as per Regulation (EC) no. 1606/2002, provided that these standards include valuation methods consistent with the valuation approach set out by article 75 of Directive 2009/138/EC. Should these standards permit the use of several valuation methods, undertakings only use the methods compliant with article 75 of Directive 2009/138/EC;
- Where the valuation methods included in international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 are not consistent either temporarily or permanently with the valuation approach set out in Article 75 of Directive 2009/138/EC, insurance and reinsurance undertakings shall use other valuation methods that are deemed to be consistent with Article 75 of Directive 2009/138/EC.

To that end, the valuation criteria adopted for solvency purposes, as defined in the Guidelines on Measuring Assets and Liabilities other than Technical Provisions approved by the Board of Directors, are provided below:

- *Goodwill*: measured at zero.
- *Intangible assets and deferred acquisition costs (DAC)*: these are measured at zero, unless the intangible asset can be measured separately and the companies can demonstrate the existence of a value for an identical or similar asset calculated in compliance with article 10, paragraph 2 of Reg. 2015/35, in which case the asset is measured in compliance with article 10.
- *Financial assets and liabilities*: Financial instruments and financial liabilities are valued based on their corresponding fair value, using as a reference the prices listed on active markets where available and inferable from recent or similar transactions, or from alternative valuation models.
- *Investments*: Equity investments are valued pursuant to article 13 of the Delegated Acts (Regulation (EU) no. 2015/35 of 10 October 2014), in accordance with the following hierarchy of methods:
  - (a) using the default valuation method set out in article 10, paragraph 2 of the regulation mentioned (namely, undertakings value equity investments using quoted market prices in active markets for the same equity investments);
  - (b) using the adjusted equity method referred to in paragraph 3 of article 13 where valuation in accordance with point a) is not possible. The aforesaid method requires the participant undertaking to value its equity investments in subsidiaries based on the portion of excess assets over liabilities of the subsidiary held by the parent company;

- c) using the valuation method set out by article 10, paragraph 3 of the said regulation (in this case undertakings value the equity investments used quoted market prices in active markets for similar assets with adjustments to reflect differences) or alternative valuation methods set out by article 10, paragraph 5 of the said regulation.

- *Deferred tax assets and liabilities*: companies recognise and measure deferred taxes in relation to all assets and liabilities, including technical provisions, recognised for tax or solvency purposes in compliance with article 9. The companies of the Poste Vita Group measure deferred tax liabilities differently than deferred tax assets deriving from the carrying forward of unused tax credits and tax losses, based on the difference between the values ascribed to the assets and liabilities recognised and measured in compliance with Article 75 of Directive 2009/138/EC and, in the case of technical provisions, in compliance with Articles 76 to 85 of the same directive and the values ascribed to assets and liabilities recognised and measured for tax purposes. Companies ascribe a positive value to deferred tax assets only if it is probable that there will be future taxable profits which will allow the use of the deferred tax assets, taking into account legal or regulatory requirements regarding deadlines for carrying tax losses or unused tax credits forward.
- *Contingent Liabilities*: as established under article 11 of the Delegated Regulation, companies recognise contingent liabilities as liabilities when they are material, pursuant to article 9 of the cited regulation. These liabilities are material where information about the current or potential size or nature of those liabilities could influence the decision making or judgement of the intended user of that information, including the supervisory authorities. The value of these liabilities is equal to the expected future cash flows required to settle the contingent liability throughout the duration of the contingent liability, calculated using the basic risk-free interest rate term structure.
- Relative to *tangible assets*, derogating from paragraphs 1 and 2 of article 9 of the cited Delegated Regulation and in particular respecting the principle of proportionality pursuant to paragraphs 3 and 4 of article 29 of Directive 2009/138/EC, the Poste Vita Group has recognised tangible assets with the valuation method used to prepare its annual financial statements, as the conditions indicated under paragraph 4 of article 9 were respected.

The Consolidated Financial Statements include the Financial Statements of the parent company and those of the investees Poste Assicura S.p.A. and Poste Welfare Servizi S.r.l., both entirely held by Poste Vita S.p.A., and as of 2019 also include the financial statements of Poste Insurance Broker S.r.l., 100% controlled by Poste Assicura S.p.A. These interests are consolidated on a line-by-line basis.

In line-by-line consolidation, the carrying value of equity investments is eliminated against the corresponding part of shareholders' equity against the full inclusion of the assets and liabilities of the subsidiaries, including contingent liabilities.
In particular, the criteria used for line-by-line consolidation are as follows:

- assets and liabilities and costs and revenue of entities are recognised on a line-by-line basis;

- infragroup costs and revenues and payables and receivables are cancelled.

The parent company Poste Vita S.p.A. also holds a non-controlling interest in Europa Gestioni Immobiliari S.p.A. This interest is not consolidated on a line-by-line basis but is measured using the equity method.
Furthermore, for the sake of completeness, the parent company Poste Vita S.p.A. holds a non-qualifying and non-controlling equity investment of 9.9% in the capital of the company FSI Società di Gestione del Risparmio S.p.A. or, in short, FSI S.G.R. S.p.A., with registered office in Italy and which carries out the promotion and management of investment funds pursuant to Italian Legislative Decree no. 58 of 24 February 1998, as amended (consolidated law on provisions regarding financial intermediation) and related implementing regulations.
The template of the Market Value Balance Sheet is shown below, with a comparison with the balances of the IAS/IFRS consolidated financial statements.

Lastly, in the Market Value Balance Sheet, the amounts related to the subsidiary Poste Welfare e Servizi are represented on a per-line basis, in both the “Solvency II” column and the “IAS/IFRS” column, in order to provide greater disclosure of the entries in the assets and liabilities. In relation to Solvency II, the provisions envisaged by IFRS 5 do not apply, which require the classification of all assets and liabilities of a disposal group in a single row of the assets and liabilities.

(€k)	2021 Solvency II value	2021 Consolidated IAS/IFRS	Delta
Assets			
Godwill		17,823	(17,823)
Deferred acquisition costs		42,200	(42,200)
Intangible assets		53	(53)
Deferred tax assets	2,292,380	466,834	1,825,546
Pension benefit surplus			
Property, plant & equipment held for own use	3,231	3,231	
Financial Investments	**150,845,818**	**150,636,193**	**209,625**
Property (other than for own use)			
Holdings in related undertakings, including participations	108,847	108,845	3
Equities	7,777	7,777	
Equities - listed	7,480	7,480	
Equities - unlisted	297	297	
Bonds	115,896,478	115,686,856	209,623
Government Bonds	92,248,174	92,040,144	208,031
Corporate Bonds	23,075,784	23,074,192	1,592
Structured notes	572,519	572,519	
Collateralised securities			
Collective Investments Undertakings	34,832,715	34,832,715	
Derivatives			
Deposits other than cash equivalents			
Other investments			
Assets held for index-linked and unit-linked contracts	7,600,372	7,600,372	
Loans and mortgages			
Loans on policies			
Loans and mortgages to individuals			
Other loans and mortgages			
Reinsurance recoverables from:	**27,867**	**50,439**	**(22,573)**
Non-life and health similar to non-life	16,485	22,127	(5,642)
Non-life excluding health	4,226		
Health similar to non-life	12,259		
Life and health similar to life, excluding health and index-linked and unit-linked	11,381	28,312	(16,931)
Health similar to life	1,072		
Life excluding health and index-linked and unit-linked	10,309		
Life index-linked and unit-linked			
Deposits to cedants			
Insurance and intermediaries receivables	65,264	65,264	
Reinsurance receivables	4,845	4,845	
Receivables (trade, not insurance)	29,543	29,543	
Own shares (held directly)			
Amounts due in respect of own fund items or initial fund called up but not yet paid in			
Cash and cash equivalents	4,986,608	4,986,608	
Any other assets, not elsewhere shown	2,477,093	2,477,560	(467)
Total assets	**168,333,019**	**166,380,965**	**1,952,055**

(€k)	2021 Solvency II value	2021 Consolidated IAS/IFRS	Delta
Liabilities			
Technical provisions - non-life	**255,687**	**295,256**	**(39,569)**
Technical provisions - non-life (excluding health)	**62,459**		
TP calculated as a whole			
Best estimate	55,835		
Risk margin	6,624		
Technical provisions - health (similar to non-life)	**193,228**		
TP calculated as a whole			
Best estimate	178,092		
Risk margin	15,136		
TP - life (excluding index-linked and unit-linked)	**144,105,252**	**150,948,171**	**(6,842,918)**
Technical provisions - health (similar to life)	**24,213**		
TP calculated as a whole			
Best estimate	13,240		
Risk margin	10,972		
TP - life (excluding health and index-linked and unit-linked)	**144,081,040**		
TP calculated as a whole			
Best estimate	144,046,593		
Risk margin	34,447		
TP - index-linked and unit-linked	**7,333,477**	**7,846,448**	**(512,971)**
TP calculated as a whole			
Best estimate	7,174,616		
Risk margin	158,862		
Other technical provisions			
Contingent liabilities	19,377	19,377	
Provisions other than technical provisions			
Pension benefit obligations	2,630	2,630	
Deposits from reinsurers			
Deferred tax liabilities	4,423,227	214,035	4,209,192
Derivatives			
Debts owed to credit institutions			
Debts owed to credit institutions resident domestically			
Debts owed to credit institutions resident in the euro area other than domestic			
Debts owed to credit institutions resident in rest of the world			
Financial liabilities other than debts owed to credit institutions	1,946	1,943	3
Insurance & intermediaries payables	267,104	267,104	
Reinsurance payables	11,933	11,933	
Payables (trade, not insurance)	69,441	69,441	
Subordinated liabilities	**563,925**	**551,285**	**12,640**
Subordinated liabilities not in BOF	1,285	1,285	
Subordinated liabilities in BOF	562,640	550,000	12,640
Any other liabilities, not elsewhere shown	517,485	517,494	(9)
Total liabilities	**157,571,485**	**160,745,117**	**(3,173,632)**
'Excess of assets over liabilities	10,761,534	5,635,848	5,125,687

With reference to the two Companies in the Poste Vita Insurance Group, the value of the individual items in the individual Market Value Balance Sheets can be found in reports S.02.01.02 of Poste Vita S.p.A. and Poste Assicura S.p.A. within section **F - Annex**.

D.1 Assets

For the most significant asset items below is the amount at 31 December 2021 calculated using Solvency II criteria, compared with the amount recognised in the *IAS/IFRS Consolidated*

Financial Statements with reference to the Poste Vita Group and compared with the amount recognised in the *Italian GAAP* Financial Statements for the individual Companies.

Goodwill - Poste Vita Group (€ 0 thousand)
With reference to the IAS/IFRS, the Poste Vita Group has recognised goodwill for € 17,823 thousand among the intangible assets, deriving from the difference between the cost of the full equity investment in Poste Welfare Servizi S.r.l. acquired by the parent company Poste Vita S.p.A. on 4 November 2015 and the fair value of the assets and liabilities reported (at the date of acquisition).
For Solvency II purposes this component was measured at zero, in compliance with article 12 of the Delegated Regulation.

Intangible assets and deferred acquisition costs

Intangible assets and deferred acquisition costs (DAC) – Poste Vita Group (€ 0 thousand)

The Poste Vita Group recognised intangible assets for € 53 thousand in the consolidated financial statements referring exclusively to the portion not yet amortised of the right of usufruct on the property that housed the office of the subsidiary Poste Welfare Servizi before it became part of the Poste Vita Group.
Deferred acquisition costs (DAC), equal to € 42,200 thousand at the end of the period, include the not yet amortised portion of charges relative to acquisition commissions in pre-counted form for the FIP product (Individual Pension Schemes). For Solvency II purposes, as envisaged by article 12 of the Delegated Regulation, these components were valued at zero since no possibility for a separate sale was recognised for these assets, nor a reference to market value for similar assets.

Intangible assets and deferred acquisition costs – Poste Vita S.p.A. (€ 0 thousand)
The intangible assets in the IAS/IFRS reporting package of the parent company Poste Vita at the end of 2021, prepared for the purposes of drafting the consolidated financial statements of the Poste Vita Group, are equal to zero (unchanged since last year) following the transfer of the IT business unit to the parent company Poste Italiane S.p.A. on 1 March 2020.
Deferred acquisition costs (DAC), equal to € 42,200 thousand at the end of the period, include the not yet amortised portion of charges relative to acquisition commissions in pre-counted form for the FIP product (Individual Pension Schemes).
Relative to valuation methods, please see that reported above in the section dedicated to the Group.

Intangible assets and deferred acquisition costs - Poste Assicura S.p.A. (€ 0 thousand)
The intangible assets of the subsidiary Poste Assicura in the IAS/IFRS reporting package at the end of 2021, prepared for the purposes of consolidating the consolidated financial statements of the Poste Vita Group, are equal to zero (unchanged since the end of the previous period) as a result of the transfer of the IT business unit to the parent company Poste Italiane S.p.A. on 1 March 2020.

Relative to valuation methods, please see that reported above in the section dedicated to the Group.

Intangible assets and deferred acquisition costs – Poste Welfare Servizi S.r.l. (€ 0 thousand)
The subsidiary Poste Welfare Servizi S.rl. recognised intangible assets for € 53 thousand in its consolidated financial statements at the end of 2021 referring exclusively to the portion not yet amortised of the right of usufruct on the property that housed the office of the company before it became part of the Poste Vita Group.
Relative to valuation methods, please see that reported above in the section dedicated to the Group.

Tangible assets

Tangible assets - Poste Vita Group (€ 3,231 thousand)
The Poste Vita Group recognised tangible assets totalling € 3,231 thousand at the end of 2021, these included: i) € 1,306 thousand for office furnishings and machines, systems and equipment held at the end of the period net of the relative amortisation/depreciation provisions and ii) € 1,925 thousand for rights of use relative to assets involved in contracts falling under the scope of IFRS 16, representing the current value of periodic rents contractually established granting use of the assets involved in the contracts.
Relative to *tangible assets*, derogating from paragraphs 1 and 2 of article 9 of the cited Delegated Regulation and in particular respecting the principle of proportionality pursuant to paragraphs 3 and 4 of article 29 of Directive 2009/138/EC, the Poste Vita Group has recognised tangible assets with the valuation method used to prepare the annual consolidated financial statements for the Group, as the conditions indicated under paragraph 4 of article 9 were respected. Therefore, furnishings, systems, equipment and office machines are recognised at cost plus accessory charges and subsequent measurements are carried out using the amortised cost method. With reference to leased assets, at initial recognition the value is equal to the current value of periodic payments/rent contractually established granting use of the asset and at subsequent reporting dates and for the entire duration of the contract the asset is amortised on a straight line basis.
This item is expressed net of the intra-group transactions for a total amount of € 138 thousand, referring to the current value of periodic rent contractually required for the offices subleased by the subsidiaries Poste Welfare Servizi S.r.l. (€ 88 thousand) and Poste Assicura S.p.A. from the parent company Poste Vita S.p.A. (€ 50 thousand).

Tangible assets - Poste Vita S.p.A. (€ 3,114 thousand)

With reference to the parent company Poste Vita S.p.A., the item tangible assets for € 3,114 thousand refers to:

i) € 1,272 thousand for office furnishings and machines, systems and equipment held at the end of the period net of the relative amortisation/depreciation provisions;
ii) € 1,842 thousand for rights of use relative to assets involved in contracts falling under the scope of IFRS 16 (in effect from 1 January 2019), representing the current value of

periodic rents contractually established granting use of the assets involved in the contracts.

At 31 December 2020, this item amounted to € 25,759 thousand. The decrease compared to 2020 is mainly attributable to the reduction in the value relative to rights of use of the property at Viale Beethoven 11 due to the cancellation option of the lease exercised by Poste Vita on 7 October 2021 (in light of the transfer of the offices of the company and other subsidiaries to the premises owned by the parent company Poste Italiane) and taking effect, as per contract, on 12 May 2022.

Relative to valuation methods, please see that reported at the Group level.

Tangible assets - Poste Assicura S.p.A. (€ 134 thousand)

With reference to the subsidiary Poste Assicura, tangible assets for € 134 thousand (€ 285 thousand in 2020) refer for € 14 thousand (€ 21 thousand in December 2020) to the electronic equipment and furniture and fittings held at the end of the period net of the relative amortisation/depreciation provisions and for € 120 thousand (€ 70 thousand net of the aforesaid intercompany elimination) to rights of use relative to assets involved in contracts falling under the scope of IFRS 16, representing the current value of periodic rents contractually established granting use of the assets involved in the contracts. The decrease in this latter item compared to 2020 (the value of which was € 264 thousand) is mainly attributable to the reduction in the value relative to rights of use of the aforesaid subleased property due to the cancellation option exercised by the parent company Poste Vita on 7 October 2021 (in light of the transfer of the offices of Poste Vita and other subsidiaries to the premises owned by the parent company Poste Italiane) and taking effect, as per contract, on 12 May 2022.

Relative to valuation methods, please see that reported at the Group level.

Tangible assets - Poste Welfare Servizi S.r.l. (€ 120 thousand)

Tangible assets for € 120 thousand refers for: i) € 19 thousand to the not yet amortised portion of improvements to buildings and ii) € 101 thousand (equal to € 14 thousand net of the aforesaid intercompany elimination) to rights of use for assets associated with contracts to which IFRS 16 applies (in effect as of 1 January 2019) and which represents the current value of periodic rent contractually required to utilise the assets which are the subject of the contracts, mainly referring to the sublease contract of the company premises with the parent company Poste Vita S.p.A. and the sublease contract of the premises of the parent company Poste Italiane S.p.A. used for disaster recovery.

Relative to valuation methods, please see that reported at the Group level.

Equity investments

Equity investments – Poste Vita Group (€ 108,847 thousand)

This item mainly refers to the equity investments held by the parent company Poste Vita S.p.A. (€ 108,808 thousand) in the associated company Europa Gestioni Immobiliare S.p.A. (EGI), in

which it holds a 45% stake. The company mainly works in the real estate sector, managing and developing the parent company's non-instrumental real estate. The remaining portion (€ 39 thousand) refers to the 5% stake held in "Consorzio Logistica Pacchi Scpa", acquired on 30 June 2020 by Poste Assicura S.p.A.
In the Poste Vita Group's Consolidated Solvency II Financial Statements, these investments are measured using the IAS/IFRS equity method, held to be a good approximation of Solvency II principles for non-insurance equity investments.

Equity investments - Poste Vita S.p.A. (€ 426,570 thousand)
The item refers exclusively to equity investments held by the parent company Poste Vita S.p.A. in the Group companies and in particular:

- Poste Assicura S.p.A., a fully held subsidiary, which operates in the non-life segment, excluding vehicle insurance;
- Europa Gestioni Immobiliare S.p.A. (hereafter, also "EGI"), in which Poste Vita holds a 45% stake and Poste Italiane S.p.A. holds a 55% stake;
- Poste Welfare Servizi S.r.l, the equity investment in which was acquired in full on 4 November 2015, in order to strengthen the individual and collective offering of the insurance group in the health sector. With reference to the aforesaid equity investment, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane S.p.A. 100% of the shares held in Poste Welfare Servizi, as described in section "A".
  The aforesaid operation was finalised on 24 February 2022 with the stipulation of the deed of sale of the shares for a consideration of around € 70 million, a value that sits within the valuation range provided by the independent expert appointed by the company.

For Solvency II purposes, these equity investments are measured as follows:

- Poste Assicura S.p.A was valued using the Solvency II equity method, that is determining the portion of shareholders' equity by measuring assets and liabilities pursuant to article 75 of the Solvency II Directive. The amount resulting from this calculation was € 297,791 thousand;
- EGI S.p.A and Poste Welfare Servizi S.r.l. were measured using the IAS/IFRS shareholders' equity method, adjusted to take into account amounts not eligible for Solvency II purposes. This was considered a good approximation of Solvency II principles for non-insurance equity investments. The total amount is € 128,779 thousand.

Note that for the purposes of preparing the Poste Vita Group Consolidated Financial Statements, the carrying amount of the equity investments held by the parent company Poste Vita S.p.A. in the subsidiaries Poste Assicura S.p.A. and Poste Welfare Servizi S.r.l. were eliminated against the corresponding portion of shareholders' equity against line-by-line inclusion of the assets and liabilities of the subsidiaries.

Equity investments - Poste Assicura S.p.A. (€ 158 thousand)

This item refers to the full equity investment held in the subsidiary Poste Insurance Broker S.r.l (equal to € 119 thousand) while the remaining € 39 thousand refers to the 5% stake held in "Consorzio Logistica Pacchi Scpa" (acquired on 30 June 2020).

For the purposes of preparing the consolidated financial statements of the Poste Vita Group, the book value of the equity investment held in Poste Insurance Broker was offset against the corresponding portion of shareholders' equity following the full assumption of the subsidiary's assets and liabilities.

Financial assets

Financial assets - Group (€ 158,337,342 thousand)

Financial assets were measured at fair value making use of prices listed on active markets when available on the closing date of the reporting period and, when not, determining fair value with alternative methods.

Below is a schedule showing the composition of financial assets at 31 December 2021:

(€k)

Financial Investments	31/12/2021 Solvency II value	31/12/2020 Solvency II value	Delta
Equities	7,777	6,857	920
Government Bonds	92,248,174	97,179,771	(4,931,596)
Corporate Bonds	23,075,784	19,664,961	3,410,824
Structured notes	572,519	586,162	(13,642)
Collateralised securities			
Collective Investments Undertakings	34,832,715	33,794,738	1,037,977
Assets held for index-linked and unit-linked contracts	7,600,372	4,831,750	2,768,622
Total	**158,337,342**	**156,064,238**	**2,273,104**

Financial assets – Poste Vita S.p.A. (€ 157,823,987 thousand)

Below is a schedule showing the composition of financial assets at 31 December 2021:

(€k)

Financial Investments	31/12/2021 Solvency II value	31/12/2021 Statutory Account Value	Delta
Equities	7,777	7,777	
Government Bonds	91,802,630	80,282,808	11,519,822
Corporate Bonds	23,007,974	22,359,962	648,012
Structured notes	572,519	547,424	25,096
Collateralised securities			
Collective Investments Undertakings	34,832,715	32,975,472	1,857,243
Assets held for index-linked contracts	7,600,372	7,600,372	
Total	**157,823,987**	**143,773,815**	**14,050,172**

Shares at the end of 2021 amounted to € *7,777* thousand at 31 December 2021 (an increase of € 920 thousand compared to the previous period) and relate to investments made for the Class I products associated with separately managed accounts.

Government bonds, equal to € *91,802,630* thousand, mainly refer to listed fixed income bonds issued by European countries, 97% of which were issued by the Italian government.
Corporate bonds total € *23,007,974* thousand, and mainly refer to listed fixed income bonds issued by major European companies.
Structured bonds, equal to € 572,519 thousand at the end of the period, refer to bonds issued by Cassa Depositi e Prestiti as private placements (constant maturity swaps).
With reference to class C investment, the gradual process of diversification also continued in 2021, through the simultaneous increase in investments in units of mutual investment funds (totalling € *34,832,715* thousand at the end of 2021 with an impact on the class C portfolio that increased from 22.4% at the end of 2020 to the current 23.2%) and in particular in harmonised, open-ended multi-asset UCITS funds.
The financial instruments acquired to hedge the unit-linked policies are measured at the value on the last trading day of the year and at the end of this year amounted to € *7,600,372* thousand, an increase of € 2,768,622 thousand compared to the values at the end of 2020, mainly supported by positive net inflows.

Financial assets - Poste Assicura S.p.A. (€ 513,355 thousand)
Financial assets were measured at fair value using the prices listed on active markets and amount to a total of € 513,355 thousand. They refer: i) to listed government bonds for € 445,545 thousand and ii) to listed bonds for € 67,811 thousand.

(€k)

	31/12/2021		
	Solvency II value	Statutory Account Value	Delta
Government Bonds	445,545	419,538	26,006
Corporate Bonds	67,811	66,929	882
Total	**513,355**	**486,467**	**26,889**

Relative to valuation methods, please see that reported at the Group level.

Due from policyholders and intermediaries

Due from policyholders and intermediaries – Poste Vita Group (€ 65,264 thousand)
This item mainly includes amounts due from policyholders for premiums to be collected, as well as amounts due from intermediaries and insurance companies. The receivables are recognised at fair value on the date of acquisition and subsequently at the realisable value[13]. At the end of 2021, this item consisted of:

[13]All receivables in question had maturities of less than 12 months.

- receivables due from policyholders not yet collected at the end of the period for € 56,142 thousand. Note that around half of this amount, based on contractual agreements, will be settled by the end of the first quarter of 2022, as they refer to policies with after the fact quarterly settlement.
  Relative to the amount recognised at 31 December 2020, there was an increase in amounts due from policyholders totalling € 17,553 thousand, mainly due to collective policies related to Welfare business in line with the increase in premiums associated with this business.
- amounts due from intermediaries for € 8,087 thousand at 31 December 2021, which refer to premiums issued in the final days of the year which, although collected by the intermediary as of 31 December 2021, were paid to the Poste Vita Insurance Group in January 2022;
- receivables for company current accounts, for € 1,035 thousand, mainly refer to receivables from companies for coinsurance relationships.

This item is expressed net of infragroup transactions, for a total of € 5,666 thousand, exclusively referring to the receivable due to the parent company Poste Vita from the subsidiary Poste Assicura for the life component of CPI products.

Due from policyholders and intermediaries - Poste Vita S.p.A. (€ 19,849 thousand)

At the end of 2021, this item amounted to € 19,849 thousand and consisted of:

- amounts due from policyholders for € 8,151 thousand and related to premiums not yet collected at the end of the period and settled in the first months of 2022;
- amounts due from intermediaries for € 5,606 thousand at 31 December 2021, which refer to premiums issued in the final days of the year which, although collected by the intermediary as of 31 December 2021, were paid to the Company in the first few days of January 2022;
- receivables due from the subsidiary Poste Assicura S.p.A. for the life component of the CPI product for € 5,666 thousand (position entirely cancelled when preparing the Consolidated Financial Statements together with the balancing debtor item) at 31 December 2021. This position was settled in January 2022;
- receivables due from insurance companies for € 426 thousand, relative to coinsurance relationships in effect at the end of the period.

Relative to valuation methods, please see that reported at the Group level.

Due from policyholders and intermediaries - Poste Assicura S.p.A. (€ 50,995 thousand)

At the end of 2021, this item amounted to € 50,995 thousand, formed of:

- receivables due from policyholders for premium revenue for the year, not yet collected at the end of the period for € 47,991 thousand, settled during the initial months of 2022;
- receivables due from coinsurers, not yet collected at the end of the period for € 609 thousand;
- amounts due from intermediaries for € 2,395 thousand at 31 December 2021, which refer to premiums issued in the final days of the year which, although collected by the

intermediary at the end of 2021, were paid to the Company in the first few days of January 2022.
Relative to valuation methods, please see that reported at the Group level.

Due from policyholders and intermediaries - Poste Insurance Broker S.r.l. (€ 86 thousand)
This position for € 86 thousand mainly refers (for € 75 thousand) to the receivable due to the company by Genertel S.p.A. for the intermediation fee.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax assets

Deferred tax assets - Poste Vita Group (€ 2,292,380 thousand)
Deferred tax assets are equal to the sum of the amounts under the same item found in the Market Value Balance Sheets (Solvency II) of the parent company Poste Vita and the subsidiaries Poste Assicura, Poste Welfare Servizi and Poste Insurance Broker.
These amounts were determined with reference to the valuation differences for the values of assets and liabilities for Solvency II purposes and the corresponding *Local GAAP* amounts, applying the rates in effect at 31.12. 2021. Due to the valuation rules established under the Solvency II regulations, the item Deferred Tax Assets increased by € 1,825,546 thousand, going from an IAS/IFRS value of € 466,834 thousand to a total Solvency II value of € 2,292,380 thousand at 31 December 2021.

Deferred tax assets - Poste Vita (€2,277,885 thousand)
As a result of application of the Solvency II valuation rules, the “deferred tax assets” in the Italian GAAP financial statements, equal to € *456,803* thousand, *increased* by € *1,821,082* thousand, reaching a total value at the end of 2021 of € *2,277,885* thousand.
The main components include deferred tax assets deriving from the elimination of deferred acquisition costs for € 13,006 thousand, the increase in technical provisions for € 1,798,216 thousand and the decrease in provisions transferred to reinsurers of € 5,218 thousand.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax assets - Poste Assicura S.p.A. (€ 13,863 thousand)
Deferred tax assets amount to € 13,863 thousand.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax assets - Poste Welfare Servizi S.r.L. (€ 496 thousand)
Deferred tax assets amount to € 496 thousand.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax assets - Poste Insurance Broker S.r.L. (€ 136 thousand)
Deferred tax assets amount to € 136 thousand.
Relative to valuation methods, please see that reported at the Group level.

<u>Cash and cash equivalents</u>

<u>Cash and cash equivalents - Poste Vita Group (€ 4,986,608 thousand)</u>
This item includes bank and postal deposits as well as cash and revenue stamps, recognised at the nominal value. The item totals € 4,986,608 thousand at the end of 2021.

<u>Cash and cash equivalents - Poste Vita S.p.A. (€ 4,948,238 thousand)</u>
Relative to the parent company Poste Vita, this item amounted to € *4,948,238* thousand at the end of 2021. It refers to temporarily available amounts, mainly deriving from Separately Managed Accounts which during 2022 will be invested in relation to market developments.

<u>Cash and cash equivalents - Poste Assicura S.p.A. (€ 17,829 thousand)</u>
The subsidiary Poste Assicura S.p.A. recorded a value of € 17,829 thousand at the end of 2021. Liquidity is mainly determined by the collection of premiums issued during the final days of the year, which will be used for investments and to pay suppliers and commission.

<u>Cash and cash equivalents - Poste Welfare Servizi S.r.l. (€ 19,083 thousand)</u>
With reference to the subsidiary Poste Welfare Servizi S.r.l., this item came to € 19,083 thousand at the end of 2021 and refers to normal cash flow from business.

<u>Cash and cash equivalents - Poste Insurance Broker S.r.l. (€ 1,458 thousand)</u>
With reference to the subsidiary Poste Insurance Broker S.r.l., this item amounted to € 1,458 thousand at the end of 2021 and is attributable to the operational management, for € 403 thousand, and the balance of the insurance brokerage management carried out in 2021, which amounted to € 1,055 thousand. The latter is formed of the fees withheld for intermediation, and by the premiums received from the sales network (Bancoposta) pertaining to December 2021 paid to the companies Genertel S.p.A. and Linear S.p.A. at the start of the following month.

Difference between Solvency II and IAS/IFRS Consolidated Financial Statements valuation
Below is a table summarising the different measurement criteria adopted when measuring assets for Solvency II purposes and for the **IAS/IFRS Consolidated Financial Statements**:

Relevant asset categories	Valuation criterion Solvency II	Valuation criterion IAS/IFRS
Intangible Assets and deferred acquisition costs	Derecognised and not recognised	The following are classified in this item: Deferred acquisition costs associated with the acquisition of certain insurance contracts. In accordance with IFRS 4, these costs are accounted for in accordance with local GAAP standards Goodwill arising from the difference between the cost of the 100% participation in Poste Welfare Servizi acquired on 4 November 2015 and the fair value of the assets and liabilities recognised (at the acquisition date). • Software amortised over 3 years • Start-up and expansion costs amortised over 5 years
Property, plant & equipment held for own use	Furniture, plant and equipment, office machinery are recorded at cost plus accessory charges and subsequent valuations are carried out using the amortised cost method. Depreciation is charged on a straight-line basis over the asset's estimated useful life. With reference to leased assets, the value of the asset upon first recognition shall be equal to the present value of the periodic payments/fees provided for in the contract in order to use the asset and at the time of subsequent closures of the accounts, and for the entire duration of the contract, the asset is depreciated on a straight-line basis	As required by IAS 16, furniture, plant and equipment, office machinery are recorded at cost plus accessory charges and subsequent valuations are carried out using the amortised cost method. Depreciation is charged on a straight-line basis over the asset's estimated useful life. With reference to leased assets falling within the scope of application of IFRS 16, the value of the asset upon first recognition must be equal to the present value of the periodic payments/fees provided for in the contract in order to use the asset and at the time of subsequent closures of the accounts, and for the entire duration of the contract, the asset is
Participations	Solvency II Value from IAS/IFRS Equity	Equity method as required by IAS 28
Financial Investments	Fair Value	Financial investments are valued and classified in accordance with IFRS 9, i.e.: i) Amortised cost: financial investments held for the purpose of collecting the contractual cash flows represented exclusively by the payment of principal and interest; ii) Fair value recognised in Other comprehensive income (FVTOCI): financial investments held in order to collect both the contractual cash flows, represented exclusively by the payment of principal and interest, and the flows deriving from the sale of the assets; iii) Fair value recognised in profit or loss (FVTPL): residual category within which financial investments not included in the previous categories are classified.
Deferred tax assets	Deferred tax assets are equal to the sum of the values of the same item reported in the Market Value Balance Sheet (Solvency II) of the Parent Company, Poste Vita, and the Subsidiaries, Poste Assicura and Poste Welfare Servizi. These values were determined, with reference to the differences in the values of assets and liabilities calculated for SII purposes and the corresponding Local GAAP values, based on the applicable rates.	Deferred tax assets are recognised for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding values recognised for tax purposes.
Insurance and intermediaries receivables	Receivables are recorded at Fair Value at the acquisition date and subsequently measured at their estimated realisable value.	Receivables are recorded at Fair Value at the acquisition date and subsequently measured at their estimated realisable value.
Cash and cash equivalents	These items are recorded at nominal value.	These items are recorded at nominal value.

Application of Solvency II valuation criteria to the assets in the Market Value Balance Sheet led to the following measurement differences for the Poste Vita Group:

(€k)

	31/12/2021		
Relevant business categories	**Solvency II value**	**IAS/IFRS**	**Delta**
Goodwill		17,823	(17,823)
Deferred acquisition costs		42,200	(42,200)
Intangible assets		53	(53)
Property, plant & equipment held for own use	3,231	3,231	
Partecipations	108,847	108,845	3
Financial Investments	158,337,342	158,127,720	209,623
Deferred tax assets	2,292,380	466,834	1,825,546
Insurance and intermediaries receivables	65,264	65,264	
Cash and cash equivalents	4,986,608	4,986,608	

With reference to Group companies, application of Solvency II valuation criteria to Balance Sheet assets led to the following valuation differences with respect to the **Local GAAP standards**, reported below:

Relevant asset categories	Valuation criterion Solvency II	Valuation criterion Local GAAP
Intangible Assets	Derecognised and not recognised	Recognition at cost and subsequent amortisation: • Acquisition commissions capitalised and amortised on an analytical basis over 10 years • Software amortised over 3 years • Start-up and expansion costs amortised over 5 years • Leasehold improvements - amortised on the basis of the residual duration of the right of use
Insurance & intermediaries payables	As required by IAS 16, furniture, plant and equipment, office machinery are recorded at cost plus accessory charges and subsequent valuations are carried out using the amortised cost method. Depreciation is charged on a straight-line basis over the asset's estimated useful life. With reference to leased assets falling within the scope of application of IFRS 16, the value of the asset upon first recognition must be equal to the present value of the periodic payments/fees provided for in the contract in order to use the asset and at the time of subsequent closures of the accounts, and for the entire duration of the contract, the asset is depreciated on a straight-line basis	Property, plant and equipment are recorded at purchase cost including related ancillary charges and depreciated on a straight-line basis according to their residual useful life. With reference to leased assets, statutory standards do not provide for recognition as assets.
Participations	Solvency II Value from IAS/IFRS Equity	Acquisition cost pursuant to art. 2426 of the Civil Code.
Financial Investments	Fair Value	Current Assets: value equal to the lower of acquisition cost and market value; Assets: acquisition cost adjusted, if necessary, to take account of impairment losses.
Deferred tax assets	Deferred tax assets are determined on the basis of the differences between the values of assets and liabilities for Solvency II purposes and the corresponding Local GAAP values.	Deferred tax assets are recognised for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding values recognised for tax purposes, where it is considered probable that there will be a future profit.
Insurance and intermediaries receivables	Receivables are recorded at Fair Value at the acquisition date and subsequently measured at their estimated realisable value.	Receivables are recorded at their estimated realisable value in accordance with the provisions of art. 16, paragraph 9 of Legislative Decree no. 173/97 and expressed net of any adjustment provisions.
Cash and cash equivalents	These items are recorded at nominal value.	These items are recorded at nominal value.

Poste Vita S.p.A.

(€k)

	31/12/2021		
Relevant business categories	Solvency II value	Statutory Account Value	Delta
Deferred acquisition costs		42,200	(42,200)
Intangible assets			
Property, plant & equipment held for own use	3,114	1,272	1,842
Partecipations	426,570	205,274	221,297
Financial Investments	157,823,987	143,773,815	14,050,172
Deferred tax assets	2,277,885	456,803	1,821,082
Insurance and intermediaries receivables	19,849	19,849	
Cash and cash equivalents	4,948,238	4,948,238	

Poste Assicura S.p.A.

(€k)

Assets	Solvency II value	Statutory accounts value	Delta
	31/12/2021		
Intangible assets			
Property, plant & equipment held for own use	134	14	120
Partecipations	158	637	(479)
Financial Investments	513,514	487,104	26,410
Deferred tax assets	13,863	12,030	1,833
Reinsurance receivables	2,493	2,493	
Insurance and intermediares recebables & receivables (trade, not insurance)	54,466	54,466	
Cash and cash equivalents	17,829	17,829	

D.2 Technical Provisions

Below is a table summarising technical provisions net of outward reinsurance for the Poste Vita Group at 31 December 2021:

(€k)

Net Technical Provisions	Gestione Vita	Gestione Danni	Total
	31/12/2021		
Best Estimates Liabilities	151,234,448	233,927	151,468,375
Risk margin	204,282	21,760	226,042
Total - Gross Techical Provisions	**151,438,730**	**255,687**	**151,694,417**
Recoverables	11,381	16,485	27,867
Total - Net Techical Provisions	**151,427,349**	**239,202**	**151,666,550**

Technical provisions for the Poste Vita Group are equal to the sum of Technical Provisions for Life Business for the parent company Poste Vita and the Technical Provisions for Non-Life Business deriving from the subsidiary Poste Assicura.

Technical Provisions relative to both Life and Non-Life Business are measured using the principles found under article 77 of the Solvency II Directive, which establishes that the value of technical provisions is equal to the sum of the Best Estimate and Risk Margin.

Relative to calculation of Group technical provisions, below is the impact of transitional measures on technical provisions, as well as the use of the Volatility Adjustment, both of which were applied by the parent company:

(€k)

Impact of long term guarantees measures and transitionals	31/12/2021 Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero
Technical provisions	**151,694,417**	**153,284,493**	**153,501,945**	**217,453**
Basic own funds	**10,926,835**	**9,826,820**	**9,676,452**	**(150,357)**
Excess of assets over liabilities	10,761,534	9,661,520	9,511,151	(150,368)
Restricted own funds due to ring-fencing and matching portfolio				
Eligible own funds to meet Solvency Capital Requirement	**12,676,835**	**11,576,820**	**11,426,452**	**(150,368)**
Tier I	10,662,785	9,562,770	9,412,402	(150,368)
Tier II	2,014,050	2,014,050	2,014,050	
Tier III				
Solvency Capital Requirement	**4,441,175**	**4,441,175**	**4,490,260**	**49,084**

Technical Provisions for the parent company - Poste Vita S.p.A.

The Technical Provisions were measured using the principles contained in article 77 of the Solvency II Directive.
The methodology adopted to calculate the various amounts impacted by Solvency II is that of the Standard Formula, and hence no specific internal models were adopted.
At 31 December 2021, Poste Vita made use of the transitional deduction on the Technical Provisions (TMTP), following IVASS Provision 0210786 of 26/08/2019. The TMTP was calculated at the product level and reaggregated on individual Lines of Business indicated in the Quantitative Reporting Templates. The 62.50% reduction percentage was applied to the amount calculated before taxes, in line with that established in Article 344-*decies* of Italian Legislative Decree 209 of 7 September 2015, concerning the transitional measure for technical provisions.
At 31 December 2021, the Technical Provisions broken down into their various components:

- Best Estimate of Liabilities (BEL),
- Risk Margin (risk margin against non-hedgeable risks),
- Reinsurance recoverables, the best estimate of the amounts recoverable through reinsurance net of adjustments taking into account the credit risk of the reinsurer (CDA - Counterparty Default Adjustment),
- Amount of the transitional deduction on Technical Provisions (TMTP),

are as follows:

(€k)

Technical provisions	31/12/2021
BEL - gross reinsurance	151,718,144
Risk margin	1,310,662
SII technical provisions - gross reinsurance	**153,028,806**
Net BoD reinsurance recoverables	11,381
SII technical provisions - net reinsurance	**153,017,425**
TMTP amount at 31/12/2020	**- 1,590,076**
SII technical provisions - net reinsurance with TMTP deduction	**151,427,349**

At 31 December 2021, the value of Technical Provisions by Line of Business (LoB) and by component, before reinsurance and before the TMTP, was:

(€k)

	31/12/2021		
Line of Business	BEL	Risk margin	Recoverables
Insurance with profit participation	144,457,540	1,103,583	85
Index-linked and unit-linked insurance	7,174,616	161,659	
Other life insurance	72,748	34,447	10,225
Health insurance (direct business)	13,240	10,972	1,072

Below are details at 31 December 2021 relative to the value of Technical Provisions by Line of Business (LoB) and by component, after reinsurance and both before and after the TMTP:

TP, net reinsurance without TMTP deduction (Transitional Measures on Technical Provisi

(€k)

Line of Business	BEL	Risk margin
Insurance with profit participation	144,457,455	1,103,583
Index-linked and unit-linked insurance	7,174,616	161,659
Other life insurance	62,523	34,447
Health insurance (direct business)	12,168	10,972

TP, net reinsurance and with Transitional Measures on Technical Provisions deduction

(€k)

Line of Business	BEL	Risk margin
Insurance with profit participation	143,973,760	-
Index-linked and unit-linked insurance	7,174,616	158,862
Other life insurance	62,523	34,447
Health insurance (direct business)	12,168	10,972

Technical Provisions are calculated for almost the entire portfolio using an Asset Liabilities Management (ALM) approach.
Best Estimates include the outstanding claims provisions at 31 December 2021.

The Best Estimate of liabilities is the average of future cash flows weighted with the relative probabilities, taking into account the time value of the money (current expected value of future cash flows), based on the relevant risk-free interest rate term structure at 31 December 2021, as observed on the market and officially communicated by EIOPA.

The Best Estimates may be calculated in a deterministic or stochastic manner, based on the characteristics of the relative liabilities portfolio.
Specifically:

- a deterministic approach is used for products of Lines of Business relative to which cash flows do not depend on market changes or move symmetrically relative to market changes;
- a stochastic approach is used for products or Lines of Business relative to which cash flows contain financial guarantees and contractual options which are asymmetrical relative to market changes.

To measure the Best Estimate component for parent company commitments, the model was configured by LoB, each using the relative amounts of assets and liabilities.

Projects are managed at the individual fund level. In particular, for Separately Managed Account, with an ALM view, the dynamic interactions between assets and liabilities are taken into account, as management changes, revalued insurance benefits are revalued, and management actions are taken into consideration, simulating investment strategies.
Relative to the selection of Management Actions, the investment strategy used in the parent company's projection models to calculate the Best Estimate for revalued products, that is linked to returns from Separately Managed Accounts, has the dual objective of:
- maintaining the Current Asset Allocation (CAA) over time;
- achieving and maintaining, when possible, a target return.

Parameterisation of financial hypotheses was determined in line with asset allocation and realisation of an objective return (crediting), defined and agreed upon with the Asset Allocation and Traditional Investment office.

In contrast to what occurs for real world valuations, it is necessary to take into account that for Solvency II valuations a closed production portfolio is hypothesised, with projections made in a risk neutral environment. Consequently, flows from assets are lowered, leading to a reduction in returns.
Realisation criteria for latent gains from assets covering separately managed accounts represent the driver with the largest impact on the value of technical provisions. In these measurements, portfolio management establishes that realisation of gains leads to crediting.

Relative to the liabilities portfolio, for proper valuation as defined under articles 17 and 18 of Delegated Regulation 2015/35, all obligations falling under the limits of contracts were recognised, while those expired, fulfilled and discharged were cancelled.
When measuring the Best Estimates, all existing portfolio obligations were considered, in particular those deriving from single premium, annual premium and recurring single premium tariff forms, as well as the payment of additional premiums and single-year coverage through maturity.
When configuring the model, variables were parameterised on the basis of hypotheses that best represent their future performance.
In the cash flows projection, as defined under article 28 of Delegated Regulation (EU) 2015/35, all commitments were considered in terms of benefits and expenses deriving from contracts, by defining hypotheses that determine the future value.

In particular, we can identify three types of hypotheses:

- Demographic: mortality, longevity and invalidity;
- Financial: return rates for assets (deterministic risk neutral and stochastic scenarios), discount and inflation rates and volatility hypotheses for financial instruments;
- Non-financial: surrenders, renewals, reductions, insolvencies, return and spending propensity.

Below is a description of the methodological criteria used to define the main hypotheses, periodically updated on the basis of statistical/actuarial estimates:

Demographic hypotheses

Process of identifying the distribution of the likelihood of death, broken down by sex and age, differentiated by various sub-collectives in the portfolio (term life products, CPI products, Class I including multi-class and Class III):

- The mortality rate by age is obtained as a ratio between the number of deaths observed and the average number of people exposed to risk;
- For each sub-collective observed, a unique mortality table was defined, distinguished by age and sex. Recovery of tardy notifications with respect to prior years of death was done by modifying the extractive criteria for the database, adding information on when notifications were received.
- Finally, the result is represented with an appropriate discount on the reference mortality tables by product.

Financial Hypotheses

Determination of returns on assets and valuation of technical provisions is done following the regulatory principles in effect (Delegated Regulation 2015/35 of 10 October 2014, as amended). In particular for projections for financial instruments using market consistency principles, the risk-free interest term structure is used, applying a Volatility Adjustment based on the data published each month by EIOPA.

To produce financial risk neutral stochastic scenarios used for Solvency II processing, software has been used for several years that automates the generation process. The software includes theoretical models, calculation methods and the entire IT structure needed to generate the required scenarios.

The risk neutral macroeconomic scenarios take into consideration:

- two benchmark economies (‘EUR’ and ‘USD’)
- for each economy, the following risk factors are considered:
    - nominal interest rates
    - real interest rates
    - credit risk
    - equity
    - exchange rates

The generation process creates one thousand simulated trajectories, calibrated to the volatility levels observed on the reference date of the analysis.
Methodological choices made by Poste Vita call for the use of the following projection models for the various risk factors:
- nominal interest rates: Libor Market Model plus (LMM+)
- real interest rates: Gaussian Libor Market Model (GLMM)
- equity: Stochastic Volatility Jump Diffusion (SVJD)

In particular, the selection of LMM+ to model nominal rates is linked to the possible presence of negative rates on the market.

Scenarios include modelling indices needed to evaluate investment classes/funds and intended to generate a specific target volatility, estimated for each of these or by homogeneous clusters of the same.
The nominal interest rate curve used in the generation process on the valuation date coincides with that provided by EIOPA. These curves include the following corrections: credit risk adjustment and volatility adjustment.
The curves are also subject to a Smith-Wilson interpolation and extrapolation process that includes an ultimate forward rate level at which the scenario converges (3.60%), within a certain tolerance, during the corresponding period between the last rate deemed liquid (20 years) and 60 years.
The inflation rate on the valuation date is obtained from market information providers and coincides with the EUSWI curve.
The volatility surface used to calibrate the rate models is part of the calibration issued by an external supplier who is a leader in their sector.
This same calibration is accompanied by the relative documentation, which reports market volatility levels (implicit volatility of swaptions) and the quality level of the fitting obtained with the models used.
Therefore, the quality of the fitting for the volatilities guarantees consistency between the starting curve, supplied by EIOPA, and the market volatility used to produce the scenario.
The equity projection model is calibrated to the implicit volatility of EUROSTOXX50.
The scenarios produced are subjected to validation tests, distributed by the supplier, before they are used as input in the ALM model. Additionally, the risk neutrality is verified as well as their consistency with the valuation model.

<u>Non-Financial Assumptions</u>
a. Process to determine surrender frequency, broken down by different portfolio subcollectives and product lines:
- observation of the phenomenon is done by the anti-duration of the policy and by different product line;
- the surrender rate is obtained as the ratio between the number of policies surrendered and the number of policies exposed to the risk of surrender at the beginning of the period for each calendar year of issue, that is by each year the policy is in effect;

- starting from the annual rate matrix, aggregating with respect to the columns, the vector of surrender rates is obtained by anti-duration;
- aggregation is done using weighted averages which give more weight to complete and more recent observations;
- the average portion of insured capital requested through surrender is determined by product line as the ratio between the average surrender and the average insured capital within the same observation period;
- the average capital rate, obtained in the previous point, is applied in relation to distinct product lines, at each surrender frequency so as to obtain, by anti-duration, the rates (percentage) of insured capital reduced due to surrenders.

b. Process to determine the frequency of partial surrenders:

- observation of the phenomenon is done by the anti-duration of the policy and by different product line;
- the partial surrender rate is obtained as the ratio between the number of policies partially surrendered and the number of policies exposed to the risk of partial surrender at the beginning of the period for each calendar year of issue, that is by each year the policy is in effect;
- starting from the annual rate matrix, aggregating with respect to the columns, the vector of partial surrender rates is obtained by anti-duration;
- aggregation is done using weighted averages which give more weight to complete and more recent observations;
- the average portion of insured capital requested through partial surrender is determined by product line as the ratio between the average partial surrender and the average insured capital within the same observation period;
- the average capital rate, obtained in the previous point, is applied in relation to distinct product lines, at each partial surrender frequency so as to obtain, by anti-duration, the rates (percentage) of insured capital reduced due to partial surrenders.

c. Process to determine renewal frequency for products with a recurring single premium:

- by policy month of effect and anti-duration average premiums paid by policyholders is determined, as the ratio between the amount of premiums paid for each monthly generation and the number of policies in the portfolio, relative to the same generation and still existing at that anti-duration;
- the crude renewal frequency is obtained as the ratio between average subsequent premiums with adjacents, which are then aggregated in consecutive policy years and weighted with respect to the numerousness of the generations;
- the final vector is the result of mechanical smoothing, or guided by expert judgement.

d. Process to determine the amounts of additional payments:

the methodology used to determine the amount of additional payments is based on observations by core product and benefit lines and includes the following phases:

- determination of the average value of additional payments by product;
- determination of the frequency of additional payments by product;
- determination of the annual premium amount by core product line;

- the final vector is the result of mechanical smoothing, or guided by expert judgement.

Furthermore, a law of forfeiture by policy year is hypothesised, whereas the year of the policy increases, the flow of additional payments decreases on a straight line basis.

Dynamic Policy Holder Behaviour ("DPHB")

The Company has introduced the hypothesis of "dynamic surrenders" to include dynamic policy holder behaviour (DPHB) with respect to market conditions in its valuations.

The mathematical model used in Poste Vita calculation procedures defines a variation factor, with positive/negative effects on the surrender frequency observed in the company's experience, as a function of the performance of a "spread" financial variable.

An estimate of the parameters for the DPHB model used in internal BEL calculation procedures for Poste Vita was arrived at, taking into account the following methodological aspects:

- analysis of the linear and non-linear correlation between the strategic "spread" financial variable and observed surrender frequencies, which allowed identification of non-linear correlations;
- calculation of the "spread" variable as a function of returns returned by the GS.

f. The process used to determine expenses can be represented as follows:

- during the financial statements stage, there is an initial phase of analytical identification of costs by nature, to be allocated to the macro-categories within the technical and non-technical account:
    1. Other acquisition costs (acquisition);
    2. Investment management costs (finance);
    3. Claims expenses (liquidation);
    4. Other administrative expenses (administration);
- in the next phase, costs are allocated using specific technical indicators by class/product (macro product lines), to estimate the average costs of policies by line and anti-duration (acquisition costs -> year of issue/operating expenses -> for subsequent years).
- for the estimate of average policy costs at 31 December 2021, total operating costs incurred in 2021 was used as the starting point, net of recoveries for seconded personnel and intercompany services and costs of a non-recurring nature.

When projecting cash-flows, Poste Vita also considered charges relative to investment management and charges relative to the receipt of future expected premiums for the existing portfolio on the valuation date.

When evaluating the hypotheses underlying the BEL calculation, some were deemed immaterial in that the relative phenomenon observed either occurs sporadically over time or was irrelevant in terms of the volumes observed at the valuation date.

In particular the following were found to be immaterial:

1. LTC invalidity hypotheses;
2. Maturity deferral hypotheses;
3. Non-pension product return conversion hypotheses;
4. Switch hypotheses;

5. Collective policy hypotheses;
6. LTCI disability hypotheses;
7. Traffic death/injury hypotheses.

When projecting cash flows, used in determining Best Estimate values, policies in effect at the time of valuation are grouped in Model Point, selecting a homogeneous grouping by risk type (by product code), so as to separate and manage the guarantees found in the insurance contracts. For multi-class policies, Class I and Class III guarantees are managed and valued separately. For Model Point generation, specific analysis was done to determine an optimal aggregate set to reproduce the Best Estimate value (with respect to the Best Estimate value obtained with policy by policy valuation), the numerousness of Model Points and a reduction in approximation error.
Best Estimate calculation is done using a stochastic approach so as to determine the time value of options (surrenders, renewals, reductions, insolvencies...) and guarantees (e.g. minimum financial guarantee set in the tariff) included in insurance policies in effect at the time of valuation, as defined under article 32 of Delegated Regulation (EU) 2015/35.

For the purposes of calculating the best estimate, the undertaking has applied to the risk-free interest rates an adjustment for the volatility of the structure by maturity of the risk-free interest rates (so-called "***Volatility Adjustment***"), according to the provisions contained in Art. 36-*septies* of the Italian Private Insurance Code.
To make this adjustment at the valuation date, technical information produced by EIOPA was used, on the basis of Article 36-*octies* of the Italian Private Insurance Code. The volatility adjustment applied to the 31 December 2021 valuation was 3 bps.

The Company quantified the impact of eliminating the volatility adjustment on the amount of technical provisions, keeping all the underlying data and hypotheses unchanged and using the interest rate structure without the volatility adjustment.
The consequent impact is summarised in the table below:

(€k)

Line of Business	TP (with VA)	TP (no VA)	difference
Insurance with profit participation	145,561,123	145,778,324	- 217,200
Index-linked and unit-linked insurance	7,336,275	7,336,237	38
Other life insurance	107,195	107,220	- 25
Health insurance (direct business)	24,213	24,478	- 265

The valuation model projects cash flows using a run-off approach, that is until the complete extinction of the liabilities portfolio over a time horizon set at 40 years. To take contracts still in effect on the last project date into account in the Best Estimate, the terminal value of these is included (total reserve at final projection date discounted to zero).
For each set of results produced, the market consistency of cash flow (positive and negative) is validated using the Leakage and Martingale tests, calibrating assets to the initial market value, in line with the risk neutral interest term structure, assuming an absence of arbitrage.

Cash flows were considered without deducting amounts recoverable through reinsurance contracts. This amount is calculated externally to the model and is equal to the current value of the difference between outgoing and incoming cash flows in reference to items subject to the reinsurance treaty.
This value, indicating the amounts recoverable from reinsurance contracts, is then adjusted as a function of the probability of default associated with the reinsurer.

This adjustment was calculated using the formula set out by Art. 61 of Commission Delegated Regulation (EU) 35_2015:

$$AdjCD = -\max(0.5*PD/(1 - PD)*Durmod*BErec;0)$$

where:

a) PD denotes the probability of default of that counterparty during the following 12 months;
b) Durmod denotes the modified duration of the amounts recoverable from reinsurance contracts with that counterparty in relation to that homogeneous risk group;
c) BErec denotes the amounts recoverable from reinsurance contracts with that counterparty in relation to that homogeneous risk group.

Note that reinsurance amounts for business not modelled relative to term life, LTC, collective CPI and reinsurance amounts for the School Product were estimated as equal to the mathematical provisions transferred under the Local GAAP.
Recoverable amounts by LoB, net of the adjustment which takes reinsurer credit risk into account, were as follows at 31 December 2021:

(€k)

Line of Business	Recoverables
Insurance with profit participation	85
Index-linked and unit-linked insurance	-
Other life insurance	10,225
Health insurance (direct business)	1,072

The table below shows, relative to products linked to Separately Managed Accounts, the minimum levels guaranteed at 31 December 2021 and their weight as a percentage of the mathematical provisions:

(€k)

% Minimum Guaranteed	MATHEMATICAL PROV 31/12/2021	% MATHEMATICAL PROV 31/12/2021
-1.2%*	167,805	0.12%
0.00%	73,331,852	53.82%
0.50%	7,553,254	5.54%
1.00%	14,360,726	10.54%
1.25%	93,145	0.07%
1.42%	180,748	0.13%
1.50%	40,512,713	29.73%
1.57%	6,641	0.00%
1.89%	30,835	0.02%
2.03%	17,001	0.01%
2.13%	352	0.00%
Total	**136,255,073**	**100.00%**

Technical Provisions for the Subsidiary Poste Assicura S.p.A.

With reference to the value of the technical provisions of the subsidiary Poste Assicura S.p.A., including the amount of the best estimate and the risk margin, a summary table is shown below:

(€k)

	31/12/2021					
Line of Business	Premium provisions	Claims provisions	Risk margin	TP - Total	Recoverables from reinsurance	TP minus recoverables from reinsurance
1. Medical expense insurance	14,210	65,302	4,942	84,454	4,676	79,778
2. Income protection	27,222	71,358	10,194	108,774	7,583	101,191
3. Workers' compensation						
7. Fire and other damage	400	5,810	1,133	7,342	(147)	7,489
8. General liability	(368)	14,379	1,787	15,798	2,205	13,593
10. Legal expenses	(19)	1,401	158	1,540	739	801
11. Assistance	36	15	10	61		61
12. Miscellaneous	29,311	4,870	3,537	37,718	1,429	36,289
Total	**70,792**	**163,135**	**21,760**	**255,687**	**16,485**	**239,202**

<u>Description of the bases, methods and main hypotheses used to measure the technical provisions</u>

Poste Assicura calculates the technical provisions for solvency purposes according to the provisions of Chapter III (Rules relating to technical provisions) of Commission Delegated Regulation (EU) 2015/35 as transposed by Chapter II (Calculation of technical provisions) of Italian Legislative Decree no. 209/2005, updated for solvency issues by Italian Legislative Decree no. 74/2015 and according to the addition made by IVASS Regulation no. 18 of 15 March 2016.

The value of the technical provisions (TP) corresponds to the amount that an insurance or reinsurance company would have to pay if they immediately transferred all their contractual rights and obligations to another company. The value of the technical provisions is equal to the sum of the “Best Estimate Liabilities” (BEL) for the “Premium Provision” and “Claims Provision” and the “Risk Margin” (RM).

Best Estimate Premium Provision
Based on the definition provided in Solvency II terms, the Best Estimate Premium Provision is given by the current expected value of future cash flows generated by contracts existing on the valuation date.

Starting from this definition, the methodology used to quantify the Best Estimate Premium Provision before reinsurance allows development of all future cash flows deriving from payment of claims, expenses and possible premium surrenders due to early termination, net of future premiums to be collected. This methodology is based on the simplification found in Annex 6 to IVASS Regulation 18 of 15 March 2016.
To discount estimated future cash flows, the discount curve supplied by EIOPA was used, without the volatility adjustment.

Best Estimate Claims Provision
The Best Estimate Claims Provision was obtained starting with the historic series of provisions and payments for benefits made by the settlement network. This information is monitored using statistical analysis, accompanied by actuarial statistical assessments.

Before carrying out any actuarial valuation, Poste Assicura prepares a series of reports which analyse claim level indicators. Analysis of the temporal development of indicators is used to identify claims trends, particularly with reference to cost developments for each generation and their development trends over time. These indicators are identified monthly and compared with the situation in the previous year.

Analysis of the temporal development of indicators is used to identify claims trends, particularly with reference to cost developments for each generation and their development trends over time.

For the purposes of Solvency II valuation, the following actuarial statistic methods were implemented:
- Paid Loss Development Method;
- Incurred Loss Development Method;
- Paid Bornhuetter-Ferguson Method;
- Incurred Bornhuetter-Ferguson Method.

Finally, LoB were excluded from the application of actuarial statistical methods which as of the valuation date had insufficient historical data, reduced volumes or a specialised settlement

structure. In these cases, the Best Estimate Claims Provision was obtained starting from the statutory provision as of the valuation date, appropriately reduced and discounted.
The sole Line of Business affected by this simplified valuation was Assistance.
To discount estimated future cash flows, the discount curve supplied by EIOPA was used, without the volatility adjustment.

Reconciliation of Solvency II technical provisions with the statutory financial statements

The following table shows the differences between statutory and Solvency II technical provisions net of reinsurance at 31 December 2021:

(€k)

Technical Provisions minus recoverables from reinsurance - SI vs SII					
	Local	Other (*)	Methodology Effect	Discount Effect	TP SII
Local Claims Provisions / SII Claims Provision	***156,640.16***	-0.50	-10,867.55	811.14	***146,583.25***
Local Premiums Provision / SII Premiums Provision	***115,325.85***	-	-44,805.53	337.79	***70,858.11***
Other Technical Provisions Local / Risk Margin	***11,684.53***	-	9,979.39	96.48	***21,760.40***
Total	**283,650.54**	-0.50	-45,693.70	1,245.41	**239,201.75**

The switch from Italian GAAP calculation standards to those of Solvency II leads to a reduction in technical provisions net of reinsurance of 18.6% (€ 32,265 thousand).

The difference recognised between the Local Claims Provision and Best Estimate Claims, equal to € 8,087 thousand, is due to the different methodology applied and the introduction of a discounting component. In fact, from a statutory point of view, the principle of prudence is respected, based on which negative IBNeR cannot be determined. However, for Solvency II, to determine the final cost which is a close as possible to fair value, a more forward looking policy was selected.

The difference recognised between the Local Premium Provision and Best Estimate Premium, equal to € 44,468 thousand, is due to the different methodology applied and the introduction of a discounting component. For Solvency II, in contrast to statutory standards, the current value of future profits is also taken into account.

The statutory technical provisions also include the additional provisions, premium provision, adjustment provision and senescence provision, while for Solvency II purposes, a security margin is measured representing the cost deriving from the requirement to possess own funds equal to the Solvency Capital Requirement to support obligations until full extinction.

Amounts recoverable from reinsurance contracts

The amounts recoverable from reinsurance contracts were determined as follows:

- when calculating the Best Estimate Premium, amounts recoverable from reinsurers were obtained as the difference between claims generated from provisions by fractions of premiums, future premiums and outward reinsurance premiums and the premiums transferred to the reinsurer, to which was added commissions received from the reinsurer;

- when calculating the Best Estimate Claims, amounts recoverable from reinsurers were obtained as the sum of claims transferred through non-proportional treaties and claims transferred through quota share treaties.

The reinsurer counterparty default adjustment, for recoveries from reinsurers of the premium reserve and the claims provision respectively, is calculated based on the simplified formula, pursuant to art. 61 of Commission Delegated Regulation (EU) no. 35_2015, as shown below:

$$Adj_{CD} = -\max\left(0.5 \cdot \frac{PD}{1-PD} \cdot Dur_{mod} \cdot BE_{rec}; 0\right)$$

where:

- BE_{rec} is the Best Estimate of the recoverables;
- Dur_{mod} is the modified duration of the amounts recoverable from reinsurance;
- $PD$is the probability of default for the reinsurer.

The Adj_{CD} determined as described above is attributed to each future year in proportion to the flow of recoverables.

Below is a breakdown of recoverables from the Best Estimate Premium Provision:

(€k)

	31/12/2021		
Line of Business	Best Estimate Premium Provision Gross of Reins.	Best Estimate Premium Provision Net of Reins.	Recoverable with Adjustment
1. Medical expense insurance	14,210	14,426	(215)
2. Income protection	27,222	26,811	411
3. Workers' compensation			
7. Fire and other damage	400	1,133	(733)
8. General liability	(368)	(115)	(254)
10. Legal expenses	(19)	(74)	55
11. Assistance	36	36	
12. Miscellaneous	29,311	28,641	670
Total	**70,792**	**70,858**	**(67)**

Recoverables for the Best Estimate Premium Provision amount to € -67 thousand. The Best Estimate Premium Provision net of reinsurance is +€ 70,858 thousand, with a 0.1% increase with respect to the estimate gross of reinsurance.
Below is a breakdown of recoverables from the Best Estimate Claims Provision:

(€k)

Line of Business	31/12/2021		
	Best Estimate Claims Provision Gross of Reins.	Best Estimate Claims Provision Net of Reins.	Recoverable with Adjustment
1. Medical expense insurance	65,302	60,410	4,891
2. Income protection	71,358	64,186	7,173
3. Workers' compensation			
7. Fire and other damage	5,810	5,224	586
8. General liability	14,379	11,921	2,458
10. Legal expenses	1,401	717	684
11. Assistance	15	15	
12. Miscellaneous	4,870	4,111	759
Total	**163,135**	**146,583**	**16,552**

Recoverables for the Best Estimate Claims Provision amount to € +16,552 thousand. The Best Estimate Claims Provision net of reinsurance amounts to € +146,583 thousand, with an approximate 10.1% percentage reduction with respect to the gross estimate. Recoverables obtained are consistent with the Reinsurance strategy in effect in 2021.

Level of uncertainty associated with technical provisions

Valuation of technical provisions requires sustainable technical hypotheses relative to the composition of the portfolio and company policies. These aspects were duly considered during the valuations. In any case, the hypotheses used could nonetheless provide estimates that differ from effective future amounts. To that end, sensitivity analysis was done to determine the impact of changes in the individual hypotheses used on final estimates.

In particular, the Company did sensitivity analysis on factors which were deemed the most significant relative to the features of the portfolio and involve:

- hypotheses of contract abandonment by policyholders and prospective Loss Ration in the context of the Best Estimate Premium;
- claims liquidation policies and the consequent variation in the link ratio relative to Best Estimate Claims.

Risk Margin

The Group's Risk margin is the sum of the Risk Margins of the individual Companies, as established in article 77 of the Solvency II Directive.

At 31 December 2021, in line with that done the previous year, a simplified methodology was used to calculate the Risk Margin, as established under paragraph 2, article 60 of IVASS Regulation 18/2016. In particular, after verifying the hypotheses regarding the risk profile of the company can be considered as unchanged over time, the Group chose the hierarchy 2 method proposed in annex 4 to the cited Regulation. The Group holds that this method, based on a run-off of obligations net of reinsurance, offers a proportionate representation of the nature, extent and complexity of the underlying risks and commitments made by the company in question.

The hierarchy 2 method is based on the hypothesis that the solvency capital requirement is proportional to the best estimate of technical provisions, for each year of reference. The factor of proportionality is obtained from the ratio between the current SCR and the current best estimate of technical provisions. Below is the Group's risk margin:

(€k)

	31.12.2021	31.12.2020	Delta %
Risk Margin with Transitional Measures deduction	226,042	176,051	28.40%

The increase in the Risk Margin is due to:

- decrease in the MTRT (-159,008);
- a decrease in the discount factor due to the reduction in the EIOPA risk free curve.

Finally, the Risk Margin is allocated to the individual lines of business (LoB) based on the relative solvency capital requirement.

With reference to the subsidiary Poste Assicura, for the calculation of the risk margin at 31 December 2021, the company moved towards the simplified hierarchy 2 calculation proposed in Annex 4 to IVASS Regulation no. 18 of 2016. Hierarchy method 1 was considered too onerous and complex, and excessive in terms of the purpose of reflecting the proportionate nature, scale and complexity of the risks underlying the commitments taken on.
Method 2 determines the projection of the solvency capital requirement of the reference undertaking, in various future years, in proportion to the weighting of the best estimate of the technical provisions in each future year against the same valuation date.
Including in light of the principle of proportionality of the technical provisions calculation method set out by article 56 of the Delegated Acts, the company believed that this method, based on the run off of the obligations net of reinsurance, best represented the future technical performance of the obligations and therefore reflected the proportionate nature, scale and complexity of the underlying risks.
The assessments carried out, intended to verify the analyses and show that there have been no changes in the company's risk profile over time, are shown below:

- the predominant component of the solvency requirement is technical in nature (underwriting risk);
- the market risk component is not substantial;
- the operational risk according to the standard formula is mainly a function of technical variables (technical provisions, premiums, basic solvency capital requirement) and in the assessments carried out is a function of the premiums;
- the counterparty risk is not substantial and is also mainly a function of technical variables (recoveries from reinsurers of technical provisions borne by them in case of default);
- there are no negative values present in the best estimates of the technical provisions at the valuation date or subsequent dates.

With reference to the components set out by art. 38, paragraph 1, points i) and j) of the Delegated Acts, the company also made the following considerations:

- composition of the underwriting risk:

The solvency capital requirement assessments carried out thus far have shown a prevalent contribution from the health and non-life underwriting risk, which constitute approximately 69% and 32% respectively of the total requirement, including the effect of diversification of the adjustment for the ability to absorb losses from deferred taxes and the capital add-on;

- Counterparty default risk:

The company operates with reinsurers with unquestionable capital and financial solidity. An essential condition of collaboration is the assignment by one of the identified rating agencies of a score no lower than BBB+;

- Operational risk:

Since there are no vehicle companies, it was not necessary to assess whether the percentage of the portion of obligations of the reinsurers was the same.

D.3 Other Liabilities

For the most significant liability items below is the amount at 31 December 2021 calculated using Solvency II criteria, compared with the amount recognised in the *IAS/IFRS Consolidated* Financial Statements with reference to the Poste Vita Group and compared with the amount recognised in the *Italian GAAP* Financial Statements for the individual Companies.

<u>Subordinated loans</u>

<u>Subordinated loans - Poste Vita Group (€ 563,925 thousand)</u>

Subordinated loans, entirely held by the parent company Poste Vita S.p.A., amounted to € 563,925 thousand at 31 December 2021 and refer to:

- the market value of the Tier 2 subordinated loan, equal to € 265,335 thousand, with a nominal value of € 250 million, taken out by Poste Vita entirely with the parent company Poste Italiane in 2008 and with indefinite maturity, inclusive of accrued interest expense (governed entirely under market conditions) equal to € 1,285 thousand.
- the market value of the Tier 1 Restricted subordinated loan, equal to € 298,590 thousand: perpetual regulatory capital instrument, non-convertible and with a fixed rate, approved by the Board of Directors of the company at the extraordinary meeting on 7 June 2021 and by the shareholders' meeting on 16 June 2021, and issued on 26 July 2021 for a nominal amount of € 300 million and fully subscribed by the parent company Poste Italiane. The instrument can be recalled after the tenth year and after each interest payment date. The fixed-rate security is issued at par with an annual coupon of 5.00%, with deferred half-yearly payment (26 July and 26 January).

These loans are remunerated at market conditions, regulated in accordance with the conditions set out in article 45, chapter IV, title III of Legislative Decree no. 209 of 7 September 2005 and subsequent amendments, and fully available for the purpose of hedging the solvency margin.

Contingent liabilities

Contingent liabilities – Poste Vita S.p.A. Group (€ 19,377 thousand)

Contingent liabilities are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur. This item represents the liabilities defined and governed by IAS 37 and thus determined according to that standard.
Provisions are recognised in the financial statements at the moment in which the Group has a current obligation as a result of a past event and it is probable it will be asked to fulfil this obligation.

At the end of 2021, contingent liabilities totalled € 19,377 thousand. The breakdown of this item and a comparison with the figures recorded at the end of the previous period are shown below:

(€k)

Composition	31/12/2021	31/12/2020	delta
Legal disputes	5,367	5,053	314
Tax disputes		126	(126)
Other liabilities	14,010	10,770	3,241
Total	**19,377**	**15,950**	**3,427**

The item is as follows:

- legal disputes for € 5,367 thousand, of which most part relative to dormant policies, falling within the scope of the so-called “biennial statute of limitations” instead of the current ten-year statute of limitations;
- other liabilities totalling € 14,010 thousand relative to:
  - € 5,195 thousand to provisions for Intesa San Paolo’s intention to charge the parent company Poste Vita for VAT paid following the facilitated settlement of pending litigation regarding the higher VAT assessed by the tax authorities for the 2003 and 2004 periods, due to the collaboration relation (failure to invoice the direct cost of personnel seconded to Poste Vita) and the co-insurance contract (failure to invoice the commissions on proxies and waivers) entered into in September 1999 between Sanpaolo Vita (later Eurizon and now Intesa San Paolo Vita) and Poste Vita. Investigations are under way with Intesa San Paolo to verify the possibility to reach a settlement of the dispute;
  - € 4,744 thousand regarding several cases of fraud which occurred between 2019 and involving the settlement of life insurance policies accompanied by falsified documentation sent directly to the parent company Poste Vita, as a result of which insurance payments were made to parties found not to be legitimate for a total value of around € 6,062 thousand. At 31 December 2021, Poste Vita had already reactivated positions for a total of around € 1,318 thousand. Hence, for the remaining positions a provision of € 4,744 thousand was established which will be progressively removed when the position of the customer concerned is reactivated;

- € 4,071 thousand for other provisions, of which € 1,567 thousand for the provision for future expenses related to the “Da Grande” product, € 910 thousand for the pending mediations although in relation to these procedures the parent company Poste Vita is not exposed to risk, and € 500 thousand for the provision made in the period by the subsidiary Poste Assicura for penalties for likely delays in the management of claims related to the policy signed by Fondazione Enasarco, as described in more detail in section A.5 “Other Information”.

The increase recorded in the period for € 3,427 thousand is mainly attributable: i) for € 2,825 thousand to the provision pertaining to the cases of fraud; ii) for € 910 thousand to the provision for the aforesaid pending mediations; iii) for € 313 thousand to the provision for legal disputes and iv) for € 500 thousand to the provision recorded in the period with regard to the aforesaid management of claims related to the policy signed by Fondazione Enasarco. These increases were only partially offset by the utilisation of the provision established following the extension granted by INPS regarding application of the regulation on contributions for the loan of the family allowance (CUAF) for € 998 thousand.

Contingent liabilities - Poste Vita S.p.A. (€ 18,800 thousand)

At the end of 2021, contingent liabilities totalled € *18,800* thousand.
The breakdown of this item and a comparison with the figures recorded at the end of the previous period are shown below:

(€k)

Composition	31/12/2021	31/12/2020	delta
Legal disputes	5,367	5,053	314
Tax disputes	-	126	(126)
Other liabilities	13,433	10,344	3,089
Total	**18,800**	**15,523**	**3,277**

The item is as follows:

- legal disputes for € 5,367 thousand, of which most part relative to dormant policies, falling within the scope of the so-called “biennial statute of limitations” instead of the current ten-year statute of limitations;
- other liabilities totalling € 13,433 thousand relative to:
  - € 5,195 thousand allocated as a function of Intesa San Paolo’s intention to charge the Company for VAT paid following the facilitated settlement of pending litigation regarding the higher VAT assessed by the tax authorities for the 2003 and 2004 periods, due to the collaboration relation (failure to invoice the direct cost of personnel seconded to Poste Vita) and the co-insurance contract (failure to invoice the commissions on proxies and waivers) entered into in September 1999 between Sanpaolo Vita (later Eurizon and now Intesa San Paolo Vita) and Poste Vita. Investigations are under way with Intesa San Paolo to verify the possibility to reach a settlement of the dispute;
  - € 4,744 thousand regarding several cases of fraud which occurred between 2019 and involving the settlement of life insurance policies accompanied by falsified

documentation sent directly to the company, as a result of which insurance payments were made to parties found not to be legitimate for a total value of around € 6,062 thousand. At the time of this report, the Company had already reactivated positions for a total of around € 1,318 thousand. Hence, for the remaining positions a provision of € 4,744 thousand was established which will be progressively removed when the position of the customer concerned is reactivated;

- € 3,494 thousand for other provisions, of which € 1,567 thousand for the provision for future expenses related to the "Da Grande" product and € 910 thousand for the pending mediations, although in relation to these procedures the company is not exposed to risk.

The increase recorded in the period for € 3,277 thousand is mainly attributable: i) for € 2,825 thousand to the provision pertaining to the cases of fraud; ii) for € 910 thousand to the provision for the aforesaid pending mediations and iii) for € 313 thousand to the provision for legal disputes. These increases were only partially offset by the utilisation (due to cancellation of the position) of the provision established following the extension granted by INPS to the company regarding application of the regulation on contributions for the loan of the family allowance (CUAF) for € 617 thousand.

Relative to valuation methods, please see that reported at the Group level.

Contingent liabilities - Poste Assicura S.p.A. (€ 500 thousand)

With reference to the subsidiary Poste Assicura S.p.A., the contingent liabilities at the end of 2021 amounted to € 500 thousand (not measured at the end of 2020) and refer exclusively to the provision made during the period for penalties, with regard to possible delays that could occur in the management of claims related to the policy signed by Fondazione Enasarco, as described in detail in section A5 "Other information".

Relative to valuation methods, please see that reported at the Group level.

Contingent liabilities - Poste Welfare Servizi S.r.l. (€ 77 thousand)

With reference to the subsidiary Poste Welfare Servizi S.r.l., at 31 December 2021 the item amounted to € 77 thousand (€ 426 thousand at the end of 2020) and mainly refers to the provision made during the period for disputes with personnel. The decrease in the item recorded during the current period is mainly attributable to the utilisation for € 381 thousand for the dispute involving the CUAF following the payment of contributions for the loan of the family allowance allocated previously.

Relative to valuation methods, please see that reported at the Group level.

Pension benefit obligations

Pension benefit obligations - Poste Vita Group (€ 2,630 thousand)

This item includes amounts relative to employee termination benefits for a total value of € 2,630 thousand at the end of 2021. These amounts were determined using the criteria established under IAS 19 and the consolidated value is the sum of the amounts for the three companies in the Insurance Group.

Pension benefit obligations - Poste Vita S.p.A. (€ 943 thousand)
Relative to the parent company Poste Vita S.p.A., the amount of pension benefit obligations at 31 December 2021 is € 943 thousand.
Relative to valuation methods, please see that reported at the Group level.

Pension benefit obligations - Poste Assicura S.p.A. (€ 281 thousand)
Relative to the subsidiary Poste Assicura S.p.A., there is a total of € 281 thousand in pension obligations at 31 December 2021.
Relative to valuation methods, please see that reported at the Group level.

Pension benefit obligations – Poste Welfare Servizi S.r.l. (€ 1,406 thousand)
The subsidiary Poste Welfare Servizi S.r.l. has pension obligations at 31 December 2021 totalling € 1,406 thousand.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax liabilities

Deferred tax liabilities - Poste Vita Group (€ 4,423,227 thousand)
Deferred tax liabilities are equal to the sum of the amounts under the same item found in the Market Value Balance Sheets (Solvency II) of the parent company Poste Vita and the subsidiaries. The subsidiaries Poste Insurance Broker S.r.l. and Poste Insurance Broker S.r.l. do not have any deferred tax liabilities. Deferred tax liabilities are determined based on the difference between the values of assets and liabilities for Solvency II Purposes and the corresponding Local GAAP values, applying the IRES + IRAP rate (30.82%).

Deferred tax liabilities - Poste Vita S.p.A. (€ 4,401,057 thousand)
Deferred tax liabilities are determined based on the difference between the values of assets and liabilities for Solvency II Purposes and the corresponding Local GAAP values, applying the IRES + IRAP rate (30.82%).
Following application of Solvency II valuation rules, the item Deferred Tax Liabilities is equal to € 4,401,057 thousand at the end of 2021.
The main components include deferred taxes mainly established following the increase in investments for € 4,398,467 thousand, compared to the values of the Italian GAAP financial statements.
Relative to valuation methods, please see that reported at the Group level.

Deferred tax liabilities - Poste Assicura S.p.A. (€ 22,170 thousand)
At the end of the period, the item “deferred tax liabilities” amounted to € 22,170 thousand.
The changes are mainly due to deferred taxes recognised after the increased change of financial instruments for € 6,338 thousand and the decrease in technical provisions for € 15,771 thousand, applying the Solvency II valuation criteria.

Relative to valuation methods, please see that reported at the Group level.

Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions - Poste Vita Group (€ 1,946 thousand)

This item almost exclusively refers to the financial liabilities deriving from application of IFRS 16 for a total value at 31 December 2021 of € 1,946 thousand and mainly relates to the property lease agreement with the company Mirto S.r.l. These liabilities are initially recognised at the current value of the leasing instalments not paid at the contractual start date; for the purposes of calculating the current value, the Poste Vita Group uses the incremental borrowing rate, defined for the duration of the loan. Subsequently, the liabilities are reduced to reflect the lease payments made and increased to reflect the interest on the remaining value (using the effective interest method).

Note that this item is expressed net of infragroup operations for a total of € 214 thousand, mainly relative to financial liabilities linked to the offices sub-let to the Subsidiaries Poste Welfare Servizi S.r.l. and Poste Assicura S.p.A. by the parent company Poste Vita S.p.A.

The decrease compared to the figure recorded in the previous twelve months (€ 23,867 thousand) is attributable to the cancellation option of the property lease agreement exercised by the parent company Poste Vita on 7 October 2021 (in light of the transfer of the offices of Poste Vita and other subsidiaries to the premises owned by the parent company Poste Italiane) and taking effect, as per contract, on 12 May 2022.

Financial liabilities other than debts owed to credit institutions - Poste Vita S.p.A. (€ 1,874 thousand)

This item refers almost exclusively to the financial liabilities deriving from application of IFRS 16 for a total value at 31 December 2021 of € 1,874 thousand and represents the remainder of the fees to be settled at the end of the period, and which mainly involves the leased property for € 1,440 thousand (€ 1,439 thousand net of the intercompany elimination carried out for the purposes of preparing the consolidated financial statements) and for the remaining € 434 thousand to the mixed use car rental agreement and the accommodation lease agreement.

Relative to valuation methods, please see that reported at the Group level.

Financial liabilities other than debts owed to credit institutions - Poste Assicura S.p.A. (€ 196 thousand)

This item refers exclusively to the financial liabilities deriving from application of IFRS 16, representing the remaining fees to be settled at the end of the period and pertaining mainly for € 124 thousand (entirely offset following the aforesaid intercompany elimination) to the sublease of the premises of the parent company Poste Vita S.p.A. used for business activities and for the remaining € 72 thousand to the mixed use car rental agreement and the accommodation lease agreement.

Relative to valuation methods, please see that reported at the Group level.

Financial liabilities other than debts owed to credit institutions - Poste Welfare Servizi S.r.l. (€ 89 thousand)

This item refers to financial liabilities deriving from application of IFRS 16 which represents residual rent to be paid at the end of the period, mainly with reference to: i) € 88 thousand (fully cancelled following the cited infragroup cancellation) for offices sub-let from the parent company Poste Vita S.p.A. used for business activities; ii) € 76 thousand relative to ultimate parent Poste Italiane S.p.A. offices used for disaster recovery and iii) € 13 thousand for car hire contracts for mixed use.
Relative to valuation methods, please see that reported at the Group level.

Derivative Liabilities

Derivative liabilities - Poste Vita Group (€ 0 thousand)

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

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

Derivatives are recognised in the Income Statement at fair value.

Insurance and intermediaries payables

Insurance and intermediaries payables - Poste Vita Group (€ 267,104 thousand)
These payables are recognised at the nominal value. For accounting purposes no discounting methods were used given that these payables are all short-term, the effects would not be significant.
At the end of 2021 the item amounted to € 233,802 thousand, expressed net of infragroup operations for a total of € 4,136 thousand entirely relative to the payable accrued by the subsidiary Poste Assicura S.p.A. relative to the parent company Poste Vita S.p.A. for the portion of premiums covering the “life” benefits of CPI products.

Insurance and intermediaries payables - Poste Vita S.p.A. (€ 240,963 thousand)
At the end of 2021, this item amounted to € 240,963 thousand and mainly consisted of:

- € 185,631 thousand, from payables for commissions to be paid to the parent company Poste Italiane S.p.A. for portfolio maintenance;

- € 37,989 thousand, from payables to insurance intermediaries for fees due for the placement of insurance products mainly related to the last quarter of the financial year and settled in the first months of 2022.

Relative to valuation methods, please see that reported at the Group level.

Insurance and intermediaries payables - Poste Assicura S.p.A. (€ 30,759 thousand)

This item mainly includes payables due to intermediaries and insurance companies. At the end of 2021, this item amounted to € 30,759 thousand (€ 25,093 thousand net of intercompany eliminations for the purpose of the consolidated financial statements) and is formed of:

- payables due to insurance brokerages for commissions of € 9,543 thousand, for placement of insurance products mainly for the last quarter of the year, to be settled in the initial months of 2022;
- payables due for company current accounts: the item refers to the premiums related to the CPI product (€ 5,666 thousand). This product offers a "non-life" insurance cover provided by Poste Assicura and a "life" insurance cover provided by the parent company Poste Vita. The relative premiums are collected entirely by the Company, which leads to a payable relative to Poste Vita for the portion of the premium covering the life benefits. This position had been settled at the time this document was prepared;
- payables due to policyholders/intermediaries for € 12,574 thousand, related to the reconciliation of premiums issued and collected;
- payables due to coinsurers of € 2,976 thousand.

Relative to valuation methods, please see that reported at the Group level.

Insurance and intermediaries payables – Poste Insurance Broker S.r.l. (€ 1,048 thousand)

The item refers for € 839 thousand to the payable due to Genertel and Linear for the premium to be paid net of the fee due to the company for intermediation and for the remaining € 209 thousand to payables for the commissions paid to Poste Italiane for intermediation.
Relative to valuation methods, please see that reported at the Group level.

Trade payables

Trade payables – Poste Vita S.p.A. Group (€ 69,441 thousand)
Trade payables at the end of 2021 amounted to € 69,441 thousand and mainly refer to payables for services and goods purchased during the year and not yet settled at 31 December 2021.
Note that this item was involved in cancellations of entries associated with infragroup relations for a total of € 14,884 thousand.
Payables are recognised at fair value on the date of acquisition and subsequently at the presumable extinction value.

Trade payables - Poste Vita S.p.A (€ 58,677 thousand

Trade payables of the parent company at the end of 2021 amounted to € 58,677 thousand (€ 50,983 thousand net of the intercompany eliminations for the purpose of the consolidated financial statements) and mainly refer to payables for services and goods purchased during the year and not yet settled at 31 December 2021.
Relative to valuation methods, please see that reported at the Group level.

Trade payables - Poste Assicura S.p.A. (€ 19,939 thousand)

Trade payables at the end of 2021 amounted to € 19,939 thousand (€ 13,498 thousand) net of the intercompany eliminations carried out for the purposes of preparing the consolidated financial statements) and mainly refer to payables for services and goods purchased during the year and not yet settled at 31 December 2021.
Relative to valuation methods, please see that reported at the Group level.

Trade payables - Poste Welfare Servizi S.r.l. (€ 5,196 thousand)

Trade payables at the end of 2021 amounted to € 5,196 thousand (€ 4,804 thousand net of the intercompany eliminations for the purpose of the consolidated financial statements) and mainly relate for: i) € 4,137 thousand to payables to suppliers for services received during the period and not yet settled at 31 December 2021 and ii) € 782 thousand to deferred income mainly associated with the portion of revenue related to the quarterly fee of the customer Faschim, billed early.
Relative to valuation methods, please see that reported at the Group level.

Trade payables - Poste Insurance Broker S.r.l. (€ 513 thousand)

The payables in question refer to trade commitments payable within the following financial year for i) € 18 thousand for the remuneration due to the auditing firm for the activity carried out on the 2021 financial statements; ii) € 25 thousand for the remuneration due to the sole auditor; iii) € 387 thousand for the payable to the parent company Poste Assicura S.p.A. for the existing service contract (€ 372 thousand) and for the remuneration due to the sole director for € 15 thousand (these operations contracted with the parent company Poste Assicura are offset for € 320 thousand for the purposes of preparing the consolidated financial statements); iv) € 45 thousand mainly referring to the existing service contract with the parent company Poste Vita (of which € 37 thousand offset for the purposes of preparing the consolidated financial statements) and v) € 38 thousand for the call centre service provided by the parent company Poste Italiane S.p.A.
Relative to valuation methods, please see that reported at the Group level.

Difference between Solvency II and IAS/IFRS Consolidated Financial Statements valuation

Below is a table summarising the different measurement criteria adopted when measuring liabilities for Solvency II purposes and for the IAS/IFRS Consolidated Financial Statements:

Liabilities	Valuation criterion Solvency II	Valuation criterion IAS/IFRS
Contingent liabilities	For relevant liabilities, the valuation applied is in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*	For relevant liabilities, the valuation applied is in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
Pension benefit obligations	Amount determined in accordance with IAS 19.	Amount determined in accordance with IAS 19.
Financial liabilities other than debts owed to credit institutions	Amount determined in accordance with IFRS 16. Liabilities are initially recorded at the present value of lease fees not paid on the date the contract commences; for the purposes of calculating the present value, the Company uses the incremental borrowing rate, defined by loan period. Liabilities are subsequently reduced to reflect the lease fees paid and increased to refect interest on the remaining amount (using the effective interest rate method).	Amount determined in accordance with IFRS 16. Liabilities are initially recorded at the present value of lease fees not paid on the date the contract commences; for the purposes of calculating the present value, the Company uses the incremental borrowing rate, defined by loan period. Liabilities are subsequently reduced to reflect the lease fees paid and increased to refect interest on the remaining amount (using the effective interest rate method).
Deferred tax liabilities	Deferred tax liabilities are equal to the sum of the values of the same item reported in the Market Value Balance Sheet (Solvency II) of the Parent Company, Poste Vita, and the Subsidiaries, Poste Assicura and PWS. These values were determined, with reference to the valuation differences in the values of assets and liabilities calculated for Solvency II purposes and the corresponding Local GAAP values, based on the applicable rates.	Deferred tax liabilities are recognised for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding values recognised for tax purposes. Deferred tax liabilities are not recognised if there is little likelihood that said payable will arise
Derivatives	Recognition in the financial statements is at fair value through profit or loss	Recognition in the financial statements is at fair value through profit or loss
Insurance and intermediaries payables	Payables are recorded at Fair Value at the acquisition date and subsequently measured at their estimated settlement value.	Payables are stated at their nominal value.
Subordinated liabilities	Recognition in the financial statements is at the observed fair value, including accrued interest.	Recognition in the financial statements is at amortised cost, including accrued interest

Among the main changes, note deferred taxes recognised on differences in value for financial instruments, in application of Solvency II valuation criteria.

(€k)

	31/12/2021		
Liabilities	**Solvency II value**	**IAS/IFRS value**	**Delta**
Contingent liabilities	19,377	19,377	
Pension benefit obligations	2,630	2,630	
Deferred tax liabilities	4,423,227	214,035	4,209,192
Financial liabilities other than debts owed to credit institutions	1,946	1,943	3
Insurance & intermediaries payables	267,104	267,104	
Derivatives			
Payables (trade, not insurance)	69,441	69,441	
Subordinated liabilities	563,925	551,285	12,640

With reference to Group companies, application of Solvency II valuation criteria to Balance Sheet liabilities led to the following valuation differences with respect to the **Local GAAP standards**, reported below:

Liabilities	Valuation criterion Solvency II	Valuation criterion Local GAAP
Contingent liabilities	For relevant liabilities, the valuation applied is in accordance with **IAS 37** - *Provisions, Contingent Liabilities and Contingent Assets*	The valuation is made in accordance with Accounting Standard **OIC 31**. In particular, a provision is made for risks and charges that are only intended to cover losses or payables of a specific nature, certain or probable, for which the amount and effective date are not determined at the reporting date.
Pension benefit obligations	Amount determined in accordance with **IAS 19**.	Employee termination benefits (TFR) are calculated analytically for each employee on the basis of art. 5 of **Law 297 of 1982**, and in compliance with the TFR reform pursuant to **Legislative Decree no. 252/2005** and subsequent amendments.
Financial liabilities other than debts owed to credit institutions	Amount determined in accordance with **IFRS 16**. Liabilities are initially recorded at the present value of lease fees not paid on the date the contract commences; for the purposes of calculating the present value, the Company uses the incremental borrowing rate, defined by loan period. Liabilities are subsequently reduced to reflect the lease fees paid and increased to reflect interest on the remaining amount (using the effective interest rate method).	The statutory accounting standards do not require the recognition of financial liabilities for leased assets.
Deferred tax liabilities	Deferred tax liabilities are determined on the basis of the differences between the values of assets and liabilities for Solvency II purposes and the corresponding Local GAAP values. The tax effect is determined on the basis of the rates in force.	Deferred tax liabilities are recognised for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding values recognised for tax purposes. Deferred tax liabilities are not recognised if there is little likelihood that said payable will arise
Insurance and intermediaries payables	Payables are recorded at Fair Value at the acquisition date and subsequently measured at their estimated settlement value.	Payables are stated at their nominal value.
Subordinated liabilities	Recognition in the financial statements is at the observed fair value, including accrued interest.	Subordinated liabilities are recorded at nominal value.

Poste Vita S.p.A.

(€k)

Liabilities	31/12/2021 Solvency II value	Statutory accounts value	Delta
Contingent liabilities	18,800	18,800	
Pension benefit obligations	943	738	205
Deferred tax liabilities	4,401,057		4,401,057
Financial liabilities other than debts owed to credit institutions	1,874	1	1,873
Insurance & intermediaries payables	240,963	240,963	
Derivatives			
Payables (trade, not insurance)	58,677	58,719	(42)
Subordinated liabilities	563,925	557,725	6,200

Poste Assicura S.p.A.

(€k)

Liabilities	31/12/2021 Solvency II value	Statutory accounts value	Delta
Pension benefit obligations	281	173	109
Deferred tax assets	22,170		22,170
Financial liabilities other than debts owed to credit institutions	196		196
Reinsurance payables	8,316	8,316	
Insurance and intermediares payables	30,759	30,759	
Payables (trade, not insurance)	19,939	20,015	(76)

D.4 Alternative Valuation Methods

Paragraphs D.1 and D.3 contain the valuation principles deriving from the Policy on Measuring Assets and Liabilities other than Technical Provisions, originating from the new requirements introduced in the Solvency II Directive and govern the provisions regarding valuation of assets and liabilities other than technical provisions in line with that established in IVASS Regulation 34 of 07 February 2017 and pursuant to article 267 of Delegated Regulation (EU) 2015/35 of the Commission of 10 October 2014.

With reference to the measurement of the financial instruments, including derivatives, the Board of Directors of the parent company Poste Vita, in FY 2015, approved[14] the Fair Value Policy of the Poste Italiane Group, which, in accordance with the provisions of IFRS 13, regulates the general principles and rules that govern the process of determining the fair value for the purpose of preparing the financial reports, in addition to assessments and analyses of risk management,

[14] Last updated on 28 January 2021.

investment and capital management and assets and liabilities management. The principles and rules for the fair value measurement of financial instruments have been identified in accordance with the instructions from the regulators and the accounting standards of reference, ensuring homogeneity among the valuation techniques adopted within the Poste Italiane Group. The detailed methods have been updated, where necessary, to take account of changes in operations and market practices recorded during the year.

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

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

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

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

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

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

Therefore, full application of the guidelines in question also requires the definition of a dedicated Technical Annex[15], concerning the identification and precise definition of the limits, period of time and thresholds of significance to be applied when carrying out the analyses and controls shown in the aforesaid Additional Guidelines; this Technical Annex to the Additional Guidelines to the Fair Value Policy is still being prepared by the Risk Management Function, with support from all competent company functions, and is expected to be defined by Senior Management within the first half of 2022[16].

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

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

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

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

In particular, assets are classified on the basis of a hierarchical scale that reflects the relevance of the sources used when carrying out the measurements, composed of the following three levels:

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

- Bonds quoted on active markets: for the definition of active market for bonds, the insurance group follows the criteria defined in the Group's FV Policy and applied in

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

the context of the "Fair Value Engine" tool. In order to classify a "Level 1" financial instrument, daily monitoring rules have been established for contributions in order to verify their liquidity. The pricing sources for the securities are:
a) MTS market;
b) MILA;
c) Bloomberg CBBT.
Securities are considered level 1 if during the time period of reference they have a bid-ask spread within the limit established by the Group's Fair Value Policy.

- shares quoted on active and liquid markets whose measurement is carried out by considering the price deriving from the last contract traded on the day on the reference stock market, with the exception of shares relative to the company FSI SGR for € 297 thousand, which were assigned level 3;
- quoted open-end investment funds such as ETFs (Exchange Traded Funds) which the measurement is based on the daily closing market price as provided by the info provider Bloomberg or by the fund manager and all of the following parameters have also been met:
  - o calculation of the NAV carried out daily;
  - o an average time required to sell the position no longer than a significant number of working days.

- Level 2: this level consists of measurements made using inputs different from the quoted prices included in Level 1 and observable directly or indirectly for the asset. Considering the characteristics of Poste Vita Group business, observable input data used to determine the fair value of individual technical categories include return and inflation curves, surface volatility on interest rates, premiums on inflation options, asset swap spreads or credit default spreads representing the credit standing of specific counterparts, and possible liquidity adjustments listed by major market counterparts. Level 2 includes: Bonds either quoted on inactive markets or not at all that do not meet the criteria envisaged by the Fair Value Policy for the assignment of the fair value level 1. For the valuation of these securities, a preliminary analysis was carried out on the availability of a price deemed reliable, albeit indicative of a lower level in the fair value hierarchy. This verification resulted in the presence of a BVAL score greater than 30 and in this case in the use of one of the following prices
  o CBBT if available
  o BVAL if available and with a score greater than or equal to 8.
  For the securities not falling under the previous scope, namely for which the BVAL score was lower than 30, the measurement is made using an internal model.
- All quoted open-end funds that, on the basis of the checks carried out, cannot be categorised as "Level 1" and meet the following parameters:
  - calculation of the NAV carried out at least weekly;
  - an average time required to sell the position no longer than a significant number of working days.
- All unlisted open-end funds for which the NAV provided by the info-provider Bloomberg or by the fund manager is available at least monthly and that, based on the periodic analyses appropriately documented carried out using "look through" approaches, have

an investment in “Level 3” financial instruments pursuant to IFRS 13 lower than a specific threshold of significance expressed as a percentage of the overall NAV of the Fund.

Level 3: this level consists of fair value measurements made using non-observable input for the asset or liability. Closed-end unlisted funds are included in Level 3, which are measured considering the most recently available NAV with at least a six-month frequency communicated by the fund manager. This NAV is adjusted based on calls and redemptions communicated by the managers between the most recent official NAV and the measurement date. The following categories of financial instruments are relevant to Poste Vita:

- Residual bonds that do not meet the previous indications.
- All quoted open-end funds that, on the basis of the checks carried out, cannot be categorised as “Level 2”.
- All Alternative Funds, which, by nature are characterised by a low frequency of NAV calculations and contain financial instruments that are often illiquid or have no prices listed on active markets. In particular, for Poste Vita this category includes: Private Equity Funds; Real Estate Funds; Infrastructure Equity Funds; Infrastructure Debt Funds; Private Debt Funds and Hedge Funds.

For multiasset funds, the underlying assets are generally represented by financial instruments listed on liquid and active markets.
These funds have been classified as level 2 in the fair value hierarchy adopted by the Poste Vita Group for the purposes of the financial statements since they are unlisted open-end mutual investment funds for which NAV (Net Asset Value) communicated daily by the depository bank is available and which, based on specific analyses conducted on a sample of assets of the funds, have a non-significant quota of level 3 financial instruments compared to the overall NAV of the funds.
BTP strip securities have a liquidity level similar to government bonds with coupons, given the number of financial counterparts who list a trading price, even if they are less liquid at certain moments. Therefore, at a given measurement date, these financial instruments may not respect the individual parameters established in the referenced fair value policy (e.g. bid/ask spread level) and they are prudentially classified as Level 2 in the fair value hierarchy.

D.5 Other Information

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

Recourse was made to the use of estimates in the following cases during the current financial year:

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

E - CAPITAL MANAGEMENT

E.1 Own Funds

Introduction

This section serves to present the solvency position of the Insurance Group. Its solvency position is represented by the ratio between the capital available to the Group and its Companies (own funds) and the Solvency Capital Requirement (SCR).
More specifically, with regard to own funds issues linked to the various components which make up the solvency position will be examined and analysed, in particular:
- the items that make up available assets and the associated tiering;
- reconciliation of own funds and equity relative to the annual financial statements;
- analysis of changes in own funds.
Additionally, the Solvency Capital Requirement and Minimum Solvency Capital Requirement will be examined, exploring issues linked to the various types of risk which contribute to these amounts and the main characteristics of the Standard Formula used by the Group Companies.
The section then ends with information useful for the present analysis.

Capital management objectives, policy and process

The guiding principles for the capital management activities of Poste Vita and the Poste Vita Group are defined in specific guidelines on capital management for Poste Vita and for the Group. These guidelines set out a management of own funds in compliance with regulatory requirements, in line with the risk appetite and with the strategy of Poste Vita and the Poste Vita Group.
Capital management activities refers to the management and control of own funds, or procedures aimed at:

- defining the medium-term capital management plan;
- classifying and verifying own funds periodically, to ensure that they meet the regulatory requirements and are consistent with the capital management plan and the internal assessment on solvency risk and financial condition;
- assessing the impact of transitional measures on elements of own funds where authorised;
- defining capital contingency measures in the context of the process of preparing the Poste Vita and Poste Vita Group emergency plan;
- governing the issue of own funds based on the medium-term capital management plan and/or in line with the projections and internal assessments on solvency risk and financial condition;
- assessing the dividends policy in line with the profits generated and the risk appetite.

The general purposes pursued include:

- maintaining a balance between a capitalisation that has a sufficient and solid structure in order to follow the regulatory limits and meeting the requirements of the Risk Appetite Framework;

- assessing the quality of the capital in terms of composition;
- ensuring that any policy concerning dividends is taken into consideration in terms of the capital position;
- assessing and scheduling actions on own funds intended to strengthen the capitalisation in order to address business trends and market volatility.

In line with the objectives and the policy, the capital management process is structured into several phases. Annually, during the strategic planning process, the thresholds of the Risk Appetite Framework are defined alongside the projections relative to the internal assessment of solvency risk and financial condition over the medium term. The regulatory capital levels to be satisfied are then defined based on input from strategic planning on investments and commercial performance. Based on the internal risk and solvency assessments, a medium-term capital management plan is defined, intended to establish the development of own funds and any capital operations to be implemented or assessed, taking into consideration the tolerance limits and levels of Poste Vita and the Poste Vita Group, in addition to the objectives set. Periodically, the capital management process requires monitoring and reporting for an assessment of the performance, in line with the medium-term capital management plan defined. Annually, in the context of the process to prepare the company and group emergency plan, capital contingency measures are assessed and defined, to be applied in stress scenarios that bring the solvency requirement below the defined tolerance thresholds.
Lastly, for completeness, the Board of Directors of the company on 24 February 2022 approved the new Strengthened Emergency Plan ("SEP"), which among other things, introduced a new "recovery option" relative to the share capital increase of the company through the issue of new shares to be subscribed by the sole shareholder Poste Italiane.

Structure, amount and quality of own funds – Poste Vita Group

The own funds of the Poste Vita Group are formed of basic own funds and ancillary own funds, since the parent company Poste Vita S.p.A. obtained authorisation on 13 February 2019 for use to cover the solvency capital requirement of the letter of irrevocable and unconditional commitment of Poste Italiane S.p.A. to participate in one or several share capital increases of the company for a maximum amount of € 1,750,000 thousand.
Basic own funds are formed of the excess assets over liabilities valued in accordance with article 75 of Directive 2009/138/EC, the eligible subordinated liabilities deducted from the share of foreseeable dividends and elements not representing own funds. There are no treasury shares held by the Poste Vita Group in the portfolio.
Group own funds correspond to the own funds reported in the Market Value Balance Sheet of the parent company Poste Vita S.p.A., since they are capital of the subsidiaries Poste Assicura S.p.A., Poste Welfare Servizi S.r.l. and Poste Insurance Broker S.r.l. (wholly controlled company consolidated on a line-by-line basis), offset with the corresponding values of the equity investments. For the equity investment held in Poste Welfare Servizi, as described in section A.5, on 26 January 2022 the Board of Directors of Poste Vita resolved on the proposal to transfer to Poste Italiane S.p.A. 100% of the shares held.
Poste Vita Group basic own funds amount to € 10,926,835 thousand, consisting of:

- Local GAAP share capital for € 1,216,608 thousand;
- Reconciliation Reserve for € 9,147,587 thousand;
- Subordinated loans for € 562,640 thousand, consisting of:
  - the market value of the Tier 2 subordinated loan, equal to € 264,050 thousand, with a nominal value of € 250 million, taken out by Poste Vita entirely with the parent company Poste Italiane in 2008 and with indefinite maturity;
  - the market value of the Tier 1 Restricted subordinated loan, equal to € 298,590 thousand: perpetual regulatory capital instrument, non-convertible and with a fixed rate, for a nominal amount of € 300 million and fully subscribed by the parent company Poste Italiane.
- No elements not representing basic own funds were deducted.

The Group's ancillary own funds total € 1,750,000 thousand.

The amount of own funds available to cover the capital requirement was subsequently classified by level, based on the quality of the individual elements of the Own Funds (tiering). The following tables show the breakdown by tier of the own funds of the Poste Vita Group at 31.12.2021 and 31.12.2020:

(€k)

BASIC Own Funds	31/12/2021 TOTAL	TIER 1 Unrestricted	TIER 1 Restricted	TIER 2
Ordinary share capital (gross of own shares)	1,216,608	1,216,608		
Surplus funds				
Reconciliation reserve	9,147,587	9,147,587		
Subordinated liabilities	562,640		298,590	264,050
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II OF				
Total basic own funds after deductions	**10,926,835**	**10,364,195**	**298,590**	**264,050**
Unpaid and uncalled ordinary share capital callable on demand	1,750,000			1,750,000
Total Ancillary Own Funds	**1,750,000**			**1,750,000**

(€k)

BASIC own funds	31/12/2020 TOTAL	TIER 1 Unrestricted	TIER 2
Ordinary share capital (gross of own shares)	1,216,608	1,216,608	
Surplus funds			
Reconciliation reserve	8,118,216	8,118,216	
Subordinated liabilities	257,375		257,375
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II OF	(11,421)		
Total basic own funds after deductions	**9,580,778**	**9,323,403**	**257,375**
Unpaid and uncalled ordinary share capital callable on demand	1,750,000		1,750,000
Total Ancillary Own Funds	**1,750,000**		**1,750,000**

The own funds of the Group (including the Tier 1 Restricted subordinated loan) meet the eligibility conditions for the coverage of the SCR since they meet the requirements of article 82

of the said Delegated Regulation, in particular the eligible funds are formed exclusively of Tier 1 and Tier 2.
Furthermore, all elements of the Tier 2 own funds are eligible, pursuant to article 82 of Delegated Regulation 2015/35 of the European Commission, since they are lower than half of the value of the SCR.

Poste Vita Insurance Group own funds available to cover the MCR consist solely of basic own funds totalling € 10,926,835 thousand, entirely eligible to cover the Minimum Capital Requirement.

As a result of the above, the amount of eligible own funds to cover the SCR at the end of 2021 amounted to € 12,676,835 thousand and, by virtue of the aforesaid eligibility rules, was the same as the amount of eligible own funds. The amount to cover the MCR was € 10,926,835 thousand.

(€k)

	31/12/2021			31/12/2020		
Available own funds	TOTAL	TIER 1 Unrestricted	TIER 2	TOTAL	TIER 1 Unrestricted	TIER 2
Total available own funds to meet the SCR	12,676,835	10,364,195	2,014,050	11,330,778	10,364,195	2,014,050
Total available own funds to meet the MCR	10,926,835	10,364,195	264,050	9,580,778	10,364,195	264,050
Total eligible own funds to meet the SCR	12,676,835	10,364,195	2,014,050	11,193,573	10,364,195	2,014,050
Total eligible own funds to meet the MCR	10,926,835	10,364,195	264,050	9,580,778	10,364,195	264,050

In relation to the above and considering the values of the SCR and MCR reported below, the SCR ratio is equal to 285.44% at the end of 2021, while the MCR ratio is 538.49%.

(€k)

	31/12/2021
Coverage Ratio	TOTAL
SCR	4,441,175
MCR	2,029,162
Ratio of Eligible own funds to SCR	285.44%
Ratio of Eligible own funds to MCR	538.49%

Differences between Poste Vita Group equity and own funds

The difference between Equity in the IAS/IFRS Consolidated Financial Statements and in Solvency II Capital for the Poste Vita Group is summarised in the following schedule:

(€k)

Available Own Funds	Amount
Ordinary share capital (gross of own shares) **(A)**	1,216,608
Retained earnings - Reconciliation Reserve **(B)**	4,419,240
Own Funds IAS/IFRS Value*	**5,635,848**
Reconciliation reserve base **(C)**	5,125,687
Forseeable dividends and distributions - Tier 1 **(D)**	(397,339)
Total Reconciliation reserve (B+C-D)	**9,147,587**
Deductions/Collateral **(E)**	0
Eligible Own Funds Tier I **(F)**	298,590
Eligible Own Funds Tier II **(G)**	2,014,050
Total eligible own funds (A+B+C-D-E+F+G)	**12,676,835**

Retained earnings for € 4,419,240 thousand consists of: i) IAS/IFRS profit for the period of € 826,119 thousand; ii) retained earnings from previous years for € 3,269,475 thousand and iii) other reserves for € 323,646 thousand.

In consideration of the accounting results of Poste Vita SpA and its overall equity solidity, the amount of € 397 million was established for the item foreseeable dividends. In this regard, the proposed distribution of the dividend was approved by the shareholders; meeting held on 29 April 2022.

The difference between the consolidated equity IAS/IFRS and the excess of assets over liabilities Solvency II amounted to € 5,125,687 thousand and was formed of the basic reconciliation reserve. This reserve represents the effect generated by the different valuation carried out according to the principles used for the preparation of the consolidated financial statements according to the IAS/IFRS compared to the valuation based on the Solvency II rules. Below are details for the reconciliation reserve, obtained through the analytical reconstruction of the valuation effects of applying Solvency II principles to the asset and liability items in the Market Value Balance Sheet:

(€k)

Adjustment	Amount
Own Funds IAS/IFRS Value	**5,635,848**
Assets	
Deferred acquisition costs	-42,200
Intangible assets & Goodwill	-17,876
Investments	209,625
Reinsurance recoverables	-22,573
Deferred tax assets	1,825,546
Other	-467
Total Adj Assets	**1,952,055**
Liabilities	
Technical provisions	-7,395,458
Deferred tax liabilities	4,209,192
Subordinated liabilities	12,640
Other	-6
Total Adj Liabilities	**-3,173,632**
Reconciliation Reserve base	**5,125,687**
Excess of assets over liabilities	**10,761,534**

E.1.1 Structure, amount and quality of own funds - Poste Vita S.p.A.

Basic own funds consist of excess assets relative to liabilities valued in compliance with article 75 of Directive 2009/138/EC. There are no treasury shares held by the Company in the portfolio. The own funds of the parent company Poste Vita S.p.A. are formed of basic own funds and ancillary own funds, since the company obtained authorisation on 13 February 2019 for use to cover the solvency capital requirement of the letter of commitment signed by Poste Italiane S.p.A. [17] and represent 100% of the elements included in the Group's own funds, as described in detail in section "E.1.1 Structure, amount and quality of own funds – Poste Vita Group".
The amount of own funds, as shown in the following table, available to cover the SCR therefore amounted to € 12,676,835 thousand and was formed of the total basic own funds and ancillary own funds, and was the same as the amount of eligible own funds to cover the SCR, in accordance with the eligibility rules set out by article 82 of Delegated Regulation 2015/35 of the European Commission. Finally, the amount of own funds eligible to cover the MCR is € 10,926,835 thousand, involving solely basic own funds in Tier 1 and Tier 2.
The values for tearing and eligibility of own funds at 31.12.2021 and 31.12.2020 are shown below:

(€k)

	31/12/2021			31/12/2020		
Available own funds	TOTAL	TIER 1 Unrestricted	TIER 2	TOTAL	TIER 1 Unrestricted	TIER 2
Total available own funds to meet the SCR	12,676,835	10,364,195	2,014,050	11,330,778	10,364,195	2,014,050
Total available own funds to meet the MCR	10,926,835	10,364,195	264,050	9,580,778	10,364,195	264,050
Total eligible own funds to meet the SCR	12,676,835	10,364,195	2,014,050	11,189,369	10,364,195	2,014,050
Total eligible own funds to meet the MCR	10,926,835	10,364,195	264,050	9,580,778	10,364,195	264,050

In relation to the above and considering the values of the SCR and MCR reported below, the Solvency Ratio is equal to 287.51% at the end of 2021, while the MCR ratio is 550.71%.

(€k)

	31/12/2021
Coverage Ratio	TOTAL
SCR	4,409,170
MCR	1,984,126
Ratio of Eligible own funds to SCR	287.51%
Ratio of Eligible own funds to MCR	550.71%

The reconciliation reserve of € 9,147,587 thousand consists of € 5,791,131 thousand from the basic reconciliation reserve (represented the effect generated by the different valuation obtained using the statutory standards for preparation of the annual financial statements in contrast to the valuation using Solvency II rules) and insertion of the foreseeable distribution of dividends during the year. The remaining portion, of € 3,753,795 thousand, consists of: i) profit for the

[17] With reference to point a) of the Regulations, which requests "information on the underlying conditions of the main elements of own funds held by the company"

period of € 719,538 thousand; ii) retained earnings from previous years for € 2,768,980 thousand and iii) other reserves for € 265,277 thousand.

(€k)

Available Own Funds	Amount
Ordinary share capital (gross of own shares) (A)	1,216,608
Retained earnings - Reconciliation Reserve (B)	3,753,795
Own Funds Local GAAP Value	**4,970,403**
Reconciliation reserve base (C)	5,791,131
Forseeable dividends and distributions - Tier 1 (D)	(397,339)
Total Reconciliation reserve (B+C-D)	**9,147,587**
Deductions/Collateral (E)	0
Eligible Own Funds Tier I (F)	298,590
Eligible Own Funds Tier II (G)	2,014,050
Total eligible own funds (A+B+C-D-E+F+G)	**12,676,835**

Below are details for the reconciliation reserve, obtained through the analytical reconstruction of the valuation effects of applying Solvency II principles to the asset and liability items in the Market Value Balance Sheet, before tax effects.

(€k)

Adjustment	Amount
Own Funds Local GAAP Value	**4,970,403**
Assets	
Deferred acquisition costs	(42,200)
Investments	14,271,469
Reinsurance recoverables	(16,931)
Deferred tax assets	1,821,082
Properties & Other	1,581
Total Adj Assets	**16,035,001**
Liabilities	
Technical provisions	5,834,576
Pension benefit obligations	205
Deferred tax liabilities	4,401,057
Derivatives	
Subordinated liabilities	6,200
Financial Liabilities other than debts & Other	1,831
Total Adj Liabilities	**10,243,870**
Reconciliation Reserve base	**5,791,131**
Excess of assets over liabilities	**10,761,534**

E.1.1 Structure, amount and quality of own funds - Poste Assicura S.p.A.

The own funds of the subsidiary Poste Assicura S.p.A. consist solely of basic own funds (BOF), as the Company has no ancillary own funds (AOF).

There are no treasury shares held by the Company in the portfolio.

The Company's basic own funds amount to € 297,791 thousand, consisting of:

- Share capital for € 25,000 thousand;
- Reconciliation Reserve and components of Local GAAP equity for € 272,791 thousand.

All the elements of the company's own funds, in the absence of subordinated liabilities, are classified as Tier 1 Unrestricted.

The Company's own funds fully respect the eligibility conditions for covering the SCR, as indicated in the table below, given that:

- Tier 1 own funds represent more than 50% of the total amount of eligible own funds;
- Tier 3 own funds total 0 and hence fall below the maximum threshold of 15% relative to total eligible own funds;
- Tier 1 elements covering the MCR represent more than 80% of the total.

Based on the above, the amount of own funds covering the SCR at the end of 2021 is € 297,791 thousand, the same as the amount of own funds eligible to cover the MCR.

The values for tearing and eligibility of own funds at 31.12.2021 and 31.12.2020 are shown below:

(€k)

	31/12/2021		31/12/2020	
Available own funds	**TOTAL**	**TIER 1 Unrestricted**	**TOTAL**	**TIER 1 Unrestricted**
Total available own funds to meet the SCR	297,791	297,791	277,720	277,720
Total available own funds to meet the MCR	297,791	297,791	277,720	277,720
Total eligible own funds to meet the SCR	297,791	297,791	277,720	277,720
Total eligible own funds to meet the MCR	297,791	297,791	277,720	277,720

In relation to the above and considering the values of the SCR and MCR reported below, the Solvency Ratio is equal to 242.13% at the end of 2021, while the MCR ratio is 661.23%.

(€k)

	31/12/2021
Coverage Ratio	**TOTAL**
SCR	122,988
MCR	45,036
Ratio of Eligible own funds to SCR	242.13%
Ratio of Eligible own funds to MCR	661.23%

The reconciliation reserve of € 272,791 thousand consists of € 51,494 thousand from the basic reconciliation reserve, represented the effect generated by the different valuation obtained using the statutory standards for preparation of the annual financial statements in contrast to the valuation using Solvency II rules. The remaining portion, of € 221,297 thousand, consists of: i) profit for the period of € 21,075 thousand; ii) retained earnings from previous years for € 189,858 thousand and iii) other reserves for € 10,364 thousand.

(€k)

Adjustment	Amount
Own Funds Local GAAP Value	246,297
Asset	
Property	120
Investments	26,410
Reinsurance recoverables	(5,642)
Deferred tax assets	1,833
Total Adj Assets	**22,720**
Liabilities	
Technical provisions	(51,173)
Pension benefit obligations	109
Deferred tax liabilities	22,170
Financial liab. other than debts	196
Payables	(76)
Total Adj Liabilities	**(28,773)**
Reconciliation Reserve base	**51,494**
Patrimonio Netto Solvency II	**297,791**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Group SCR and MCR

The Group's calculates is capital requirement using method 1, as indicated in article 230 of Directive 2009/138/EC.

Below is the composition of the Poste Vita Group's required capital (consolidated SCR) at 31 December 2021, compared with the same results at 31 December 2020, deriving from application of the Standard Formula, in compliance with Directive 2009/138/EC and the criteria established in Reg. 2015/35.

Note that the Group did not use simplified calculations to determine any of the risk sub-modules.

(€k)

	31/12/2020	31/12/2021	Delta %
Market risk	3,711,960	4,167,064	12.3%
Counterparty default risk	201,116	472,536	135.0%
Life underwriting risk	1,133,606	1,757,921	55.1%
Health underwriting risk	92,284	96,502	4.6%
Non-life underwriting risk	41,795	38,938	(6.8%)
Diversification	(935,238)	(1,418,377)	51.7%
Intangible asset risk	0	0	
Basic Solvency Capital Requirement	**4,245,524**	**5,114,583**	**20.47%**
Total capital requirement for Operational risk	650,838	684,384	5.2%
Loss-absorbing capacity of deferred taxes and Capital Add on	(1,155,921)	1,357,872	16.6%
Solvency capital requirement	**3,740,340**	**4,441,175**	**18.74%**

With respect to the previous year, note the following at 31 December 2021:

- an increase in the counterpart requirement due to the increase in liquidity;
- an increase in the underwriting requirement due to the increase in the requirement for early redemption;
- an overall increase in the requirement relative to market risks as a consequence of the process of diversifying from Italian government bonds.

The current risk distribution generates a higher diversification benefit with respect to 31 December 2020.

Below are the details of the composition of the SCR market risk and SCR underwriting risk at 31 December 2021.
Each risk sub-module is considered net of adjustments relative to the ability of technical provisions to absorb losses.

(€k)

	31/12/2020	31/12/2021	Delta %
Interest rate risk	0	262,545	N/A
Equity risk	881,099	1,048,008	18.9%
Property risk	276,135	281,864	2.1%
Spread risk	2,718,951	2,891,183	6.3%
Market risk concentrations		0	
Currency risk	358,506	329,616	(8.1%)
Diversification within market risk module	(522,835)	(646,152)	23.6%
Total Market risk	**3,711,855**	**4,167,064**	**12.26%**

The requirement for market risk increased due to the process of diversifying the portfolio.

(€k)

	31/12/2020	31/12/2021	Delta %
Mortality risk	21,782	47,938	120.1%
Longevity risk	142,396	113,278	(20.4%)
Disability-morbidity risk	0	0	
Lapse risk	925,628	1,540,770	66.5%
Life expense risk	258,735	303,815	17.4%
Revision risk	0	0	
Life catastrophe risk	24,689	32,419	31.3%
Diversification within life underv	(239,623)	(280,299)	17.0%
Total life underwriting risk	**1,133,606**	**1,757,921**	**55.07%**

The requirement for the life underwriting risk mainly increased due to the increase in the requirement for the risk of early redemption caused by the market scenario.

(€k)

HEALTH UNDERWRITING RISK	31.12.2020	31.12.2021	Delta %
Total Health NSLT	65,273	84,334	29.2%
Total Health SLT	15,193	18,502	21.8%
Total Health CAT	38,516	5,251	(86.4%)
Diversification within health underwriting	(26,699)	(11,586)	(56.6%)
Total health underwriting risk	**92,284**	**96,502**	**4.6%**

(€k)

NON LIFE UNDERWRITING RISK	31.12.2020	31.12.2021	Delta %
Non-life premium and reserve risk	37,225	34,163	-8.2%
Non-Life lapse risk	2,587	3,522	36.1%
Non-life catastrophe risk	11,695	11,697	0.0%
Diversification within non - life underwriting risk	-9,712	-10,444	7.5%
Total non-life underwriting risk	**41,795**	**38,938**	**-6.8%**

Note that the Company did not use simplified calculations to determine any of the risk submodules.

With reference to the loss absorption capacity of deferred taxes (LAC DT), these can be measured as eligible to reduce this capital requirement in consideration of the Group's ability to generate future taxable profits in the amount established in Reg. 2015/35 and IVASS Regulation 35 of 7 February 2017 (IVASS Regulation 2017/35).

IVASS Regulation 35/2017 defines notional deferred tax assets (nDTA) as the figurative variation in deferred taxes in the solvency balance sheet after the instantaneous loss scenario in article 207 of the Delegated Regulation, calculated as the difference between the following amounts:

- deferred taxes obtained by subjecting the items in the solvency balance sheet to the loss scenario; and
- deferred taxes recognised in the solvency balance sheet.

For the purposes of determining nDTA, the Group used an analytical approach based on determining the impacts of the instantaneous loss on individual solvency balance sheet items for the purposes of determining the relative tax treatment. To that end, it was necessary to determine the impacts of the loss, broken down by risk module and submodule as established for the Standard Formula, as well as the relative IRES tax treatment (24% of taxable income).

The Group's minimum capital requirement (MCR) is determined based on article 248 of Reg. 2015/35, as the sum of the individual MCRs for the insurance companies in the Group (Poste Vita and Poste Assicura).

(€k)

	31/12/2020	31/12/2021	Delta %
Minimum Capital Requirement	**1,714,345**	**2,029,162**	**18.36%**

Poste Vita S.p.A. SCR and MCR

Below is the composition of Poste Vita's required capital (SCR) at 31 December 2021, compared with the corresponding results at 31 December 2020, deriving from application of the Standard Formula, in compliance with Directive 2009/138/EC and the criteria established in Reg. 2015/35.

(€k)

	31/12/2020	31/12/2021	Delta %
Market risk	3,762,435	4,222,027	12.2%
Counterparty default risk	190,479	461,210	142.1%
Life underwriting risk	1,133,606	1,757,921	55.1%
Health underwriting risk	44,637	19,540	(56.2%)
Non-life underwriting risk	0	0	
Diversification	(865,992)	(1,334,117)	54.1%
Intangible asset risk	0	0	
Basic Solvency Capital Requirement	**4,265,165**	**5,126,580**	**20.20%**
Total capital requirement for operational risk	645,271	674,959	4.6%
Loss-absorbing capacity of deferred taxes	(1,178,505)	(1,392,369)	18.1%
Solvency capital requirement	**3,731,931**	**4,409,170**	**18.15%**

At 31 December 2021, there was an overall increase in the requirement compared to the previous year mainly deriving from the following factors:

- increase in the underwriting risks due to the lower percentage weighting of the capital gains with consequent decrease in the absorption ability of the technical provisions;
- increase in the counterpart requirement due to the increase in liquidity stated in the financial statements.
- increase in the market requirement mainly deriving from the increase in equity risk deriving both from the higher exposure and the symmetrical adjustment.

The current risk distribution generates a higher diversification benefit with respect to 31 December 2020.
Below are the details of the composition of the SCR market risk, SCR equity, SCR counterpart and SCR underwriting risk at 31 December 2021.
Each risk sub-module is considered net of adjustments relative to the ability of technical provisions to absorb losses.

(€k)

	31/12/2020	31/12/2021	Delta %
Interest rate risk	0	263,530	N/A
Equity risk	943,538	1,115,137	18.2%
Property risk	276,135	281,864	2.1%
Spread risk	2,715,174	2,886,622	6.3%
Market risk concentrations	0	0	
Currency risk	358,506	329,616	(8.1%)
Diversification within market risk module	(530,918)	(654,743)	23.3%
Total Market risk	**3,762,435**	**4,222,027**	**12.22%**

The market risk requirement increased due to the increase in spread, equity and property risk, deriving from the objective of diversifying the portfolio relative to Italian government bonds. In terms of the scenario, the Italian government spread relative to the Euroswap rate fell by around 40 bps on the 10 year node with respect to the corresponding value in 2019. Therefore, the market requirement increased slightly in that greater market risk was taken on. The absorption capacity of technical provisions still remains high.

(€k)

	31/12/2020	31/12/2021	Delta %
Mortality risk	21,782	47,938	120.1%
Longevity risk	142,396	113,278	(20.4%)
Disability-morbidity risk	0	0	
Lapse risk	925,628	1,540,770	66.5%
Life expense risk	258,735	303,815	17.4%
Revision risk	0	0	
Life catastrophe risk	24,689	32,419	31.3%
Diversification within life underwriting risk module	(239,623)	(280,299)	17.0%
Total life underwriting risk	**1,133,606**	**1,757,921**	**55.07%**

The requirement for the life underwriting risk mainly increased due to the increase in the requirement for the risk of early redemption caused by the market scenario.
The company does not use simplified calculations to determine any of the following risk modules.

The Poste Vita S.p.A. minimum capital requirement (MCR)
is determined based on article 248 of Reg. 2015/35.
The component which determines the MCR is the minimum combined capital ratio (MCR combined), equal to 45% of the life solvency capital requirement (SCR), in that the linear MCR is higher than the cap established in the regulations (MCR Cap).

(€k)

	31/12/2020	31/12/2021	Delta %
Linear MCR	4,568,072	4,468,761	(2.2%)
SCR	3,731,931	4,409,170	18.1%
MCR cap	1,679,369	1,984,121	18.1%
MCR floor	932,983	1,102,292	18.1%
Combined MCR	1,679,369	1,984,126	18.1%
Absolute floor of the MCR	5,400	5,400	0.0%
Minimum Capital Requir	**1,679,369**	**1,984,126**	**18.1%**

Poste Assicura S.p.A. SCR and MCR

The Solvency Capital Requirement (SCR) for Poste Assicura S.p.A. was obtained by applying the Standard Formula in compliance with Directive 2009/138/EC and the criteria established in Reg. 2015/35, published in the Official Journal of the European Union[18]. Following investigations on the adequacy of the standard parameters, also required by the Supervisory Authority, the company launched in 2020 the pre-application process for Undertaking Specific Parameters (USP). During the pre-authorisation period, Poste Assicura S.p.A. estimated a capital add-on intended to make up for the differences between the standard parameters and the USP. This Capital Add On was equal to € 45 million in the 31 December 2021 valuation.
In calculating the capital requirement, information relative to contracts in the portfolio at 31 December 2021 was used.
Additionally, for each contract the relative proportional and non-proportional reinsurance treaties were identified and then considered for the valuation net of reinsurance.
Below are the results.

[18]Delegated Regulation (EU)2015/35 of the European Commission, as amended

(€k)

RISK PROFILE	31.12.2020	31.12.2021	Delta %
Market risk	19,028	20,925	10.0%
Counterparty default risk	9,023	10,891	20.7%
Life underwriting risk	0	0	-
Health underwriting risk	65,945	85,135	29.1%
Non-life underwriting risk	41,795	38,938	-6.8%
Diversification	-44,552	-48,091	7.9%
Intangible asset risk	0	0	-
Basic Solvency Capital Requirement	**91,240**	**107,798**	**18.1%**
Total capital requirement for operational risk	6,961	9,424	35.4%
Loss-absorbing capacity of technical provisions	0	0	-
Loss-absorbing capacity of deferred taxes	-28,172	-38,838	37.9%
Solvency capital requirement excluding capital add-on	**70,029**	**78,384**	**11.9%**
Capital add-on already set	19,181	44,604	132.5%
Solvency capital requirement	**89,210**	**122,988**	**37.9%**

(€k)

HEALTH UNDERWRITING RISK	31.12.2020	31.12.2021	Delta %
NSLT health premium and reserve risk	64,654	83,822	29.6%
NSLT health lapse risk	8,973	9,286	3.5%
Diversification within NSLT health underwriting risk	-8,353	-8,773	5.0%
Total NSLT health underwriting risk	**65,273**	**84,334**	**29.2%**
Total health catastrophe risk	**2,509**	**3,004**	**19.7%**
Diversification within health underwriting risk module	-1,837	-2,203	19.9%
Total health underwriting risk	**65,945**	**85,135**	**29.1%**

(€k)

NON LIFE UNDERWRITING RISK	31.12.2020	31.12.2021	Delta %
Non-life premium and reserve risk	37,225	34,163	-8.2%
Non-Life lapse risk	2,587	3,522	36.1%
Non-life catastrophe risk	11,695	11,697	0.0%
Diversification within non - life underwriting risk module	-9,712	-10,444	7.5%
Total non-life underwriting risk	**41,795**	**38,938**	**-6.8%**

Minimum Capital Requirement

The minimum capital requirement (MCR) for Poste Assicura is determined based on article 248 of Reg. 2015/35 and amounted to € 45,036 thousand at 31 December 2021.

(€k)

MINIMUM CAPITAL REQUIREMENT	31.12.2020	31.12.2021	Delta %
Linear MCR	34,976	45,036	28.8%
SCR	89,210	122,988	37.9%
MCR cap	40,145	55,345	37.9%
MCR floor	22,303	30,747	37.9%
Combined MCR	34,976	45,036	28.8%
Absolute floor of the MCR	3,700	3,700	0.0%
Minimum Capital Requirement	**34,976**	**45,036**	**28.8%**

The MCR is equal to the combined minimum capital requirement (Combined MCR), as it exceeds the absolute minimum of € 3,700 thousand. The combined requirement is equal to the Linear MCR.

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

At 31 December 2021 this did not apply to the Group and the individual Companies of the Group.

E.4 Differences between the Standard Formula and Internal Models Used

At 31 December 2021 this did not apply to the Group and the individual Companies.

E.5 Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement

At 31 December 2021 this did not apply to the Group and the individual Companies.

E.6 Other Information

At 31 December 2021, there is no additional information beyond that already described above.

F - ANNEXES

In relation to that established under article 5 of Implementing Regulation 2015/2452, below are the Quantitative Reporting Templates to be annexed to this Report for the Poste Vita Group, with data relative to 31.12.2021, expressed in thousands of euro. Note that model S.05.02.01 Premiums, claims and expenses by countries was not prepared in that business is concentrated within Italy:

- S.02.01.02 - *Balance Sheet*
- S.05.01.02 - *Premiums, claims and expenses by line of business*
- S.22.01.22 - *Impact of long term guarantees measures and transitionals*
- S.23.01.22 - *Own funds*
- S.25.01.22 - *Solvency Capital Requirement - for undertakings on Standard Formula*
- S.32.01.22 - *Undertakings in the scope of the group*

Postevita
Posteassicura
GruppoAssicurativoPostevita

Posteitaliane

Gruppo Assicurativo Poste Vita
S.02.01.02 - Balance Sheet

		Solvency II value
Assets		**C0010**
Intangible assets	R0030	
Deferred tax assets	R0040	2,292,380
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	3,231
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**150,845,818**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	108,847
Equities	*R0100*	*7,777*
Equities - listed	R0110	7,480
Equities - unlisted	R0120	297
Bonds	*R0130*	*115,896,478*
Government Bonds	R0140	92,248,174
Corporate Bonds	R0150	23,075,784
Structured notes	R0160	572,519
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	34,832,715
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	**R0220**	**7,600,372**
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**27,867**
Non-life and health similar to non-life	R0280	16,485
Non-life excluding health	R0290	4,226
Health similar to non-life	R0300	12,259
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	**11,381**
Health similar to life	R0320	1,072
Life excluding health and index-linked and unit-linked	R0330	10,309
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	65,264
Reinsurance receivables	R0370	4,845
Receivables (trade, not insurance)	R0380	29,543
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	4,986,608
Any other assets, not elsewhere shown	R0420	2,477,093
Total assets	**R0500**	**168,333,019**

Liabilities		Solvency II value C0010
Technical provisions - non-life	**R0510**	**255,687**
Technical provisions - non-life (excluding health)	**R0520**	**62,459**
TP calculated as a whole	R0530	-
Best estimate	R0540	55,835
Risk margin	R0550	6,624
Technical provisions - health (similar to non-life)	**R0560**	**193,228**
TP calculated as a whole	R0570	
Best estimate	R0580	178,092
Risk margin	R0590	15,136
TP - life (excluding index-linked and unit-linked)	**R0600**	**144,105,252**
Technical provisions - health (similar to life)	**R0610**	**24,213**
TP calculated as a whole	R0620	
Best estimate	R0630	13,240
Risk margin	R0640	10,972
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**144,081,040**
TP calculated as a whole	R0660	
Best estimate	R0670	144,046,593
Risk margin	R0680	34,447
TP - index-linked and unit-linked	**R0690**	**7,333,477**
TP calculated as a whole	R0700	
Best estimate	R0710	7,174,616
Risk margin	R0720	158,862
Other technical provisions		
Contingent liabilities	R0740	19,377
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	2,630
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	4,423,227
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	1,946
Insurance & intermediaries payables	R0820	267,104
Reinsurance payables	R0830	11,933
Payables (trade, not insurance)	R0840	69,441
Subordinated liabilities	**R0850**	**563,925**
Subordinated liabilities not in BOF	R0860	1,285
Subordinated liabilities in BOF	R0870	562,640
Any other liabilities, not elsewhere shown	R0880	517,485
Total liabilities	**R0900**	**157,571,485**

Excess of assets over liabilities	**R1000**	**10,761,534**

Gruppo Assicurativo Poste Vita
S.05.01.02 - Premiums, claims and expenses by line of business

	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
Premiums written										
Gross - Direct Business	130,067	118,913		24,882	21,838		3,073	194	19,821	318,788
Gross - Proportional reinsurance accepted										-
Gross - Non-proportional reinsurance										-
Reinsurers' share	13,474	11,025		2,644	901		1,524		(103)	29,465
Net	116,593	107,888		22,238	20,937		1,549	194	19,923	289,323
Premiums earned										
Gross - Direct Business	125,711	112,105		19,677	21,139		2,960	203	18,500	300,296
Gross - Proportional reinsurance accepted										-
Gross - Non-proportional reinsurance										-
Reinsurers' share	13,320	11,065		2,644	901		1,496		323	29,750
Net	112,392	101,039		17,033	20,238		1,464	203	18,177	270,546
Claims incurred										
Gross - Direct Business	111,592	52,653		2,108	2,638		457	13	(497)	168,963
Gross - Proportional reinsurance accepted										-
Gross - Non-proportional reinsurance										-
Reinsurers' share	11,358	3,002		(974)	(130)		212	-	(1,046)	12,423
Net	100,234	49,651		3,081	2,767		244	13	548	156,540
Changes in other technical provisions										
Gross - Direct Business		(16)		233						217
Gross - Proportional reinsurance accepted										-
Gross - Non-proportional reinsurance										-
Reinsurers' share										-
Net		(16)		233						217
Expenses incurred	29,951	34,630	32	7,460	6,680		(74)	39	9,783	88,471
Other expenses										
Total expenses										88,471

	Line of Business for: life insurance obligations				Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Premiums written					
Gross	9,340	16,624,873	863,026	76,874	17,574,113
Reinsurers' share	1,432			8,102	9,533
Net	7,908	16,624,873	863,026	68,772	17,564,580
Premiums earned					
Gross	9,340	16,624,873	863,026	76,874	17,574,113
Reinsurers' share	1,432			8,102	9,533
Net	7,908	16,624,873	863,026	68,772	17,564,580
Claims incurred					
Gross	2,659	9,180,955	267,441	40,984	9,492,040
Reinsurers' share	206			7,473	7,679
Net	2,453	9,180,955	267,441	33,511	9,484,361
Changes in other technical provisions					
Gross	(2,740)	(7,126,639)	(2,873,457)	(9,351)	(10,012,187)
Reinsurers' share	736			(1,959)	(1,223)
Net	(3,476)	(7,126,639)	(2,873,457)	(7,392)	(10,010,964)
Expenses incurred	845	459,947	20,562	23,229	504,583
Other expenses					
Total expenses					504,583

Gruppo Assicurativo Poste Vita
S.22.01.22 - Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	151,694,417	1,590,076		217,453	
Basic own funds	10,926,835	(1,100,015)		(150,368)	
Eligible own funds to meet Solvency Capital Requirement	12,676,835	(1,100,015)		(150,368)	
Solvency Capital Requirement	4,441,175			49,084	

Gruppo Assicurativo Poste Vita
S.23.01.22 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	1,216,608	1,216,608			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	9,147,587	9,147,587			
Subordinated liabilities	**R0140**	562,640		298,590	264,050	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	**10,926,835**	**10,364,195**	**298,590**	**264,050**	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	1,750,000			1,750,000	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Total ancillary own funds	**R0400**	**1,750,000**			**1,750,000**	

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	12,676,835	10,364,195	298,590	2,014,050	
Total available own funds to meet the minimum consolidated group SCR	**R0530**	10,926,835	10,364,195	298,590	264,050	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	12,676,835	10,364,195	298,590	2,014,050	
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	10,926,835	10,364,195	298,590	264,050	
Minimum consolidated Group SCR	**R0610**	2,029,162				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	538.49%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	12,676,835	10,364,195	298,590	2,014,050	
Group SCR	**R0680**	4,441,175				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	285.44%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	10,761,534	
Own shares (included as assets on the balance sheet)	R0710		
Foreseeable dividends, distributions and charges	R0720	397,339	
Other basic own fund items	R0730	1,216,608	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Other non available own funds	R0750		
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	**9,147,587**	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life Business	R0770	589,882	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	17,700	
Total Expected profits included in future premiums (EPIFP)	**R0790**	**607,581**	

Gruppo Assicurativo Poste Vita
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
Market risk	8,680,301		
Counterparty default risk	472,536		
Life underwriting risk	1,500,330		
Health underwriting risk	96,502		
Non-life underwriting risk	38,938		
Diversification	(1,437,074)		
Intangible asset risk			
Basic Solvency Capital Requirement	**9,351,533**		

Calculation of Solvency Capital Requirement

Operational risk	684,384
Loss-absorbing capacity of technical provisions	(4,236,870)
Loss-absorbing capacity of deferred taxes	(1,402,476)
2003/41/EC	
Solvency capital requirement excluding capital add-on	**4,396,571**
Capital add-on already set	44,604
Solvency capital requirement	**4,441,175**
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Minimum consolidated group solvency capital requirement	2,029,162
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	
Credit institutions, investment firms and financial institutions, alternative investment	
Institutions for occupational retirement provisions	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	
Capital requirement for non-controlled participation requirements	
Capital requirement for residual undertakings	
Overall SCR	
SCR for undertakings included via D and A	
Solvency capital requirement	4,441,175

Gruppo Assicurativo Poste Vita
S.32.01.22 - Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights
IT	815600C3162E56F1CB29	1 - LEI	POSTE ASSICURA S.P.A	2 - Non life insurance undertaking	S.P.A.	2 - Non-mutual	Istituto per la Vigilanza sulle	100%	100%	100%
IT	8156001CB3B48E80F923	1 - LEI	POSTE VITA S.P.A	4 - Composite undertaking	S.P.A.	2 - Non-mutual	Istituto per la Vigilanza sulle			
IT	IT0000000SDS	2 - Specific code	POSTE WELFARE SERVIZI S.R.L	99 - Other	S.R.L	2 - Non-mutual		100%	100%	100%
IT	15246481004	2 - Specific code	POSTE INSURANCE	99 - Other	S.R.L	2 - Non-mutual		100%	100%	100%

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
IT	815600C3162E56F1CB29	1 - LEI	POSTE ASSICURA S.P.A		1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
IT	8156001CB3B48E80F923	1 - LEI	POSTE VITA S.P.A				1 - Included in the scope		1 - Method 1: Full consolidation
IT	IT0000000SDS	2 - Specific code	POSTE WELFARE SERVIZI S.R.L		1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
IT	15246481004	2 - Specific code	POSTE INSURANCE		1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation

Poste Vita S.p.A.

In relation to that established under article 4 of Implementing Regulation 2015/2452, below are the Quantitative Reporting Templates to be annexed to this Report for the parent company Poste Vita S.p.A., with data relative to 31.12.2021, expressed in thousands of euro. Note that model S.05.02.01 Premiums, claims and expenses by countries was not prepared in that business is concentrated within Italy:

- S.02.01.02 - *Balance Sheet*
- S.05.01.02 - *Premiums, claims and expenses by line of business*
- S.12.01.02 - *Life and Health SLT Technical Provisions*
- S.22.01.21 - *Impact of long term guarantees measures and transitionals*
- S.23.01.01 - *Own funds*
- S.25.01.21 - *Solvency Capital Requirement - for undertakings on Standard Formula*
- S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

Poste Vita S.p.A
S.02.01.02 Balance Sheet

Assets		Solvency II value C0010
Intangible assets	R0030	
Deferred tax assets	R0040	2,277,885
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	3,114
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**150,650,185**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	426,570
Equities	*R0100*	*7,777*
Equities - listed	R0110	7,480
Equities - unlisted	R0120	297
Bonds	*R0130*	*115,383,123*
Government Bonds	R0140	91,802,630
Corporate Bonds	R0150	23,007,974
Structured notes	R0160	572,519
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	34,832,715
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	**R0220**	7,600,372
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**11,381**
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	**11,381**
Health similar to life	R0320	1,072
Life excluding health and index-linked and unit-linked	R0330	10,309
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	19,849
Reinsurance receivables	R0370	2,351
Receivables (trade, not insurance)	R0380	34,809
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	4,948,238
Any other assets, not elsewhere shown	R0420	2,456,809
Total assets	**R0500**	**168,004,994**

Liabilities		Solvency II value C0010
Technical provisions - non-life	**R0510**	
Technical provisions - non-life (excluding health)	**R0520**	
TP calculated as a whole	R0530	
Best estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
TP - life (excluding index-linked and unit-linked)	**R0600**	**144,105,252**
Technical provisions - health (similar to life)	**R0610**	**24,213**
TP calculated as a whole	R0620	
Best estimate	R0630	13,240
Risk margin	R0640	10,972
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**144,081,040**
TP calculated as a whole	R0660	
Best estimate	R0670	144,046,593
Risk margin	R0680	34,447
TP - index-linked and unit-linked	**R0690**	**7,333,477**
TP calculated as a whole	R0700	
Best estimate	R0710	7,174,616
Risk margin	R0720	158,862
Other Technical Provisions	R0740	
Contingent liabilities	R0740	18,800
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	943
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	4,401,057
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	1,874
Insurance & intermediaries payables	R0820	240,963
Reinsurance payables	R0830	3,617
Payables (trade, not insurance)	R0840	58,677
Subordinated liabilities	**R0850**	**563,925**
Subordinated liabilities not in BOF	R0860	1,285
Subordinated liabilities in BOF	R0870	562,640
Any other liabilities, not elsewhere shown	R0880	514,873
Total liabilities	**R0900**	**157,243,460**

Excess of assets over liabilities	**R1000**	**10,761,534**

Poste Vita S.p.A

S.05.01.02 - Premiums, claims and expenses by line of business

	Line of Business for: life insurance obligations				Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
Premiums written					
Gross	9,340	16,624,873	863,026	76,874	**17,574,113**
Reinsurers' share	1,432			8,102	**9,533**
Net	**7,908**	**16,624,873**	**863,026**	**68,772**	**17,564,580**
Premiums earned					
Gross	9,340	16,624,873	863,026	76,874	**17,574,113**
Reinsurers' share	1,432	0	0	8,102	**9,533**
Net	**7,908**	**16,624,873**	**863,026**	**68,772**	**17,564,580**
Claims incurred					
Gross	2,659	9,180,955	267,441	40,984	**9,492,040**
Reinsurers' share	206	0	0	7,473	**7,679**
Net	**2,453**	**9,180,955**	**267,441**	**33,511**	**9,484,361**
Changes in other technical provisions					
Gross	-2,740	-7,126,639	-2,873,457	-9,351	**-10,012,187**
Reinsurers' share	736	0	0	-1,959	**-1,223**
Net	**-3,476**	**-7,126,639**	**-2,873,457**	**-7,392**	**-10,010,964**
Expenses incurred	**845**	**459,947**	**20,562**	**23,229**	**504,583**
Other expenses					
Total expenses					**504,583**

Poste Vita S.p.A
S.12.01.02 - Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance		Total (Life other than health insur-ance, including Unit-Linked)	Health insurance (direct business)			Total (Health similar to life insurance)
			Contracts with options or guarantees		Contracts with options or guarantees			Contracts without options and guarantees	Contracts with options or guarantees	
Technical provisions calculated as a whole						**0**				**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole						**0**				**0**
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Gross Best Estimate	144,457,540		7,174,616		72,748	**151,704,903**			13,240	**13,240**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	85				10,225	**10,309**			1,072	**1,072**
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**144,457,455**		**7,174,616**		**62,523**	**151,694,594**			**12,168**	**12,168**
Risk Margin	1,103,583	161,659		34,447		**1,299,690**	10,972			**10,972**
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole						**0**				**0**
Best estimate	-483,695					**-483,695**				**0**
Risk margin	-1,103,583	-2,797				**-1,106,381**				**0**
Technical provisions - total	**143,973,845**	**7,333,477**		**107,195**		**151,414,517**	**24,213**			**24,213**

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Poste Vita S.p.A
S.22.01.21 - Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	151,438,730	1,590,076		217,453	0
Basic own funds	10,926,835	-1,100,015		-150,368	0
Eligible own funds to meet Solvency Capital Requirement	12,676,835	-1,100,015		-150,368	0
Solvency Capital Requirement	4,409,170			49,345	0
Eligible own funds to meet Minimum Capital Requirement	10,926,835	-1,100,015		-150,368	0
Minimum Capital Requirement	1,984,126			22,205	0

Poste Vita S.p.A
S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,216,608	1,216,608			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	9,147,587	9,147,587			
Subordinated liabilities	R0140	562,640		298,590	264,050	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II OF						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	**10,926,835**	**10,364,195**	**298,590**	**264,050**	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	1,750,000			1,750,000	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**	**1,750,000**			**1,750,000**	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	**12,676,835**	**10,364,195**	**298,590**	**2,014,050**	
Total available own funds to meet the MCR	**R0510**	**10,926,835**	**10,364,195**	**298,590**	**264,050**	
Total eligible own funds to meet the SCR	**R0540**	**12,676,835**	**10,364,195**	**298,590**	**2,014,050**	
Total eligible own funds to meet the MCR	**R0550**	**10,926,835**	**10,364,195**	**298,590**	**264,050**	
SCR	**R0580**	**4,409,170**				
MCR	**R0600**	**1,984,126**				
Ratio of Eligible own funds to SCR	**R0620**	**287.51%**				
Ratio of Eligible own funds to MCR	**R0640**	**550.71%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	10,761,534
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	397,339
Other basic own fund items	R0730	1,216,608
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	**9,147,587**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	589,882
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	**R0790**	**589,882**

Poste Vita S.p.A
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
Market risk	8,735,676		
Counterparty default risk	461,210		
Life underwriting risk	1,500,330		
Health underwriting risk	19,540		
Non-life underwriting risk			
Diversification	-1,346,894		
Intangible asset risk			
Basic Solvency Capital Requirement	**9,369,862**		

Calculation of Solvency Capital Requirement

Operational risk	674,959
Loss-absorbing capacity of technical provisions	-4,243,282
Loss-absorbing capacity of deferred taxes	-1,392,369
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
Solvency capital requirement excluding capital add-on	4,409,170
Capital add-on already set	
Solvency capital requirement	4,409,170
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	

Approach to tax rate

	Yes/No
Approach based on average tax rate	2 - No

Calculation of loss absorbing capacity of deferred taxes

DTA	
DTA carry forward	
DTA due to deductible temporary differences	
DTL	
LAC DT	(1,392,369)
LAC DT justified by reversion of deferred tax liabilities	(1,392,369)
LAC DT justified by reference to probable future taxable profit	
LAC DT justified by carry back, current year	
LAC DT justified by carry back, future years	
Maximum LAC DT	

Poste Vita S.p.A
S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits			133,729,931	
Obligations with profit participation - future discretionary benefits			10,243,831	
Index-linked and unit-linked insurance obligations			7,174,616	
Other life (re)insurance and health (re)insurance obligations			74,691	
Total capital at risk for all life (re)insurance obligations				2,346,301

	Non-life activities	Life activities
Linear formula component for life insurance and reinsurance obligations		**4,468,761**

Overall MCR calculation

Linear MCR	4,468,761
SCR	4,409,170
MCR cap	1,984,126
MCR floor	1,102,292
Combined MCR	1,984,126
Absolute floor of the MCR	5,400

Minimum Capital Requirement	**1,984,126**

Notional non-life and life MCR calculation	Non-life activities	Life activities
Notional linear MCR		4,468,761
Notional SCR excluding add-on (annual or latest calculation)		4,409,170
Notional MCR cap		1,984,126
Notional MCR floor		1,102,292
Notional Combined MCR		1,984,126
Absolute floor of the notional MCR		5,400
Notional MCR		1,984,126

Poste Assicura S.p.A.

In relation to the provisions of article 4 of Commission Implementing Regulation (EU) 2015/2452, below are the quantitative reporting templates, to be attached to this Report, of the subsidiary Poste Assicura S.p.A. with the figures at 31/12/2021, expressed in thousands of euro. The template *S.22.01.21 - Impact of long term guarantees and transitional measures* is not shown since the company does not apply long-term guarantees (LTGs) or transitional measures; furthermore, the template *S.05.02.01 Premiums, claims and expenses by country* has not been prepared since the activity is concentrated in Italy:

- S.02.01.02 - *Balance Sheet*
- S.05.01.02 - *Premiums, claims and expenses by line of business*
- S.17.01.02 - *Non - life Technical Provisions*
- S.19.01.21 - *Non-life Insurance Claims Information*
- S.23.01.01 - *Own funds*
- S.25.01.21 - *Solvency Capital Requirement - for undertakings on Standard Formula*
- S.28.01.01 - *Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity*

Poste Assicura S.p.A
S.02.01.02 - Balance Sheet

Assets		Solvency II value C0010
Intangible assets	R0030	
Deferred tax assets	R0040	13,863
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	134
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**513,514**
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	158
Equities	*R0100*	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	*R0130*	*513,355*
Government Bonds	R0140	445,545
Corporate Bonds	R0150	67,811
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	**R0270**	**16,485**
Non-life and health similar to non-life	R0280	16,485
Non-life excluding health	R0290	4,226
Health similar to non-life	R0300	12,259
Life and health similar to life, excluding health and	**R0310**	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	50,995
Reinsurance receivables	R0370	2,493
Receivables (trade, not insurance)	R0380	3,471
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund	R0400	
Cash and cash equivalents	R0410	17,829
Any other assets, not elsewhere shown	R0420	19,144
Total assets	**R0500**	**637,927**

Liabilities		Solvency II value C0010
Technical provisions - non-life	**R0510**	255,687
Technical provisions - non-life (excluding health)	**R0520**	62,459
TP calculated as a whole	R0530	
Best estimate	R0540	55,835
Risk margin	R0550	6,624
Technical provisions - health (similar to non-life)	**R0560**	193,228
TP calculated as a whole	R0570	
Best estimate	R0580	178,092
Risk margin	R0590	15,136
TP - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	R0660	
Best estimate	R0670	
Risk margin	R0680	
TP - index-linked and unit-linked	**R0690**	
TP calculated as a whole	R0700	
Best estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	500
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	281
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	22,170
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit	R0810	196
Insurance & intermediaries payables	R0820	30,759
Reinsurance payables	R0830	8,316
Payables (trade, not insurance)	R0840	19,939
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	2,287
Total liabilities	**R0900**	**340,136**
Excess of assets over liabilities	**R1000**	**297,791**

Poste Assicura S.p.A
S.05.01.02 - Premiums, claims and expenses by line of business

	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
Premiums written										
Gross - Direct Business	130,067	118,913		24,882	21,838		3,073	194	19,821	318,788
Gross - Proportional reinsurance										0
Gross - Non-proportional reinsurance										0
Reinsurers' share	13,474	11,025		2,644	901		1,524	0	-103	29,465
Net	116,593	107,888		22,238	20,937		1,549	194	19,923	289,323
Premiums earned										
Gross - Direct Business	125,711	112,105		19,677	21,139		2,960	203	18,500	300,296
Gross - Proportional reinsurance										0
Gross - Non-proportional reinsurance										0
Reinsurers' share	13,320	11,065		2,644	901		1,496	0	323	29,750
Net	112,392	101,039		17,033	20,238		1,464	203	18,177	270,546
Claims incurred										
Gross - Direct Business	111,592	52,653		2,108	2,638		457	13	-497	168,963
Gross - Proportional reinsurance										0
Gross - Non-proportional reinsurance										0
Reinsurers' share	11,358	3,002		-974	-130		212	0	-1,046	12,423
Net	100,234	49,651		3,081	2,767		244	13	548	156,540
Changes in other technical										
Gross - Direct Business	0	-16		233	0		0	0	0	217
Gross - Proportional reinsurance										0
Gross - Non-proportional reinsurance										0
Reinsurers' share										0
Net		-16		233						217
Expenses incurred	29,951	34,630		7,460	6,680		-74	39	9,783	88,471
Other expenses										
Total expenses										88,471

Poste Assicura S.p.A
S.17.01.02 - Non - life Technical Provisions

	Medical expense insurance	Income protection insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
Technical provisions calculated as a whole								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole								
Technical Provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross - Total	14,210	27,222	400	-368	-19	36	29,311	70,792
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-215	411	-733	-254	55	0	670	-67
Net Best Estimate of Premium Provisions	14,426	26,811	1,133	-115	-74	36	28,641	70,858
Claims provisions								
Gross - Total	65,302	71,358	5,810	14,379	1,401	15	4,870	163,135
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	4,891	7,173	586	2,458	684	0	759	16,552
Net Best Estimate of Claims Provisions	60,410	64,186	5,224	11,921	717	15	4,111	146,583
Total Best estimate - gross	79,512	98,580	6,210	14,011	1,381	51	34,181	233,927
Total Best estimate - net	74,836	90,997	6,357	11,806	642	51	32,752	217,441
Risk margin	4,942	10,194	1,133	1,787	158	10	3,537	21,760
Amount of the transitional on Technical Provisions								
TP as a whole								
Best estimate								
Risk margin								
Technical provisions - total								
Technical provisions - total	84,454	108,774	7,342	15,798	1,540	61	37,718	255,687
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	4,676	7,583	-147	2,205	739		1,429	16,485
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	79,778	101,191	7,489	13,593	801	61	36,289	239,202

Poste Assicura S.p.A
S.19.01.21 - Non-life Insurance Claims

Gross Claims Paid (non-cumulative)

	Development year (absolute amount) 0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
Prior	1,925	3,390	1,562	111	192	301	114	604	323	33	35	35	8,629
2012	2,912	4,230	1,835	409	155	151	212	58	15	74		74	10,052
2013	4,678	6,160	2,011	532	321	158	272	88	1			1	14,221
2014	5,389	7,205	2,409	659	296	25	176	130				130	16,289
2015	6,822	8,221	2,406	929	140	63	121					121	18,703
2016	7,669	9,085	1,751	561	157	148						148	19,370
2017	9,786	11,905	3,129	442	124							124	25,386
2018	15,017	12,859	3,805	2,132								2,132	33,813
2019	42,243	28,144	8,589									8,589	78,976
2020	41,727	37,463										37,463	79,190
2021	75,972											75,972	75,972
											Total	124,791	380,601

Gross undiscounted Best Estimate Claims Provisions

	Development year (absolute amount) 0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
Prior	0	0	0	0	0	1,429	1,719	1,566	912	707	376	378
2012	0	0	0	0	1,610	1,239	949	696	629	100		101
2013	0	0	0	3,668	2,732	2,348	964	705	332			333
2014	0	0	11,156	7,555	3,431	1,665	1,157	539				542
2015	0	19,272	14,853	10,386	3,589	2,112	891					895
2016	31,013	15,899	12,583	10,745	6,042	1,672						1,679
2017	28,111	12,878	8,732	8,294	3,792							3,808
2018	32,080	14,333	9,946	6,108								6,132
2019	42,308	22,037	15,005									15,078
2020	57,004	28,113										28,254
2021	94,351											94,921
											Total	152,121

Poste Assicura S.p.A
S.23.01.01 - Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	**25,000**	25,000			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	**272,791**	272,791			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	**297,791**	**297,791**			

Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					

Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	**297,791**	**297,791**			
Total available own funds to meet the MCR	**R0510**	**297,791**	**297,791**			
Total eligible own funds to meet the SCR	**R0540**	**297,791**	**297,791**			
Total eligible own funds to meet the MCR	**R0550**	**297,791**	**297,791**			
SCR	**R0580**	**122,988**				
MCR	**R0600**	**45,036**				
Ratio of Eligible own funds to SCR	**R0620**	**242.13%**				
Ratio of Eligible own funds to MCR	**R0640**	**661.23%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	**297,791**
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	**25,000**
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	**272,791**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	17,700
Total Expected profits included in future premiums (EPIFP)	**R0790**	**17,700**

Poste Assicura S.p.A

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
Market risk	20,925		
Counterparty default risk	10,891		
Life underwriting risk			
Health underwriting risk	85,135		
Non-life underwriting risk	38,938		
Diversification	-48,091		
Intangible asset risk			
Basic Solvency Capital Requirement	**107,798**		

Calculation of Solvency Capital Requirement

Operational risk	9,424
Loss-absorbing capacity of technical provisions	
Loss-absorbing capacity of deferred taxes	-38,838
2003/41/EC	
Solvency capital requirement excluding capital add-on	**78,384**
Capital add-on already set	44,604
Solvency capital requirement	**122,988**
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	

Approach to tax rate

	Yes/No
Approach based on average tax rate	2 - No

Calculation of loss absorbing capacity of deferred taxes

DTA	
DTA carry forward	
DTA due to deductible temporary differences	
DTL	
LAC DT	(38,838)
LAC DT justified by reversion of deferred tax liabilities	(5,595)
LAC DT justified by reference to probable future taxable profit	(33,243)
LAC DT justified by carry back, current year	
LAC DT justified by carry back, future years	
Maximum LAC DT	

Poste Assicura S.p.A
S.28.01.01 - Minimum capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation Non Life	Non-life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	74,836	116,593
Income protection insurance and proportional reinsurance	90,997	107,888
Workers' compensation insurance and proportional reinsurance		
Motor vehicle liability insurance and proportional reinsurance		
Other motor insurance and proportional reinsurance		
Marine, aviation and transport insurance and proportional reinsurance		
Fire and other damage to property insurance and proportional reinsurance	6,357	22,238
General liability insurance and proportional reinsurance	11,806	20,937
Credit and suretyship insurance and proportional reinsurance		0
Legal expenses insurance and proportional reinsurance	642	1,549
Assistance and proportional reinsurance	51	194
Miscellaneous financial loss insurance and proportional reinsurance	32,752	19,923
Non-proportional health reinsurance		
Non-proportional casualty reinsurance		
Non-proportional marine, aviation and transport reinsurance		
Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life	Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits		
Obligations with profit participation - future discretionary benefits		
Index-linked and unit-linked insurance obligations		
Other life (re)insurance and health (re)insurance obligations		
Total capital at risk for all life (re)insurance obligations		

	Non-life activities	Life activities
MCRNL Result	45,036	
MCRL Result		

Overall MCR calculation

Linear MCR	45,036
SCR	122,988
MCR cap	55,345
MCR floor	30,747
Combined MCR	45,036
Absolute floor of the MCR	3,700

Minimum Capital Requirement	**45,036**