THE VALUE OF TRANSPARENCY

CONSOLIDATED ANNUAL REPORT 2017

Posteitaliane

Postevita
Posteassicura
GruppoAssicurativoPostevita

THE VALUE OF TRANSPARENCY

CONSOLIDATED ANNUAL REPORT 2017

Summary

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Corporate Officers

Board of Directors[1]

CHAIRWOMAN
Maria Bianca Farina

CHIEF EXECUTIVE OFFICER
Matteo Del Fante[2]

DIRECTOR
Antonio Nervi
Francesca Sabetta
Dario Frigerio
Roberto Giacchi
Gianluigi Baccolini

Board Of Statutory Auditors[1]

CHAIRMAN
Marco Fazzini

AUDITOR
Marco De Iapinis
Barbara Zanardi

ALTERNATE
Maria Giovanna Basile
Massimo Porfiri

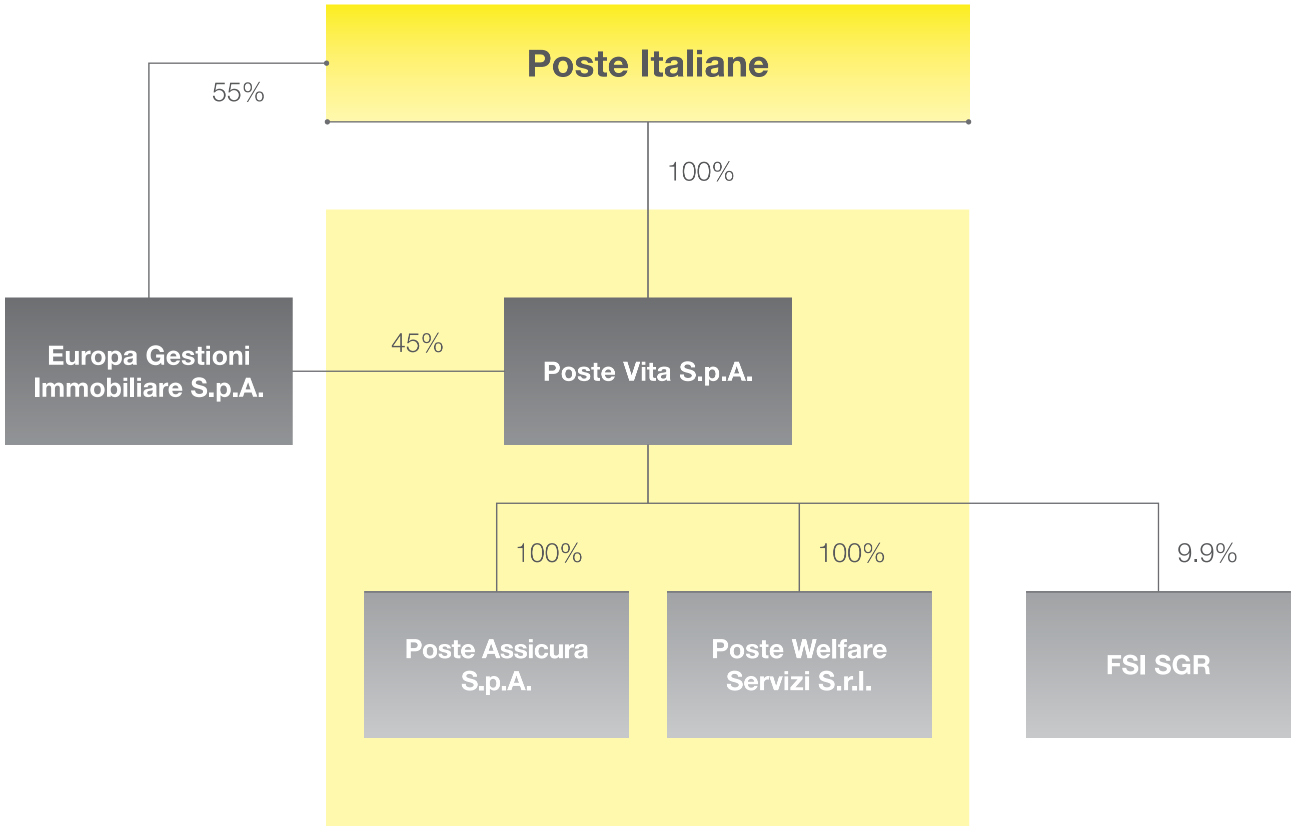
Independent Auditors[3]

BDO Italia S.p.A.

1. The Board of Directors and the Board of Statutory Auditors were appointed by the shareholders at the General Meeting held on 19 June 2017 and will serve for three-year terms of office, until approval of the financial statements for 2019.
2. On 26 July 2017, Poste Vita's Board of Directors acknowledged Tania Giallatini's resignation as a Director and, in response, appointed Matteo Del Fante as a Director. At the same meeting, Mr Del Fante was also appointed Poste Vita's Chief Executive Officer.
3. Appointment approved by the shareholders at the General Meeting of 29 April 2014.

Group structure

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

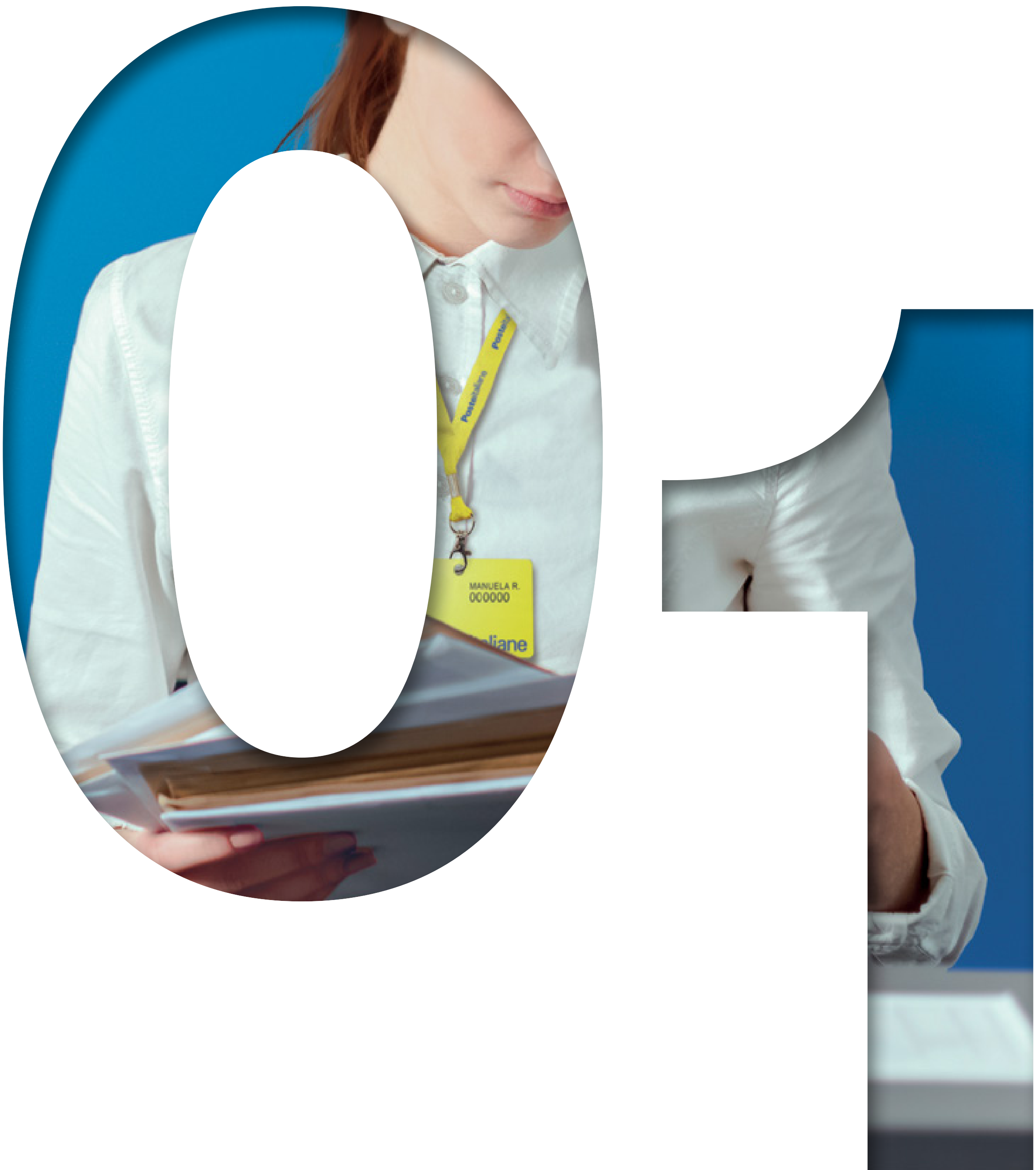


The Poste Vita Group operates in the life and non-life insurance sectors, and has a leading position in the life sector and a growth strategy in the non-life sector.

The scope of consolidation includes the subsidiary, Poste Assicura SpA, an insurance company founded in 2010 to provide non-life insurance, excluding motor insurance, and a wholly owned subsidiary of the Parent Company, Poste Vita, and Poste Welfare Servizi Srl, a company that primarily provides its customers with administrative, technical and software assistance relating to the management of health funds and data acquisition and validation. The latter company is also a wholly owned subsidiary of Poste Vita. The Parent Company also holds a non-controlling interest in Europa Gestioni Immobiliari SpA, a real estate company tasked with the management and development of Poste Italiane's properties no longer used in operations. EGI has also begun to operate in the electricity market as a specifically authorised wholesale purchaser, having taken on the role of electricity supplier to the Poste Italiane Group previously carried out by Poste Energia SpA, which was merged with and into EGI with effect from 31 December 2015.

This investment is not accounted for on a line-by-line basis, but using the equity method.

Directors' report on operations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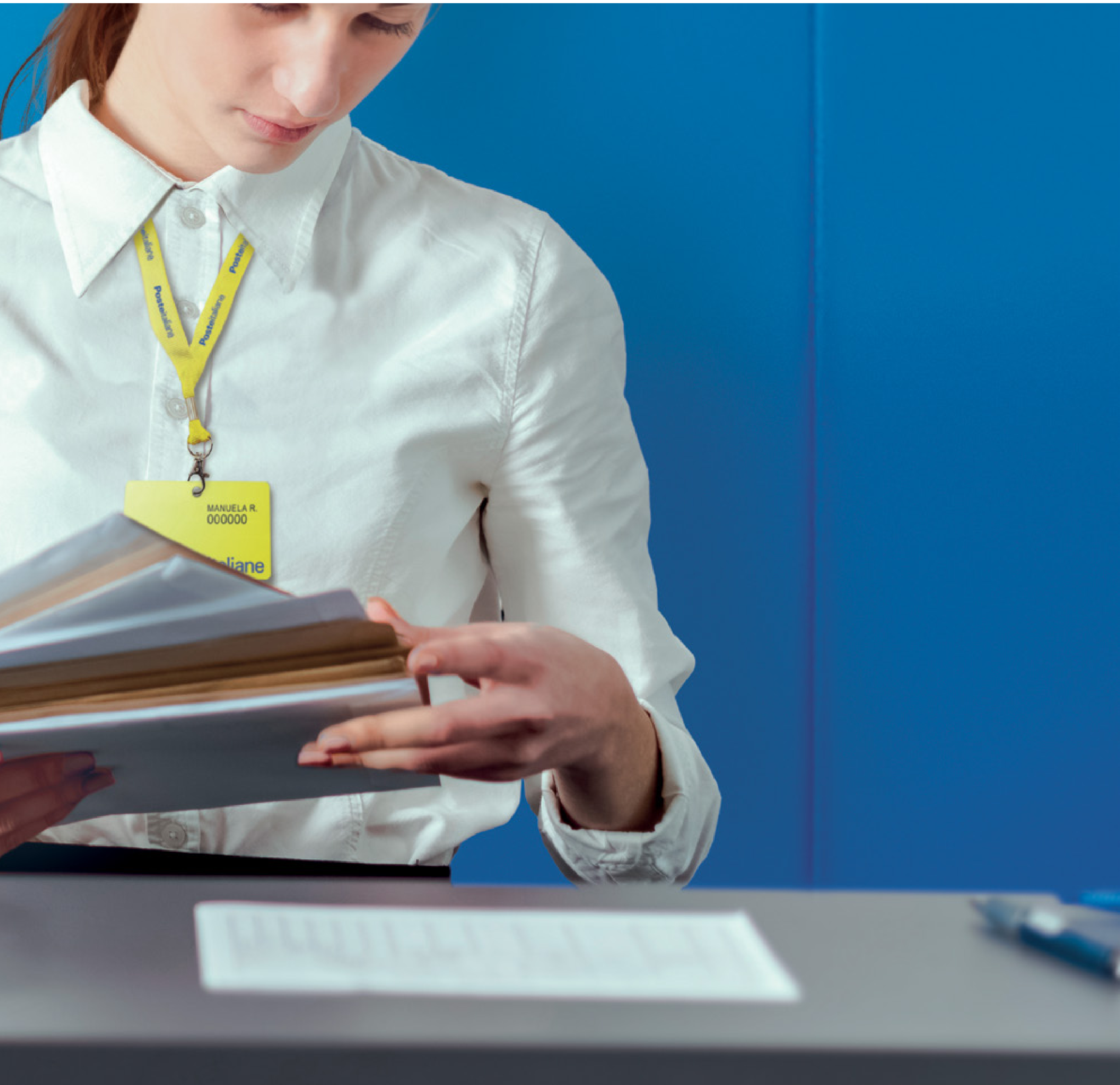
DIRECTORS' REPORT ON OPERATIONS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1. Executive summary

In continuity with the strategic and business priorities established in 2016, in 2017 the Poste Vita Insurance Group proceeded to:

- strengthen the Group's leadership in the life market and consolidate its competitive position;
- boost our position in the protection and welfare segment.

The reclassified income statement, broken down by category of insurance, is shown below:

	for the year ended 31 December 2017			for the year ended 31 December 2016		
RECLASSIFIED INCOME STATEMENT (€m)	Non-life business	Life business	Total	Non-life business	Life business	Total
Net premium revenue	**99.3**	**20,243.6**	**20,342.9**	**80.5**	**19,803.4**	**19,883.9**
Gross premium revenue	131.1	20,263.4	20,394.5	108.5	19,820.2	19,928.7
Outward reinsurance premiums	(31.8)	(19.8)	(51.5)	(28.0)	(16.8)	(44.7)
Fee and commission income		**11.5**	**11.5**		**5.9**	**5.9**
Net finance income from assets related to traditional products	3.9	3,336.1	3,340.0	3.5	3,271.6	3,275.1
Income	3.7	2,940.8	2,944.5	3.2	2,545.9	2,549.1
Realised gains and losses	0.2	171.9	172.1	0.3	251.2	251.5
Unrealised gains and losses	0.0	223.4	223.4		474.4	474.4
Net finance income from assets related to index- and unit-linked products		**111.8**	**111.8**		**28.9**	**28.9**
Net change in technical provisions	**(25.5)**	**(22,325.9)**	**(22,351.5)**	**(33.0)**	**(21,938.0)**	**(21,971.0)**
Claims paid	(25.8)	(10,841.8)	(10,867.6)	(21.8)	(7,462.3)	(7,484.1)
Change in technical provisions	(6.7)	(11,496.3)	(11,503.0)	(20.7)	(14,485.7)	(14,506.4)
Share attributable to reinsurersi	3.0	12.2	19.2	9.5	10.1	19.6
Investment management expenses	**(0.4)**	**(45.0)**	**(45.5)**	**(0.4)**	**(44.0)**	**(44.4)**
Acquisition and administration costs	**(34.5)**	**(544.7)**	**(579.2)**	**(33.6)**	**(524.3)**	**(558.0)**
Net commissions and other acquisition costs	(8.7)	(460.3)	(469.0)	(7.3)	(440.7)	(448.1)
Operating costs	(25.8)	(84.4)	(110.2)	(26.3)	(83.6)	(109.9)
Other revenues/(costs), net	**4.7**	**(35.1)**	**(30.4)**	**7.9**	**(18.8)**	**(10.9)**
GROSS OPERATING PROFIT	**47.5**	**752.2**	**799.6**	**24.8**	**584.8**	**609.6**
Net finance income from investment of free capital		71.2	71.2		75.0	75.0
Interest expense on subordinated debt		(27.6)	(27.6)		(36.4)	(36.4)
PROFIT BEFORE TAX	**47.5**	**795.7**	**843.2**	**24.8**	**623.3**	**648.2**
Income tax expense	(13.3)	(283.7)	(297.0)	(7.4)	(244.5)	(252.0)
PROFIT FOR THE PERIOD	**34.2**	**512.0**	**546.2**	**17.4**	**378.8**	**396.2**

In a market environment that saw a decline in new life business of approximately 5.2% at 31 December 2017, the Company produced a satisfactory operating performance in 2017, partly thanks to a constant focus on products, strengthened support for the distribution network and growing customer loyalty. Total premium revenue of €20.3 billion, slightly up compared to the €19.8 billion of 2016. In the **life business**, the Group focused almost exclusively on marketing Class I and V investment and savings products (traditional separately managed accounts), with **total premium revenue** of approximately €19.8 billion (€19.3 billion in 2016). In contrast, total revenue from the sale of Class III products remained marginal at €537 million, substantially in line with the €474 million recorded at the end of the fourth quarter of 2016. In this regard, a new unit-linked product, offering a form of long-term savings plan (an individual savings plan, or PIR - *Piano individuale di Risparmio*)[1] was launched on 27 June 2017. Premium revenue from this product amounts to €225.1 million at the end of 2017.

Sales of regular premium products also performed well (*Multiutile Ricorrente*, *Long Term Care*, *Posta Futuro Da Grande*), with over 83 thousand policies sold during the period, as did sales of the *PostaPrevidenzaValore* product which, with almost 78.3 thousand policies sold during the period and a total number of members amounting to 943 thousand, has enabled the Company to consolidate its leadership in the pensions market.

Sales of pure risk policies (term life insurance), sold in stand-alone versions (not bundled together with products of a financial nature), recorded sales of over 36.1 thousand new policies during the period, whilst the number of new policies, again of a pure risk nature, sold bundled together with financial obligations deriving from mortgages and loans sold through Poste Italiane's network, totalled approximately 122.4 thousand.

While the contribution of the **non-life business** to the Group's results remains limited, sales in this area have also performed well, with total gross premium revenue for the period of €131.1 million, up 21% on 2016. Management of the non-life business proceeded to implement the strategy set out in the business plan, seeking to meet the new needs of customers in the areas of welfare and health insurance, expanding the offering and fine-tuning the model for network support. Sales of credit protection (CPI) policies also performed well (up 11% on 2016), as did sales of the first collective Welfare products, which registered an increase of €4.8 million in total premium revenue for the period compared to 2016.

In terms of **investments** during the period, the investment policy continues to be marked by the utmost prudence. The portfolio is primarily invested in Italian government securities and corporate bonds, with an overall exposure that represents approximately 80% of the entire portfolio. During 2017, whilst maintaining a moderate risk appetite, the gradual process of diversifying investments continued by increasing the exposure to equities (which now account for 19.0% of the portfolio, compared to 14.2% in 2016), above all multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type. In line with its strategic asset allocation policy, moreover, the Group continued to invest in real estate funds (targeting retail and office properties). The cumulative returns on separately managed accounts performed well (3.53% for PostaPrevidenza accounts and 3.03% for PostaValorePiù accounts). Financial market trends, especially the rise in yields on Italian government securities compared to the values at the beginning of the year, led to a reduction in net gains resulting from measurement, down from the €9.6 billion at the beginning of the year to €8.5 billion at 31 December 2017. The investment of "**free capital**" generated net finance income of approximately €71.2 million, although this is down €75.0 million compared to 2016. The reduction is primarily due to a reduction of €5.1 million in ordinary income and realised gains, given the less favourable financial market performance registered during the period. Net unrealised losses during the period amount to €10.7 million (€12.1 million in 2016) almost entirely due to the further impairment loss on the investment in the Atlante fund of €12.1 million registered in 2017 (see below for further details).

As a result of the above operating and financial performance, **technical provisions** for the direct Italian portfolio amount to €115.3 billion (€104.3 billion at the end of 2016), including €110.5 billion in mathematical provisions for Class I and V products (up on the €95.9 billion at the end of 2016).

Provisions for products where the investment risk is borne by policyholders amount to approximately €3.5 billion, down from the €6.9 billion of 31 December 2016, primarily due to products reaching maturity during the period. The Deferred Policyholder Liability (DPL) provisions, linked to the above change in the fair value of the financial instruments covering the provisions, amount to approximately €8.2 billion, compared to €9.3 billion at the beginning of the year.

Technical provisions for the non-life business, before the portion ceded to reinsurers, amount to €160.2 million at the end of the period, up 11.7% on the €143.4 million registered at the end of 2016.

With regard to **organisational aspects**, during 2017, work continued on a number of projects designed to support future growth and to achieve continuing functional/infrastructural improvements in key business support systems. The Company's

1. **Individual savings plans** (***Piani Individuali di Risparmio*** or **PIR**) are the new form of investment product introduced by the government in the 2017 budget law, with the aim of supporting Italian SMEs. These products offer significant **tax breaks** for investors.

organisational structure was also further strengthened to keep pace with its ongoing expansion in terms of size. As a result of the above, operating costs total €110.2 million, slightly up on the €109.9 million of 2016. Despite this increase in costs, operating costs remain at around 0.5% of earned premiums and 0.1% of provisions, figures broadly in line with 31 December 2016.

The above operating and financial performance has resulted in **EBITDA** of €843.2 million (€648.2 million for 2016). After-tax **profit for the period** amounts to €546.2 million, up 37.9% on the €396.2 million registered in 2016.

Key performance indicators

A summary of the principal KPIs is shown below:

PRINCIPAL KPIs (€m)	2017	2016	Increase/(decrease)	
Gross premium revenue	20,394.5	19,928.7	465.8	2.3%
Equity	3,369.3	3,302.0	67.4	2.0%
Profit for the period	546.2	396.2	150.0	37.9%
Technical provisions	123,650.6	113,677.9	9,972.7	8.8%
Financial investments*	126,824.0	117,002.1	9,821.8	8.4%
ROE**	17.3%	12.8%	4.5%	4.5%
Solvency II ratio	279.0%	294.0%	-15.0%	
Workforce	535.0	494.0	41	8.3%
Operating costs / Earned premiums	0.5%	0.6%	-0.1	
Operating costs / Provisions	0.1%	0.1%	0.0	

* including cash
** in calculating this indicator, the figure for equity was determined net of the available-for-sale reserve

2. Economic and market
environment

Economic and market environment

During 2017, economic activity in the world's main advanced and emerging economies strengthened, although both continued to be affected by moderate inflationary pressures. Economic growth prospects for 2018 remain favourable, despite the persistence of risks linked to a possible increase in volatility on financial markets, geopolitical tensions and uncertainty over economic policies.

At the end of 2017, world GDP had grown by 3.7% compared to 3.2% in 2016. On the same date, the advanced economies reported growth of 2.2% compared to 1.7% in 2016.

The United States ended 2017 with GDP growth of 2.5% compared to 1.5% in 2016. The country has seen a return to full employment, but neither wages nor inflation have seen substantial increases in response to the reduction in spare labour-market capacity. This allowed the Federal Reserve to gradually reduce monetary stimulus, which during the year saw the US Central Bank raise the cost of borrowing by 75 bps (in the range of 1.25 to 1.50% at the end of the year) and, from October, to start a process of gradually reducing the its holdings of securities. At the end of December, the reform of the tax system was approved, giving the go-ahead for rate reductions for businesses and households.

In the Eurozone, economic growth accelerated without being affected by trends in the political agenda. GDP rose from 1.8% in 2016 to 2.4% in 2017, thanks to the contribution of global economic growth, which favoured exports and domestic demand, due to lower unemployment and the strengthening of credit for the private sector. Inflation is still weak due to the slowdown in energy price growth and the oversupply of labour (which has helped to keep wage growth moderate). At the end of 2017, inflation stood at 1.4% and in some of the leading countries (Italy, Spain and France) core inflation, in which the most volatile price components are stripped out, was below 1.0%. During the year, the European Central Bank left the cost of borrowing at 0.0%, declaring that interest rates will remain at current levels even after the end of its asset purchase programme. Finally, at its October meeting, the ECB reset the volume of its purchases (down from €60 to €30 billion) for the period from January to September 2018.

At the end of 2017, the GDP of emerging economies had grown by 5.1% compared toto 4.4% in 2016, whilst overall the BRIC economies (Brazil, Russia, India and China) had grown by 5.8% compared to 5.2% in 2016. According to available data, the fall in China's GDP appears to be stabilising, while Brazil and Russia are finally coming out recession. Economic growth in India remains robust.

Financial market trends

In 2017, long-term yields in the major advanced economies remained relatively low compared toto 2016. On one hand, this reflects economic growth expectations in the absence of inflationary pressures and, on the other, expectations of a gradual normalisation of monetary policy.

With regard to core government securities, at the end of the year, yields on ten-year US and German government bonds stood at 2.40% (down from 2.44% at the end of 2016), and 0.42% (up from 0.17% at the end of 2016), respectively.

At the same date, the yield on 10-year Italian Treasury Notes (BTPs) stood at 2.01%, compared to 1.79% at the end of 2016. This performance reveals a downturn since April, reflecting the decline in political uncertainty since the parliamentary elections in France. This downtrend then intensified with S&P's decision to raise its rating of Italy's debt. Since November, the yields on 10-year Treasury Notes have started rising again, reflecting the approaching parliamentary elections and uncertainties about the ECB's strategies.

Among the Eurozone's peripheral countries, the spread on ten-year Italian bonds with respect to German government bonds was almost unchanged at 158 bps.

Euro-denominated investment grade corporate bonds continued to benefit from purchases by the ECB and the widespread improvement in the macroeconomic environment, which was reflected in the risk premium demanded by investors. The BBB-rated investment grade issues registered an average yield of 1.05% at the end of 2017, compared to 1.17% at the end of 2016.

As regards equity markets, the MSCI World[2] Index rose by 20%. In the United States and Europe, the increases were 19% and 7%, respectively, whilst the emerging market equities rose by 34%. On the foreign exchange markets, the euro rose 14% against the US dollar.

Life insurance market

On the basis of available official data (source: ANIA), new business for life insurance policies in 2017 amounted to €82.4 billion (down 5.2% compared to the previous year). If new life business reported by EU insurers is taken into account, the figure rises to €99.9 billion, down 5.2% on 2016.

In terms of insurance class, Class I premiums amount to €51.4 billion for 2017, down 18.1% compared to the previous year. New business for Class V policies also declined (down 8.1%), with premium revenue totalling €2.1 billion. New business for Class III unit-linked life products bucked the trend, rising 32.9% after premium revenue of €28.0 billion.

The contribution from new inflows into individual pension plans was also positive, with inflows of €1.5 billion up 3.7% on 2016.

Single premiums continued to be the preferred form of payment for policyholders, representing 93.5% of total premiums written and 62.2% of policies by number.

Finally, with regard to distribution channel, as shown in the table below, more than two-thirds of new business was obtained through banks and post offices, with premium revenue totalling €55.5 billion, down 7.5% on 2016, and 18.6% on 2015. On the other hand, new business generated by qualified financial advisors registered a good performance, generating premium revenue of €12.8 billion, up 1.2% on 2016, and an increase in market share from 15% to 16% of total new business. With regard to agents, however, the volume of new business amounted to €9.3 billion at the end of 2017, down by approximately 3.2% compared to 2016. In-house agents, on the other hand, bucked the trend, registering a 5.8% increase compared to 2016, and accounting for new premium revenue of €4.1 billion.

New Yearly Business by class/product

Italian and non-EU-Insurers (€m)

Class /Product (Individual and collective)	2015		2016		2017	
	Premiuns	Var. (%) 15/14	Premiuns	Var. (%) 16/15	Premiuns	Var. (%) 17/16
Life - Class I	65,382	(5.3%)	62,752	(4.0%)	51,406	(18.1%)
Capitalisation - Class V	3,016	(28.7%)	2,300	(23.8%)	2,113	(8.1%)
Linked - Class III	30,032	48.8%	21,028	(30.0%)	27,954	32.9%
Medical - Class IV	17	17.5%	22	31.1%	31	39.5%
Fund provisions - Class VI	701	(4.6%)	729	3.9%	851	16.8%
Italian Insurers - extra UE	**99,149**	**5.2%**	**86,830**	**(12.4%)**	**82,354**	**(5.2%)**
Insurers UE*	**n.d.**	**n.d.**	**18,537**	**n.d.**	**17,562**	**(5.3%)**
Italian and non EU - Insurers	**n.d.**	**n.d.**	**105,367**	**n.d.**	**99,916**	**(5.2%)**

* The figure includes the premiums collected in Italy from a sample of representatives of EU companies operating under the right of establishment.

2. The MSCI World Index is a global equity market index of 1,612 securities.

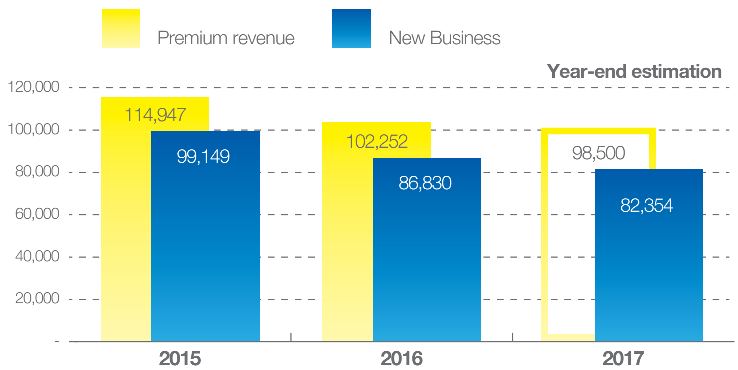
New Yearly Business by distribution channel

Italian and non-EU-Insurers (€m)

Distribution channel (Individual and collective)	2015		2016		2017	
	Premiums	Var. (%) 15/14	Premiums	Var. (%) 16/15	Premiums	Var. (%) 17/16
Banks and post offices	68,262	(4.3%)	60,047	(12.0%)	55,540	(7.5%)
Sale Agent	9,712	0.5%	9,593	(1.2%)	9,290	(3.2%)
In-house Agents	3,786	(20.0%)	3,844	1.5%	4,069	5.8%
Financial Advisor	16,813	21.9%	12,667	(24.7%)	12,818	1.2%
Others (included Broker)	576	(2.2%)	679	18.1%	637	(6.3%)
Italian and non EU - Insurers	**99,149**	**5.2%**	**86,830**	**(12.4%)**	**82,354**	**(5.2%)**

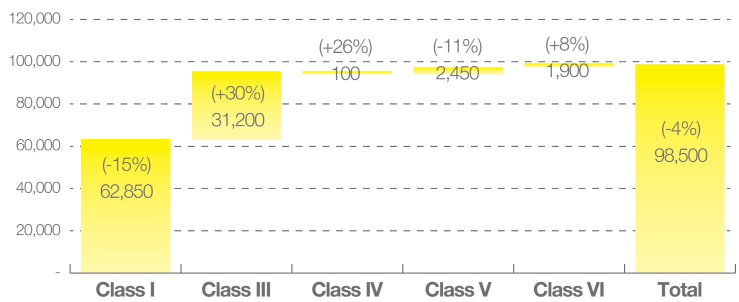
* The figure includes the premiums collected in Italy from a sample of representatives of EU companies operating under the right of establishment.

Premium revenue and new business 2014-2016 (€m)



Premium revenue estimation by class/product 2017 (€m)

(x,x%) var.% 2017/2016



Direct premium % distribution (since 01/01/2017)

Premium	numbers of contract/ adesion	Banks and post offices	Sale Agent	In-house Agents	Financial Advisor	Others (included Broker)	Total
		Distribution premium channel					
Annual Premium	**15,3%**	0,9%	2,6%	5,1%	0,1%	1,4%	1,1%
Single Premium	**62,2%**	93,9%	87,3%	80,9%	98,7%	80,7%	93,5%
Regular premium	**22,5%**	5,2%	10,1%	13,9%	1,2%	17,9%	5,4%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

A breakdown by distribution channel and type of premium shows how the above networks have distributed almost all the single premium products, whilst agents also account for a significant amount of regular premiums.

Non-life insurance market

Total direct Italian premiums, thus including policies sold by Italian and overseas insurers, based on the latest available official data, amounted to €25.6 billion at the end of the third quarter of 2017, up slightly on the same period of 2016 (an increase of 0.4%). This marked the second consecutive reversal of the negative trend seen over the last five years (source: ANIA).

The upturn partly derived from growth in premiums in other non-life classes (up 2.0% compared to the same period of the previous year), and a further deceleration in the rate of decline in the motor insurance segment. In detail, third-party vehicle insurance registered premiums of €10.2 billion, down 2.8% on the third quarter of 2016 (when the decrease was 5.9%), whilst land vehicle hull premiums amounted to €2.2 billion, up 7% on the same period of 2016.

Other classes, in terms of volumes and growth rate, include accident, with premiums of €2.4 billion (up 28%), medical, with premiums of €1.9 billion (up 6.5%), financial loss, with premiums of €0.6 billion, legal expenses, with premiums of €0.3 billion (up 5.8%) and assistance, with premiums of €0.5 billion (up 6.6% on the same period of the previous year).

In terms of distribution channels, with regard to the business generated by both Italian insurers and the subsidiaries of non-EU companies, agents again accounted for the largest market share with 76.8%, which is slightly down compared to the figures for previous years (77.5% in the third quarter of 2016). Brokers had a market share of 8.1%, representing the second most important distribution channel for non-life insurance. Banks and post offices also registered growth, with a combined share of 6.7% (5.7% in the third quarter of 2016). Direct sales rose 8.3%, practically unchanged compared to the third quarter of 2016 (8.4%). Regarding the various direct sales distribution channels, at the end of the third quarter of 2017, in-house agents accounted for 3.6% (3.7% in the same period of 2016), online sales for 3.5% (3.3% in the same period of 2016), and telephone sales for 1.2% (1.4% at the end of the third quarter of 2016).

Direct premium in the third Quarter 2017 - iltalian Insurers and subsidiaries of NON - UE companies (Ania Source)

Classes	Sales Agent	Broker (excluding Insurance Estimators)	Banks Offices	Financial Advisor	Direct Sales			Total	Insurance Estimators
					In-house Agents	Telephone Sales	Internet		
R.C. Autoveicoli terrestri	85.9	2.8	2.8	0.0	0.5	1.8	6.2	100.0	2.7
Corpi veicoli terrestri	75.0	12.1	3.8	0.0	3.0	1.5	4.5	100.0	1.5
Totale settore Auto	**84.0**	**4.4**	**3.0**	**0.0**	**0.9**	**1.8**	**5.9**	**100.0**	**2.5**
Infortuni	74.5	5.7	12.9	0.6	3.6	1.2	1.6	100.0	0.6
Malattia	38.0	20.3	15.1	1.4	25.0	0.1	0.1	100.0	0.0
Corpi veicoli ferroviari	46.0	43.4	0.0	0.0	10.6	0.0	0.0	100.0	0.0
Corpi veicoli aereii	10.3	89.3	0.0	0.0	0.5	0.0	0.0	100.0	0.0
Corpi veicoli marittimi	16.3	83.3	0.0	0.0	0.4	0.0	0.0	100.0	0.0
Merci trasportate	46.1	43.2	0.7	0.0	9.9	0.1	0.1	100.0	0.0
Incendio ed elementi naturali	77.0	9.2	10.5	0.3	2.7	0.2	0.2	100.0	0.0
Altri danni ai beni	82.1	10.8	4.5	0.1	2.2	0.1	0.1	100.0	0.0
R.C. Aeromobili	15.5	84.3	0.0	0.0	0.2	0.0	0.0	100.0	0.0
R.C. Veicoli marittimi	94.3	3.5	0.4	0.0	0.3	0.9	0.6	100.0	0.0
R.C. Generale	82.3	9.1	4.9	0.1	3.3	0.1	0.1	100.0	0.0
Credito	24.8	20.3	30.2	0.0	24.7	0.0	0.0	100.0	0.0
Cauzione	79.7	16.6	0.1	0.0	3.6	0.0	0.0	100.0	0.0
Perdite pecuniarie	34.1	9.5	49.9	0.4	4.3	0.8	1.0	100.0	0.2
Tutela legale	75.5	6.2	10.1	0.1	1.0	2.2	4.9	100.0	1.5
Assistenza	75.8	4.5	9.0	0.2	2.0	2.6	5.9	100.0	1.9
Totale altri rami danni	**68.9**	**12.1**	**10.7**	**0.4**	**6.5**	**0.5**	**0.8**	**100.0**	**0.2**
Total	**76.8**	**8.1**	**6.7**	**0.2**	**3.6**	**1.2**	**3.5**	**100.0**	**1.4**

Online estimators are registered in the RUI in section B of Brokers.

Finally, the principal distribution channels for the subsidiaries of EU companies were agents, with a share of 40.2%, and brokers, with a share of 43.5%. Specifically, agents were more widely used in the motor insurance segment (64.9%), while for the other non-life insurance classes brokers were pre-eminent (51.9%).

Direct premium & distribution in the third quarter 2017 (UE subsidiaries of company)

Classes	Sales Agent	Broker	Banks Offices	Financial Advisor	Direct Sales			Total
					In-house Agents	Telephone Sales	Internet	
Totale settore Auto	64.9	10.9	5.2	5.2	0.2	7.6	5.9	100.0
Totale altri rami danni	33.8	51.9	8.8	0.0	3.9	0.2	1.5	100.0
Totale danni	**40.2**	**43.5**	**8.1**	**1.1**	**3.2**	**1.7**	**2.3**	**100.0**

Percentage Values

3. Operating review

Total premiums continued to grow in 2017, with total premium revenue, net of outward reinsurance premiums, totalling €20,342.9 million, up 2.3% compared to the €19,884.0 million of 2016. These results have enabled the Group to consolidate its competitive position. The table below breaks down premiums by life and non-life businesses:

Premium revenue (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016	Increase/(decrease)	
Class I	19,634.2	19,265.6	368.7	1.9%
Class III	537.2	474.6	62.6	13.2%
Class IV	16.8	11.3	5.5	49%
Class V	75.1	68.8	6.3	9.2%
Gross “Life” premium revenue	20,263.4	19,820.2	443.1	2.2%
Outward reinsurance premiums	(19.8)	(16.8)	(3.0)	17.8%
Net “Life” premium revenue	**20,243.6**	**19,803.5**	**440.1**	**2.2%**
Non-life premiums	141.2	118.8	22.4	18.9%
Outward reinsurance premiums	(34.3)	(30.0)	(4.3)	14.2%
Change in premium reserve	(10.1)	(10.4)	0.2	(2.0%)
Change in share of premium reserve attributable to reinsurers	2.5	2.0	0.5	23.5%
Net “Non-life” premium revenue	**99.3**	**80,5**	**18,8**	**23.4%**
Total net premium revenue for the period	**20,342.9**	**19,884.0**	**459.0**	**2.3%**

Life business

Life business operations were aimed almost exclusively at the marketing of Class I and V investment and savings products (traditional separately managed accounts), with **total premium revenue** of approximately €19.8 billion (€19.3 billion in 2016). In contrast, total revenue from the sale of Class III products remained marginal at €537 million, substantially in line with the €474 million recorded at the end of the fourth quarter of 2016. In this regard, a new unit-linked product, offering a form of long-term savings plan (an individual savings plan, or PIR - *Piano individuale di Risparmio*)[3] was launched on 27 June 2017. Premium revenue from this product amounts to €225.1 million at the end of 2017.

Sales of regular premium products also performed well (*Multiutile Ricorrente*, *Long Term Care*, *Posta Futuro Da Grande*), with over 83 thousand policies sold during the period, as did sales of the *PostaPrevidenzaValore* product which, with almost 78.3 thousand policies sold during the period and a total number of members amounting to 943 thousand, has enabled the Company to consolidate its leadership in the pensions market.

3. Individual savings plans (Piani Individuali di Risparmio or PIR) are the new form of investment product introduced by the government in the 2017 budget law, with the aim of supporting Italian SMEs. These products offer significant tax breaks for investors.

Sales of pure risk policies (term life insurance), sold in stand-alone versions (not bundled together with products of a financial nature), recorded sales of over 36.1 thousand new policies during the period, whilst the number of new policies, again of a pure risk nature, sold bundled together with financial obligations deriving from mortgages and loans sold through Poste Italiane's network totalled approximately 122.4 thousand.

The following table shows a breakdown of gross premium revenue for the life business:

Breakdown of gross premium revenue for the life business (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016	Increase/(decrease)	
Regular premiums	2,100.5	2,162.7	(62.3)	(2.9%)
- of which first year	481.55	724.3	(242.8)	(33.5%)
- of which subsequent years	1,618.91	1,438.4	180.5	12.5%
Premi unici	18,162.9	17,657.5	505.4	2.9%
Total	**20,263.4**	**19,820.2**	**443.2**	**2.2%**

The following table shows a breakdown of new business[4], which totals €19,336.1 million, up 1.4% on the €19,067.2 million of 2016.

New business (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016	Increase/(decrease)	
Class I	18,755.4	18,582.6	172.8	0.9%
Class III	518.7	465.1	53.6	11.5%
Class IV	2.4	0.7	1.8	258.2%
Class V	59.6	18.9	40.7	216.1%
Total	**19,336.1**	**19,067.2**	**268.9**	**1.4%**

The positive operating performance has resulted in a 2.5% increase in the number of policies sold, after taking into account claims paid during the period, which amount to €6.7 million at the end of the year (€6.5 million at the end of 2016).

Portfolio of contracts (€m)	At 1 January 2017	New contracts	Claims paid and lapses	At 31 December 2017	Increase/ (decrease)
Traditional investment products	4,432,352	803,608	(353,761)	4,882,199	10.1%
Bundled investment products	68,828	29,906	(2,019)	96,715	40.5%
Unit-linked products	60,904	48,174	(24,059)	85,019	39.6%
Index-linked products	517,403		(347,736)	169,667	(67.2%)
Pension products	874,006	79,092	(10,253)	942,845	7.9%
Protection products	601,455	165,251	(225,833)	540,873	(10.1%)
Total	**6,554,948**	**1,126,031**	**(963,661)**	**6,717,318**	**2.5%**

4. Policies that require the payment of premiums in periodic instalments are shown on an annualised basis.

Non-life business

During 2017, the non-life business continued with specific marketing and commercial initiatives aimed at improving the health and protection product offering, including a review and expansion of the cover provided by focusing more closely on such needs and adopting a customer-centric approach.

Moreover, during the latter part of the year the subsidiary, Poste Assicura, launched two commercial initiatives to protect the health and safety of its policyholders. One was dubbed “Prevention Month” and saw the company promote the *PostaProtezione Innova Salute Più* product by offering free medical services to be provided at participating healthcare providers. The other, called the “Senior Programme”, which ran throughout October, involved the company offering a 10% discount on the policy premium for all new subscribers to the *PostaProtezione Infortuni* Senior product during the first year of the policy.

In the credit protection segment, the offering was expanded in July with the launch of the new credit protection (CPI) product, Prestito Flessibile, a policy which adapts to changes in the underlying loan (with regard to term to maturity and repayment schedule).

During the period, the Poste Vita Insurance Group launched the first collective employee benefit products, with cover for Permanent Disability resulting from injury or illness and the reimbursement of medical expenses is offered by Poste Assicura, whilst cover for term life insurance is offered by the Parent Company, Poste Vita.

As a result of the above, gross premium revenue totalled approximately €141.2 million at the end of 2017, up 19% on the same period of the previous year.

The following table shows the distribution of gross non-life premium revenue by line of business, showing: i) the pre-eminence of Accident insurance, accounting for 44% of total premium revenue; and ii) growth in Medical insurance (up from €17.5 million in 2016 to €24.6 million in 2017).

Gross premium revenue (€m)	for the year ended 31 December 2017	% share	for the year ended 31 December 2016	% share	Increase/ (decrease)	% inc./(dec.)
Accident	64.0	45%	52.3	44%	11.7	22%
Medical	24.6	17%	17.5	15%	7.1	41%
Fire and Natural Disaster	5.7	4%	5.0	4%	0.6	12%
Other Damage to Property	8.2	6%	7.3	6%	0.9	13%
General Liability	15.3	11%	13.4	11%	1.9	14%
Financial Loss	10.9	8%	12.6	11%	(1.7)	(13.6%)
Legal Expenses	2.8	2%	2.6	2%	0.2	7%
Assistance	9.8	7%	8.2	7%	1.6	20%
Total	**141.2**	**100%**	**118.8**	**100%**	**22.4**	**19%**

Payments and change in technical provisions

Claims paid during 2017 amount to a total of €10,867.6 million, compared to €7,484.1 million in the previous year, as shown below:

Payments (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016	Increase/(decrease)	
Non-life business				
Claims paid	22.5	19.3	3.2	16.8%
Costs of settling claims	3.3	2.5	0.7	29.2%
Total non-life claims paid	**25.8**	**21.8**	**4.0**	**18.2%**
Life business				
Amounts paid	10,830.5	7,451.9	3.378.f6	45.3%
of which: Surrenders	*2,977.2*	*2,618.0*	*359.2*	*13.7%*
Maturities	*6,560.4*	*3,765.0*	*2.795.5*	*74.2%*
Claims	*1,292.9*	*1,069.0*	*224.0*	*21.0%*
Costs of settling claims	11.3	10.4	0.9	8.9%
Total life claims paid	**10,841.8**	**7,462.3**	**3,379.5**	**45.3%**
Total	**10,867.6**	**7,484.1**	**3,383.5**	**45.2%**

Total claims paid on non-life policies amount to €25.8 million, including settlement and direct costs of €3.3 million, up 18.2 % on the figure for 2016.

Total claims paid on life policies amount to €10,841.8 million at the end of 2017, up compared to the €7,462.3 million of 2016. The rise is primarily due to an increase of approximately €2,795.5 million in expirations during the period, linked to separately managed accounts and a Class III product.

Surrender costs amount to approximately €2,977.2 million, up approximately €360 million compared to the €2,618.0 million of 2016, due to the increase in the size of the portfolio. Indeed, the share of initial provisions stood at 2.9% (in line with 2016) and was well below the average market figure of 6.78% at 30 September 2017 (latest figure published on ANIA's website).

The **change in technical provisions**, totalling €11,503.0 million, is down on the €14.506,4 million recorded at 31 December 2016. The increase in mathematical provisions for class I, IV and V products, compared to the figure for 2016, primarily reflects a matching increase in insurance liabilities, reflecting the above-mentioned operating performance and the performance of net finance income.

The figure also includes the change in Deferred Policyholder Liability (DPL) provisions, amounting to €161.9 million (€477.2 million at 31 December 2017), linked to the measurement of securities included in separately managed accounts and classified as FVTPL.

The decrease in mathematical provisions for Class III policies with respect to 2016 is primarily due to maturities of index-linked policies registered during the period.

Change in technical provisions (€m)	in the year ended 31 December 2017	in the year ended 31 December 2016	Increase/(decrease)	
Non-life technical provisions	**6.7**	**20.7**	**(13.98)**	**(67.5%)**
Mathematical provisions for Class I, IV and V	14,693.7	14,327.1	366.6	2.6%
Mathematical provisions Class III	(3,369.7)	(318.7)	(3,051.0)	957.3%
DPL provisions	161.9	477.2	(315.4)	(66.1%)
Other technical provisions	10.4	0.1	10.3	17632.1%
Total life technical provisions	**11,496.3**	**14,485.7**	**(2,989.4)**	**(20.6%)**
Total	**11,503.0**	**14,506.4**	**(3,003.4)**	**(20.7%)**

With reference to policies ceded to reinsurers, claims paid in the period under review, inclusive of the change in technical provisions, amount to €19.2 million, which is slightly down with respect to the €19.6 million of 2016, as shown below:

Claims expenses attributable to reinsurers (€m)	in the year ended 31 December 2017	in the year ended 31 December 2016	Increase/(decrease)	
Non-life business				
Claims paid	6.9	5.8	1.0	17.9%
Costs of settling claims	0.2	0.2	(0.0)	-3.1%
Total non-life claims paid	**7.1**	**6.0**	**1.0**	**17.2%**
Change in technical provisions	-0.1	3.5	(3.6)	-104.0%
Total non-life insurance	**6.9**	**9.5**	**(2.6)**	**-27.4%**
Life business				
Claims paid	9.0	6.7	2.3	34.7%
Costs of settling claims	0.0	0.0	0.0	0.0%
Total life insurance claims paid	**9.0**	**6.7**	**2.3**	**34.6%**
Change in technical provisions	3.3	3.4	-0.1	-4.2%
Total life insurance	**12.2**	**10.1**	**2.2**	**21.5%**
Total	**19.2**	**19.6**	**(0.4)**	**-2.3%**

Technical provisions

As a result of the above operating and financial performance, technical provisions amount to €123,650.6 million, up approximately 8.8% on the €113,678.0 million of 2016. The provisions are allocated as follows:

Technical provisions (€m)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Non-life classes:				
Premium reserve	64.3	54.1	10.2	18.8%
Outstanding claims provisions	95.8	89.1	6.7	7.5%
Other technical provisions	0.2	0.2	(0.0)	(17.4%)
Total non-life classes	**160.2**	**143.4**	**16.8**	**11.7%**
Life classes:				
Mathematical provisions	111,013.1	96,332.2	14,680.9	15.2%
Technical provisions for class III products	3,530.1	6,899.8	(3,369.7)	(48.8%)
Outstanding claims provisions	631.2	941.7	(310.5)	(33.0%)
DPL provisions	8,225.0	9,280.8	(1,055.8)	(11.4%)
Other technical provisions	91.0	80.0	11.0	13.7%
Total life classes	**123,490.4**	**113,534.5**	**9,955.9**	**8.8%**
Total	**123,650.6**	**113,677.9**	**9,972.7**	**8.8%**

Provisions for the life classes amount to €123,490.4 million (€113,534.6 million at the end of 2016). These provisions are made to meet all of the Company's obligations and include mathematical provisions (€111,013.1 million), provisions for unit- and index-linked products (€3,530.1 million), outstanding claims provisions (€631.2 million), deferred policyholder liability (DPL) provisions (€8,225.0 million) and other technical provisions (€91.0 million). The latter includes provisions for future expenses, totalling €89.8 million, provisions for supplementary insurance premiums, totalling €0.5 million, and provisions for with-profits policies, amounting to €0.7 million.

Deferred Policyholder Liability (DPL) provisions, amounting to €8,225.0 million at 31 December 2017, are down on the figure for the beginning of the year (€9,280.8 million). This reflects a reduction in the fair value of the financial instruments covering the insurance liabilities linked to separately managed accounts, as a result of the less positive performance of financial markets compared to the end of the previous year.

In this regard, it should be noted that for products whose revaluation is linked to the returns on separately managed accounts, the financial component of technical provisions is determined on the basis of realised income and expenses, as established by the applicable Italian accounting standards, without considering unrealised gains and losses. This generates a timing mismatch between liabilities and the assets designed to back them, which are recognised at fair value, in accordance with IAS 39. In order, therefore, to report assets and liabilities intended to match each other in a consistent manner, the Company has, as in previous years, adopted the "shadow accounting" method introduced by IFRS 4. The criteria used for shadow accounting purposes are described in the notes.

Contracts classified as "insurance contracts" and those classified as "financial instruments with a discretionary participation feature", for which use is made of the same recognition and measurement criteria as in Italian GAAP, were subjected to a LAT - Liability Adequacy Test established by paragraph 15 of IFRS 4. The test was conducted by taking into account the present value of future cash flows, obtained by projecting the expected cash flows generated by the existing portfolio as of period end, based on adequate assumptions underlying expiration causes (death, termination, surrender, reduction) and expense trends.

The outcome of this test revealed that the technical provisions recorded in the balance sheet at the end of the period were fully adequate.

Non-life technical provisions, before provisions ceded to reinsurers, amount to €160.2 million at the end of the period (€143.4 million in 2016), and consist of: the premium reserve of €64.3 million, outstanding claims provisions of €95.8 million and other provisions of €0.2 million, relating solely to the ageing reserve. Outstanding claims provisions for claims incurred but not reported (IBNR) amount to €15.9 million. Changes in the premium reserve and outstanding claims provisions reflect the growth in premium revenue.

Distribution

Poste Vita distributes its products through the post offices of the parent, Poste Italiane SpA – BancoPosta RFC, duly registered under letter D in the single register of insurance intermediaries as per ISVAP Regulation 5 of October 16, 2006. Poste Italiane SpA's sales network consists of around 13,000 post offices throughout the country. Insurance contracts are signed in the post offices by qualified and suitably trained personnel.

Training activity for personnel in charge of product sales is conducted according to regulatory guidelines.

Professional training programmes focused both on new products and on general technical-insurance aspects (classroom or eLearning). These courses were accompanied by training in asset management (specific behavioural training), savings protection and training in provision of the guided consultancy service.

Total commissions paid for distribution, collection and portfolio maintenance services –under a specific agreement with the insurance broker, BancoPosta RFC – Poste Italiane SpA, expiring in March 2019 – amount to approximately €486.4 million (€468.1 million at 31 December 2016). On an accruals basis, the amount for the period totals €485.4 million, reflecting the amortisation of prepaid commissions (€463.8 million at 31 December 2016). The Group sells its collective policies through brokers, to which it paid commissions of €1.8 million during the period (€0.4 million at 31 December 2016).

Reinsurance strategy

Life business

The effects of existing treaties relating to Term Life Insurance policies and reinsurance coverage with regard to LTC (Long-Term Care) and CPI insurance continued during the period.

Premiums ceded to reinsurers amount to €19.8 million (€16.8 million at 31 December 2016) and include €12.5 million for Class I products and a remaining €7.3 million for Class IV products. The share of claims expenses attributable to reinsurers, after technical provisions, amounts to €12.2 million (€10.1 million in the same period of 2016). As a result of this, ceded policies, including commissions received from reinsurers amounting to €1.8 million (€2.3 million in 2016) showed a negative result of €5.6 million, compared to a negative result of €4.4 million for the same period of 2016.

Non-life business

Briefly, the reinsurance structure applied in 2017, in accordance with the Guidelines and the Reinsurance Plan, is based on the following:

- retention of 100% of gross premium revenue in the Accident class for retail products, with reference to new business, in addition to the adoption of excess-of-loss treaties for personal (Accident) insurance due to risk and/or event to hedge against large losses. Quota share treaties continue to be valid in relation to the principal risks insured prior to 2013. These arrangements provide risk attaching coverage, with 50% of any losses covered. In this latter case, the excess-of-loss treaty for Accident policies covers the retained share;
- retention of 50% of the risk exposure for retail Medical products. The reinsurance strategy, applicable to the risks underlying policies in run-off, continues in the form of a quota share treaty with the ceded percentage based on pure premiums and providing risk attaching coverage. The same quota share reinsurance structure applies to all the risks attaching to new business and underlying the other products sold, but with retrocession of a flat commission and on a loss occurring basis;
- confirmation of the preference given to "bouquet, multi-line" reinsurance for Property and Liability products: proportional treaty bases on reinsurance cession in the Fire, Other Damage to Property and General Liability classes, maintaining the commissions paid by reinsurers based on underwriting results, in addition to the adoption of excess-of-loss treaties per risk and/or event to protect against large losses;
- confirmation of 40% as the proportion of risks ceded in the Fire and Other Damage to Property and Financial Loss classes;
- confirmation of 25% as the proportion of risks ceded in General Third Party Liability, excluding professional liability, which is maintained at 90%;
- retention of the pure premium rates established in 2013 for credit protection insurance for all policies written prior to 20 February 2016;
- adoption of new pure premium rates for credit protection insurance for all policies written after 20 February 2016, in application of all the recommendations contained in the letter from IVASS – Bank of Italy, dated 26 August 2015, relating to "PPI - Payment Protection Insurance. Customer protection measures";
- a reduction of the proportion of risks ceded in the Legal Expenses and Assistance classes to 65% and a further increase in reinsurance commissions (fixed commission + profit-sharing) for all policies written at 31 December 2016 and new policies in 2017;
- adoption of a treaty covering the main collective, closed-group corporate accident risks for policies. This reinsurance structure has a loss occurring basis and is based on a quota share treaty with commercial premiums, with a cession rate of 70% and sliding-scale reinsurance commissions depending on the loss ratio, and an excess-of-loss treaty covering the retained share;
- confirmation of an 80% quota share treaty for corporate medical risks and regarding the Open Medical Scheme, with a cession rate based on gross premium revenue, a flat reinsurance commission and with coverage provided on a risk attaching basis;

- use of optional and/or special acceptance reinsurance treaties, primarily in cases where the risk is not covered by the existing reinsurance treaty. This approach applies particularly to risks that do not meet the qualitative and quantitative criteria provided for in existing reinsurance treaties, but which Poste Assicura is normally willing to insure against, primarily corporate accident or medical policies. The entity of the risk retained by Poste Assicura and the most appropriate reinsurance structure are decided on, from time to time, based on the nature of the risk involved.

In view of the above reinsurance strategy and the operating performance, the degree of retained risk, in relation to the company's remaining exposure to claims following cessions to reinsurers, is equal to 79% (78% at the end of 2016).

The ratio of ceded premiums at the end of the period to gross premiums written is 24%, compared to the figure of 25% at the end of 2016.

The **balance of ceded non-life policies** amounted to a negative €8.8 million at the end of the period (compared to the €4.6 million at 31 December 2016). This reflects the growth of the business and the positive performance of claims described above.

Complaints

The Parent Company, Poste Vita, received 1,497 new complaints in 2017, compared to 2,056 in 2016. The ratio of complaints to the total number of outstanding contracts at 31 December 2017 is 0.022% (0.031% in 2016). The average time taken to respond to complaints during the period was around 16 days, the same as in the previous year, well within the 45-day time limit set by IVASS. The Company received 389 new complaints regarding its Personal Injury Protection (PIP) product in 2017 (468 in 2016). The ratio of complaints to the total number of outstanding contracts at 31 December 2017 is 0.006% (0.007% in 2016). The average time taken to respond to complaints during the period was around 14 days (the same as the figure registered in 2016), well within the 45-day time limit set by IVASS.

The subsidiary, Poste Assicura, received 649 new complaints in the same period (1,134 in 2016). The ratio of complaints to the total number of outstanding contracts at 31 December 2016 is 0.06% (0.10% in 2016). The average time taken to respond to complaints during the period was around 16 days (17 days in 2016), well within the 45-day time limit set by IVASS.

4. Financial position

Financial investments

At 31 December 2017, total financial investments amount to €125,917.0 million, up 8.9% on the €115,677.5 million of 2016, reflecting the operating performance and financial market trends.

(€m)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Investments in associates	106.8	105.9	0.8	0.8%
Loans and receivables	209.5	29.8	179.7	602.1%
Available-for-sale financial assets	96,078.9	90,405.4	5,673.5	6.3%
Financial assets at fair value through profit or loss	29,521.8	25,136.4	4,385.5	17.4%
Total financial investments	**125,917.0**	**115,677.5**	**10,239.5**	**8.9%**

Investments of €106.8 million refer to the shareholding in the associate, EGI, which is accounted for using the equity method. The company, which is owned by Poste Vita SpA and Poste Italiane SpA with 45% and 55% equity interests, respectively, operates primarily in real estate and is tasked with the management and development of the parent's non-operating properties. The figures for 2017 show that the company has equity of €237.3 million and made a profit for the year of approximately €1.8 million, up on the €1.6 million reported at the end of 2016.

Loans and receivables, amounting to €209.5 million (€29.8 million at 31 December 2016), solely regard mutual funds for which the corresponding units totalling €208.2 million have not yet been issued. The remainder is the balance of the intercompany current account with the parent, Poste Italiane.

Available-for-sale (AFS) financial assets amount to over €96.1 billion and primarily relate to securities allocated to separately managed accounts (approximately €92.3 billion) and a residual portion attributable to the Company's free capital (approximately €3.8 billion).

(€m)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Equity instruments	18.3	15.8	2.5	15.9%
Debt securities	94,708.6	88,377.1	6,331.5	7.2%
of which: government bonds	*81,313.7*	*73,101.0*	*8,212.6*	*11.2%*
corporate bonds	*13,394.9*	*15,276.0*	*(1,881.1)*	*(12.3%)*
UCITS units	1,352.0	2,012.5	(660.5)	(32.8%)
Total	**96,078.9**	**90,405.4**	**5,673.5**	**6.3%**

The financial markets were marked by increasingly volatile yields on medium- to long-term Italian government securities during the period, reflected in a reduction in the fair value reserve for these instruments, which amounts to €8,149.8 million in potential gains (€9,380.3 million at the end of 2016), including €7,892.3 million attributable to policyholders through the shadow accounting mechanism, as they relate to financial instruments included in separately managed accounts. The remaining €257.5 million refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €178.9 million), net of the related taxation.

These amounts include measurement of investments in the Atlante fund. As more fully described in the section, "Other information", the Parent Company, Poste Vita, recognised a further impairment loss of €104.8 million during the period, based on the value of the fund's units at 30 June 2017 communicated by the management company, which indicated a reduction of approximately 80% in the nominal value of the investment. The loss includes:

- €92.7 million allocated to separately managed accounts and thus reflected in deferred liabilities due to policyholders;
- €12.1 million relating to the Company's free capital.

Financial assets at fair value through profit or loss (FVTPL) amount to approximately €29.5 billion (€25.1 billion at 31 December 2016) and primarily regard:

- investments included in the Company's separately managed accounts, amounting to €26.0 billion, of which: i) approximately €3.9 billion are callable bonds, ii) €0.6 billion regard Constant Maturity Swaps issued by CDP with a cap and a floor in order to limit movements in interest rates, and finally iii) approximately €20.9 billion invested in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type and iv) €0.6 billion in real estate funds.
- financial instruments backing unit- and index-linked policies, totalling €3.5 billion.

(€m)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Equity instruments	57.2			
Debt securities	6,220.7	9,566.5	(3,345.8)	(35.0%)
of which: government bonds	*2,152.0*	*5,450.9*	*(3,298.9)*	*(60.5%)*
corporate bonds	*4,068.7*	*4,115.6*	*(46.9)*	*(1.1%)*
Structured bonds	546.5	992.0	(445.5)	(44.9%)
UCITS units	22,513.6	14,345.2	8,168.4	56.9%
Derivatives	183.7	232.7	(48.9)	(21.0%)
Total	**29,521.8**	**25,136.4**	**4,328.2**	**17.2%**

The increase during the period primarily reflects new investments in multi-asset, harmonised open-end funds of the UCITS type. As shown in the table below, the performance of the financial markets resulted in the recognition of net unrealised gains of €467.9 million during the period (down approximately €147.8 million compared to the figure for the end of 2016), including: i) €314.7 million relating to a net gain on investments included in separately managed accounts and therefore entirely attributable to policyholders through the shadow accounting mechanism; ii) a net gain of €151.8 million relating to assets backing unit and index-linked products, which are therefore largely offset by the corresponding revaluation of provisions; and iii) a net loss of €1.3 million on securities included in the Company's free capital.

	at 31 December 2017	at 31 December 2016	
Income/expenses on FVTPL	Net gains/losses	Net gains/losses	Increase/ (decrease)
Separately managed accounts	314.7	568.5	(253.8)
Assets backing unit-/index-linked policies	151.8	47.1	104.7
Free capital	1.3	0.1	1.3
Total	**467.9**	**615.7**	**(147.8)**

Regarding derivative transactions, at 31 December 2017 the only derivative instruments held include the warrants purchased to hedge the indexed component of certain Class III products. The following table shows the nominal and fair values at 31 December 2017, compared to the end of 2016, and the performance during the period for each product:

Warrants (€m) Policy	2017				2016	
	Nominal value	Fair value	Realised gains/losses	Unrealised gains/losses	Nominal value	Fair value
Alba	-	-	1.6	-	712	17
Terra	-	-	18.1	-	1,355	27
Quarzo	-	-	18.1	-	1,254	35
Titanium	621	45	0.9	12.7	656	34
Arco	165	34	0.5	6.1	174	30
Prisma	166	29	0.4	5.4	175	25
6Speciale	200	0	-	-	200	0
6Aavanti	200	0	-	-	200	0
6Sereno	173	18	0.2	3.1	181	15
Primula	176	17	0.2	3.0	184	15
Top5	224	18	0.2	3.1	233	16
Top5 edizione II	226	23	0.3	4.7	234	19
Totale	**2,149**	**184**	**40.4**	**38.2**	**5,558**	**233**

The composition of the portfolio according to issuing country is in line with the situation in 2016, being marked by a strong prevalence of Italian government bonds, accounting for 68.9% of the total.

Country (€m)	AFS	FVTPL	TOTAL	% weighting
AUSTRIA	20	37	57	0.0%
AUSTRALIA	343	68	411	0.3%
BELGIUM	248	150	398	0.3%
CANADA	57	-	57	0.0%
GERMANY	479	135	615	0.5%
DENMARK	63	60	123	0.1%
FINLAND	64	2	66	0.1%
FRANCE	2,549	860	3,408	2.7%
UK	1.464	506	1,970	1.6%
IRELAND	196	409	605	0.5%
ITALY	82,522	4,075	86,597	68.9%
JAPAN	10	-	10	0.0%
LUXEMBOURG	551	21,431	21,982	17.5%
MEXICO	45	21	66	0.1%
NETHERLANDS	1,697	541	2,238	1.8%

Country (€m)	AFS	FVTPL	TOTALE	peso %
NORWAY	38	-	38	0.0%
NEW ZEALAND	11	-	11	0.0%
PORTUGAL	100	-	100	0.1%
SLOVENIA	23	-	23	0.0%
SPAIN	3,297	137	3,434	2.7%
SWEDEN	214	79	293	0.2%
SWITZERLAND	229	10	240	0.2%
USA	1,859	1.002	2,861	2.3%
Total	**96,079**	**29,522**	**125,601**	**100.0%**

The distribution of the securities portfolio at 31 December 2017 by duration class is shown below:

Duration (€m)	AFS	FVTPL
up to 1	2,295	1,486
from 1 to 3	15,832	1,055
from 3 to 5	21,451	825
from 5 to 7	18,616	1,546
from 7 to 10	10,142	1,284
from 10 to 15	11,247	345
from 15 to 20	7,198	677
from 20 to 30	7,104	286
over 30	2,193	22,017
Total	**96,079**	**29,522**

Returns on Poste Vita's separately managed accounts, in the specific period under review (from 1 January 2017 to 31 December 2017) are as follows:

Separately managed accounts	Gross return % rate	Average invested capital €m
Posta Valore Più	3.03%	98,860.3
Posta Pensione	3.53%	5,194.6

Equity and solvency margin

Equity amounts to €3,369.3 million at 31 December 2017, marking an increase of €67.3 million compared to the beginning of the year. Changes during the period exclusively reflect: i) profit for the period of €546.2 million; ii) the reduction in the valuation reserve for available-for-sale financial assets included in the Parent Company's free capital (€8.9 million); and iii) distribution of retained earnings to the parent, Poste Italiane, totalling €470 million to the shareholder, Poste Italiane, in implementation of the shareholder resolution of 20 December 2017.

Equity (€m)	At 31 December 2016	Appropriation of profit for 2016	Distribution of retained earnings	Change in AFS reserve	Other gains and losses recognised directly through equity	Profit for 2017	At 31 December 2017
Share capital	1,216.6						1,216.6
Revenue reserves and other equity reserves:	1,501.5						1,427.7
Legal reserve	102.0	18.5					120.5
Extraordinary reserve	0.6						0.6
Organisation fund	2.6						2.6
Negative goodwill	0.4						0.4
Retained earnings	1,395.9	377.7	(470.0)				1,303.6
Valuation reserve for AFS financial assets	187.8			(8.9)			178.9
Other gains or losses recognised through equity	(0.1)				0.1		(0.0)
Profit for the period	396.2	(396.2)				546.2	546.2
Total	**3,302.0**	**-**	**(470.0)**	**(8.9)**	**0.1**	**546.2**	**3,369.3**

In addition, the subordinated debt issued at 31 December 2017 amounts to €1,000.0 million (€1,000.0 million at 31 December 2017) including:

- €250 million in loan notes placed with the parent and having an undefined maturity;
- €750 million in subordinated bonds issued by the Parent Company, Poste Vita.

All the debt pays a market rate of return and is governed by article 45, section IV, sub-section III of Legislative Decree 209 of 7 September 2005, as amended. The debt qualifies in full for inclusion in the solvency margin.

With regard to the Poste Vita Group's **solvency margin** at 31 December 2017, preliminary indications show that own funds qualifying for inclusion total €8,519 million, an increase of approximately €456 million on the €8,063 million of the end of 2016. This reflects the positive impact of financial market trends on the securities portfolio and on technical provisions (a reduction in the spread on government securities and an increase in risk-free interest rates).

In contrast, capital requirements have risen by approximately €307 million (from €2,743 million at the end of 2016 to €3,050 million at 31 December 2017), reflecting the increase in capital required to cover technical risk, primarily due to growth of the business. This was partially offset by the investment diversification policy adopted by the Company from the first quarter of the year, which has resulted in an overall reduction in capital requirements in relation to market risk.

As a result of the above trends, whilst slightly down with respect to the figure for the end of 2016 (a decline from 294% to 279% at the end of December 2017), the solvency ratio continues, in any event, to be well above the regulatory requirement and the market average.

5. Operating results

The reclassified income statement for the year ended 31 December 2017 is shown below, compared to the same period of 2016:

Life business

RECLASSIFIED INCOME STATEMENT (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016	Increase/(decrease)	
Net premium revenue	**20,243.6**	**19,803.4**	**440.2**	**2%**
Gross premium revenue	*20,263.4*	*19,820.2*	*443.2*	*2%*
Outward reinsurance premiums	*(19.8)*	*(16.8)*	*(3.0)*	*18%*
Fee and commission income	**11.5**	**5.9**	**5.6**	**95%**
Net finance income from assets related to traditional products	**3,341.5**	**3,271.6**	**69.9**	**2%**
Income	*2,940.8*	*2,545.9*	*394.9*	*16%*
Realised gains and losses	*171.9*	*251.2*	*(79.4)*	*(31.6%)*
Unrealised gains and losses	*228.8*	*474.4*	*(245.6)*	*(51.8%)*
Net finance income from assets related to index- and unit-linked products	**111.8**	**28.9**	**82.8**	**286%**
Net change in technical provisions	**(22,325.9)**	**(21,938.0)**	**(387.9)**	**2%**
Claims paid	*(10,841.8)*	*(7,462.3)*	*(3,379.5)*	*45%*
Change in technical provisions	*(11,496.3)*	*(14,485.7)*	*2,989.4*	*(20.6%)*
Share attributable to reinsurers	*12.2*	*10.1*	*2.2*	*21.5%*
Investment management expenses	**(45.0)**	**(44.0)**	**(1.1)**	**2%**
Acquisition and administrative costs	**(544.7)**	**(524.3)**	**(20.4)**	**4%**
Net commissions and other acquisition costs	*(460.3)*	*(440.7)*	*(19.6)*	*4%*
Operating costs	*(84.4)*	*(83.6)*	*(0.8)*	*1%*
Other revenues/(costs), net	**(35.1)**	**(18.8)**	**(16.3)**	**87%**
GROSS OPERATING PROFIT	**752.2**	**584.8**	**167.4**	**29%**
Net finance income from investment of free capital	71.2	75.0	(3.8)	(5.0%)
Interest expense on subordinated debt	(27.6)	(36.4)	8.8	(24.2%)
PROFIT BEFORE TAX	**795.7**	**623.3**	**172.4**	**28%**
Income tax expense	**(283.7)**	**(244.5)**	**(39.2)**	**16%**
PROFIT FOR THE PERIOD	**512.0**	**378.8**	**133.2**	**35%**

Net premium revenue for 2017, net of outward reinsurance premiums, amounts to €22,263.4 million, up 2% on the €19,803.4 million of 2016.

In terms of income from investments, **net finance income from securities related to traditional products** in the period totals €3,341.5 million, up €69.9 million on the figure for 2016. This reflects an increase of €394.9 million in ordinary income, due to growth in assets under management. In contrast, the increase in financial market volatility resulted in: i) a reduction of approximately €251.2 million in net unrealised gains, which are down from €474.4 million in 2016 to €223.4 million (however, given that these investments are included in separately managed accounts, the gains have been attributed almost entirely to policyholders under the shadow accounting method), and ii) a reduction of approximately €79.4 million in realised gains.

Finance income from **investments linked to index- and unit-linked products** amounts to approximately €111.8 million for 2017, reflecting the positive impact of market volatility. This compares with income of €28.9 million in 2016. This amount is almost entirely matched by a corresponding change in technical provisions.

Fee and commission income from the management of internal funds linked to unit-linked products amounts to €11.5 million, up €5.6 million on the figure for 2016 as a result of the increase in assets under management.

As a result of the above operating performance and the corresponding revaluation of insurance liabilities due to the positive financial performance, the matching **change in technical provisions for the life business**, after the portion ceded to reinsurers, amounts to €22,325.9 million at the end of 2017, compared to €21,938.0 million at the end of 2016.

Claims paid to customers during the period amount to approximately €10,841.8 million, up on the €7,462.3 million of 2016. The rise is primarily due to an increase of approximately €2,795.5 million in expirations during the period, amounting to €6,560.4 million compared to the €3,765.0 million of 2016. Surrender costs total approximately €2,977.2 million for the same period (€2,618.0 million in 2016), representing a 2.9% share of initial provisions. This continues to be well below the industry average of 6.78% at 30 September 2017 (latest figure published on ANIA's website).

Total **commissions** paid for distribution, collection and portfolio maintenance services amount to approximately €463.7 million (on an accruals basis, the amount for the period totals €462.2 million, reflecting the amortisation of prepaid commissions on the sale of pension products). This figure accounts for around 2.2% of earned premiums and is in line with 2016. After the commissions received from reinsurers, the figure is €460.3 million, compared to the €440.7 million reported for 2016.

With regard to organisational aspects, **operating costs** total €84.4 million, slightly up on the €83.6 million of 2016.

The above performance has resulted in **EBITDA** for the period of €752.2 million, up on the €584.8 million of 2016.

As noted above, the **investment of free capital** also generated net finance income of €71.2 million, although this is slightly down on the figure for 2016 (€75.0 million). The reduction is primarily due to a reduction of €5.1 million in ordinary income and realised gains, given the less favourable financial market performance registered during the period. Net unrealised losses during the period amount to €10.7 million (€12.1 million in 2016) almost entirely due to the further impairment loss on the investment in the Atlante fund of €12.1 million registered in 2017.

Income/expenses on FVTPL	at 31 December 2017	at 31 December 2016	Increase/ (decrease)
Income	76.3	79.9	(3.5)
Realised gains and losses	5.6	7.2	(1.6)
Unrealised gains and losses	(10.7)	(12.1)	1.4
Direct employees	**71.2**	**75.0**	**(3.8)**

Interest expense on subordinated debt amounts to €27.6 million for 2017 (€36.4 million in 2016). This almost entirely reflects: i) €22.9 million in interest paid to the subscribers of subordinated bonds issued by Poste Vita, and ii) €4.5 million in interest paid during the period on subordinated loan notes subscribed for by the parent, Poste Italiane. The change with respect to 2016 is entirely due to the repayment of two subordinated loans (both subscribed for by the parent.

This performance has resulted in **profit before tax** of €795.7 million, compared to €623.3 million for 2016. After-tax **profit for the period**, amounting to €512.0 million, is up from the €378.8 million of 2016.

Non-Life business

RECLASSIFIED INCOME STATEMENT (€m)	for the year ended 31 December 2017	for the year ended 31 December 2016		Variazione
Net premium revenue	**99.3**	**80.5**	**18.8**	**23%**
Gross premium revenue	*131.1*	*108.5*	*22.6*	*21%*
Outward reinsurance premiums	*(31.8)*	*(28.0)*	*(3.8)*	*14%*
Fee and commission income	**0.0**			
Net financial income from assets related to traditional products	**3.9**	**3.5**	**0.4**	**12%**
Income	*3.7*	*3.2*	*0.5*	*16%*
Realised gains and losses	*0.2*	*0.3*	*(0.1)*	*(35%)*
Unrealised gains and losses				
Net change in technical provisions	**(25.5)**	**(33.0)**	**7.4**	**(23%)**
Claims paid	*(25.8)*	*(21.8)*	*(4.0)*	*18%*
Change in technical provisions	*(6.7)*	*(20.7)*	*14.0*	*(68%)*
Share attributable to reinsurers	*6.9*	*9.5*	*(2.6)*	*(27%)*
Investment management expenses	**(0.4)**	**(0.4)**	**(0.0)**	**5%**
Acquisition and administrative costs	**(34.5)**	**(33.6)**	**(0.8)**	**2%**
Net commissions and other acquisition costs	*(8.7)*	*(7.3)*	*(1.4)*	*19%*
Operating costs	*(25.8)*	*(26.3)*	*0.6*	*(2%)*
Other revenues/(costs), net	**4.7**	**7.9**	**(3.2)**	**(40%)**
PROFIT BEFORE TAX	**47.5**	**24.8**	**22.6**	**91%**
Income tax expense	(13.3)	(7.4)	(5.9)	79%
PROFIT FOR THE PERIOD	**34.2**	**17.4**	**16.8**	**96%**

Gross premium revenue in the non-life business, generated by policies sold in the period under review, totals approximately €131.1 million (up 21% on the figure for 2016). After outward reinsurance premiums, **net premium revenue** amounts to approximately €99.3 million (up 23% compared to the €80.5 million of 2016).

During the period, claims expenses, inclusive of settlement costs and direct costs, amounted to €25.8 million, compared to €21.8 million in 2016. The **change in technical provisions**, inclusive of provisions for late lodgements, totals €6.7 million for the period, compared to €20.7 million for 2016. As a result of the operating performance and the above trends relating to claims, the overall loss ratio is down from 39.2% in 2016 to the current 24.8% (lower than the latest figure for the industry as a whole of 52.1% for 2016).

Considering the reinsurers’ share of €6.9 million, the **net change in technical provisions** amounts to €25.5 million at the end of the period, compared to €33.0 million for 2016.

Commissions paid for distribution and collection activities amount to approximately €24.6 million. After commissions received from reinsurers and the impact of amortisation for the period, commissions amount to €8.7 million (€7.3 million in 2016).

Operating costs for the period amount to approximately €25.8 million, in line with the figure for 2016 (€26.3 million), and primarily regard personnel expenses, commercial expenses and IT costs.

Net finance income, resulting from a prudent policy that aims to safeguard the Group’s financial strength, amounts to €3.9 million, up on the figure of €3.5 million for 2016 and almost entirely attributable to ordinary income on securities, as opposed to a limited amount of realised gains.

Net other income of €4.7 million in 2017 compares with €7.9 million of 2016, This primarily regards revenue from ordinary activities, totalling €10.0 million, generated by the subsidiary, Poste Welfare Servizi, during the period, the reversal of commissions for previous years, totalling €2.9 million, after the reversal of premium revenue for previous years, amounting to €7.7 million.

This performance has resulted in **EBITDA for the period** of €47.5 million, compared to €24.8 million for 2016. After-tax **profit for the period**, amounting to €34.2 million, is up from the €17.4 million of 2016.

6. Organisation of the Poste Vita Group

Corporate Governance

This paragraph also represents the Report on Corporate Governance required by art. 123-bis of Legislative Decree 58/1998 (the Consolidated Law on Finance), as for as it extends to information required under paragraph 2, sub-paragraph b. The governance model adopted by the Parent Company, Poste Vita, is "traditional", i.e. characterized by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.

The Board of Directors of the Parent Company, Poste Vita, which has 7 members (2 of whom, as confirmed at the time of the Board's re-election in June 2017, are independent), meets periodically to review and adopt resolutions on strategy, operations, results, and proposals regarding the operational structure, strategic transactions and any other obligations under current industry legislation. This body thus has a central role in defining the Company's strategic objectives and the policies needed to achieve them. The Board of Directors is responsible for managing corporate risks and approves the strategic plans and policies to be pursued. It promotes the culture of control and ensures its dissemination to the various levels within the organisation.

The Chairwoman is vested with the authority provided for by the articles of association and those conferred by the Board of Directors at the meeting of 19 June 2017. At the same meeting, the General Manager was appointed and vested with the relevant authority. Later, at the meeting held on 26 July 2017, it was decided to create a General Manager's Office to assume responsibility for the activities previously carried out by the Insurance Office, Marketing and Sales and the Operating Office. At the same Board of Directors' meeting, the Chief Executive Officer was appointed and vested with the authority to manage the Company, with the exception of the powers reserved for the Board of Directors. The Chief Executive Officer also has the power to represent the Company.

The Board of Directors has established a Remuneration Committee, the composition of which again changed following the re-election of Directors in June 2017. The Committee has an advisory role and makes recommendations to the Board regarding remuneration policies and the remuneration of executive Directors. The Committee also assesses whether or not the remuneration paid to each executive Director is proportionate to that paid to other executive Directors and the Group's other personnel. On 19 June 2017, the Internal Audit and Related Party Transactions Committee was also re-elected, with the role of assisting the Board of Directors in determining internal control system guidelines, in assessing the system's adequacy and effective functionality, and in identifying and managing the principal business risks.

The Board of Statutory Auditors is made up of 3 standing members and 2 alternates appointed by the shareholders. Pursuant to art. 2403 of the Italian Civil Code, the Board of Statutory Auditors monitors compliance with the law and the articles of association and with good practices and, in particular, the adequacy of the organizational, administrative and accounting structure adopted by the Company and its functionality.

The audit activities required by articles 14 and 16 of Legislative Decree 39/2010 are carried out by BDO SpA, an auditing firm entered in the register of auditors held by the Ministry of the Economy and Finance.

The Parent Company, Poste Vita, also has a system of procedural and technical rules that ensure consistent corporate governance through the coordinated management of the decision-making process regarding aspects, issues and activities of interest and/or of strategic importance, or that might give rise to significant risks for its assets. The governance system is further enhanced by a series of committees with the role of guiding and controlling corporate policies on strategic issues. In particular, the following committees have been established:

i. an Executive Committee, with responsibility for overseeing the operating performance with respect to the budget, as well as progress in implementing the Group's key projects, and for assessing and discussing key, Group-wide issues in order to support the Chief Executive Officer's decision-making and provide guidance for the functions responsible for achieving the companies' objectives. A Solvency II Assessment Sub-committee has also been set up within the Executive Committee. The Sub-committee is responsible for analysing and evaluating the results produced by the assessment models and their performance, in order to provide support for business planning and capital and solvency management. Support for the Sub-committee is also provided by the Methodology, Assumptions and Scenarios Committee, which is responsible for analysing and proposing the methods, assumptions and criteria to be used in assessment processes; for scenario assessment and the stress tests to be carried out for the various purposes and for expert judgements where required; and for assessing compliance with Data Quality policies and procedures;

ii. an Insurance Products Committee, with responsibility for analysing proposals regarding insurance product offerings, the pricing of such products and the related technical and financial characteristics, assessing their ability to meet the needs of customers and the relevant market; assessing reinsurance strategies for new products based on an assessment of the related risk-return profile and degree of capital absorption; assessing the technical and profit performance and risk limits for product portfolios, analysing any critical issues and devising the necessary corrective action; and monitoring the sales performance and the characteristics of the products offered with respect to changes in the market;

iii. a Crisis Management Committee, responsible for managing crisis situations arising in connection with the Company's information system, to ensure business continuity in the event of unexpected, exceptional events. The Committee operates in accordance with the policies established for the areas of interest by the parent, Poste Italiane;

iv. an Investment Committee, which plays a role in defining the investment policy, the strategic and tactical asset allocation policy and its monitoring over time. Responsibility for issues regarding real estate investments, which also fall under the purview of the Investment Committee, has been assigned to a Real Estate Investment Committee with responsibility for providing a prior opinion on such issues; and, finally,

v. a Procurement Committee with responsibility for selecting suppliers for the provision of key goods and services with a value of over €100,000 per individual contract.

Lastly, to ensure compliance with the more advanced governance models and in accordance with the articles of association of the Parent Company, Poste Vita, a manager responsible for financial reporting has been appointed.

Internal control system

Within the Poste Vita Group, but tailored to meet the needs of each company, the risk management process is part of a wider internal control system structured as follows:

- line controls, carried out during operational processes managed by individual operating units (this also includes hierarchical controls and controls "embedded" in procedures); the system of proxies and of powers of attorney; the operating units therefore represent a "first line of defence" and are responsible for effectively and efficiently managing the risks that fall within their purview;
- risk management controls, carried out by the Risk Management function, which is separate and independent from other operating units and identifies the various types of risk, contributes to establishing methods for evaluation/measurement and verifies that the operating units comply with the assigned limits; it also identifies and recommends, where necessary, risk corrective and/or mitigation actions, checking consistency between the Company's operations and the risk objectives established by the competent corporate bodies;
- controls on the risk of non-compliance with rules, carried out by the Compliance department, which is separate and independent from operating units and has responsibility for preventing the risk of incurring legal or administrative sanctions, financial losses or reputational damage arising from non-compliance with the relevant regulations. In this context, the Compliance unit is responsible for assessing the adequacy of internal processes to prevent the risk of non-compliance;
- second level controls also include the Actuarial Department, which is tasked with coordination, management and control of technical provisions and with reviewing of the reinsurance strategy, whilst also contributing to effective application of the Risk Management System;
- controls assigned to the Internal Auditing unit, which is separate and independent from operating units. This department, based on an analysis of areas of risk affecting the Company's business, plans audits to assess the effectiveness and efficiency of the Internal Control System with respect to operations/business processes.

The Board of Directors and senior management also participate in the above system, having been included in the model as a result of the role assigned to them by ISVAP Regulation 20 with regard to determination, implementation, maintenance and monitoring of the internal control and risk management system. In particular:

- the Board of Directors guarantees and has ultimate responsibility for the system, drawing up the related guidelines, monitoring the results and ensuring its ongoing completeness, functionality and efficacy;
- senior management is responsible for implementing, maintaining and monitoring the system in accordance with the guidelines drawn up by the Board of Directors.

This organisational model aims to ensure, at each company, the presence of effective and efficient business processes, the control of current and future risks, the regular nature and functionality of reporting procedures, reliable and complete information and protection of the Group's assets over the medium and long term.

The model also includes, with specific regard to the Parent Company, Poste Vita, the Board Committees (the Remuneration Committee and the Internal Audit and Related Party Transactions Committee), in addition to other entities tasked with the conduct of controls such as, for example, the manager responsible for financial reporting, appointed in accordance with Law 262/2005.

Regarding the organisation of control functions, controls for the subsidiary, Poste Assicura, are conducted on a centralised basis by the Parent Company, Poste Vita, pursuant to art. 36 of ISVAP Regulation 20, dated 26 March 2008.

The internal control system also consists of a set of rules, procedures and organisational units designed to prevent or minimize the impact of unexpected events and to enable the achievement of strategic and operational objectives (effectiveness and efficiency of operations and protection of corporate assets), compliance with laws and regulations, and accurate and transparent internal information. It is a widespread system applied throughout the Group and is progressively upgraded.

In this context, the Internal Auditing function assists the Group in achieving its goals, providing independent and objective assurance with the aim of assessing and improving the control, risk management and corporate governance systems. This function, using a systematic, risk-based approach, monitors and assesses the effectiveness and efficiency of the internal control system and, more generally, the governance system as a whole. This involves coordinating audit activities at Group level, in accordance with the requirements set out in the Internal Audit Policy document.

Internal Auditing also 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.

A Risk Management function has also been established to develop risk measurement methods and propose action plans to mitigate the financial, technical and process risks to which the Company is exposed. The Risk Management function is also responsible for developing a risk assessment system and a system to measure regulatory capital according to specifications under definition at EU level (Solvency II). Risk Management also supports the Board in assessing, through stress tests, the consistency between the risks undertaken by the firm, the risk appetite defined by the Board of Directors and its current and prospective capital.

The Compliance unit guarantees organisational and procedural adequacy to prevent the risk of non-compliance with regulations, as per the Compliance Policy.

The Actuarial Department reports to the Risk Officer and is required, as part of its role, to apply the risk management system.

As to the matters governed by Legislative Decree 231/01, Poste Vita has adopted a Compliance Programme with the objective of preventing the perpetration of the different types of offence contemplated by the law, and has appointed a Supervisory Board.

Adoption of the 231 Compliance Programme and the rules of conduct contained therein combine with the "Poste Italiane Group's Code of Ethics" and the "Poste Italiane Group's Code of Conduct for Suppliers and Partners" adopted by the companies in the Group, in keeping with similar codes in place for the parent, Poste Italiane.

Organizational structure and personnel

The Poste Vita Group continued to strengthen its organisational structure during the period, in order to meet the requirements associated with its growing size, the increase in business and its plans for the future.

The Parent Company, Poste Vita, continues to carry out certain activities relating to administration, IT systems, marketing and internal controls (internal auditing, compliance and risk management and actuarial procedures), and staff functions (human resources, legal affairs, general services and management control, etc.). Since December 2017, the Parent Company, Poste Vita, also provides administrative and tax advisory services to the subsidiary, Poste Welfare Servizi.

The Poste Vita Insurance employs a total of 535 people at 31 December 2017, compared to 494 at 31 December 2016.

Investment of free capital	at 31 December 2017	at 31 December 2016	Increase/ (decrease)
Executives	36	42	(6.0)
Middle managers	191	199	(8.0)
Operational staff	302	249	53
Personnel on fixed-term contracts	6	4	2
Direct employees	**535**	**494**	**41**

The staff hired during the period were primarily recruited to provide support for the business and for new and ongoing projects, partly with a view to strengthening technical and specialist expertise, as well as governance and control.

In this connection, and in order to boost its human capital, the Poste Vita Insurance Group carried out specific development courses focusing on matters relating to insurance (with particular attention to Solvency II issues, regulatory requirements and new developments relating to non-life and risk protection products, and regarding life and savings products). In line with previous years and with the support of the Corporate University, close attention was also given to the development of management skills among the Group's personnel.

7. Relations with the parent and other Poste Italiane Group Companies

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.

Transactions with the parent, Poste Italiane SpA, which owns all the outstanding,shares are governed by written agreements and conducted on an arm's length basis. They primarily regard:

- the sale and distribution of insurance products at post offices and related activities;
- post office current accounts;
- partial secondment of personnel used by the Company;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services;
- Term Life Insurance policies.

Furthermore, at 31 December 2017, subordinated loan notes, totalling €250 million, issued by the Company, have been subscribed for by the parent, Poste Italiane SpA. The notes provide a market rate of return reflecting the Company's creditworthiness.

The Parent Company, Poste Vita, also provides services to its subsidiary, Poste Assicura SpA. The transactions are conducted on an arm's length basis, are governed by service agreements and regard:

- the secondment of personnel from and to the subsidiary;
- activities involved in operational organisation and use of the equipment necessary to carry out the activities;
- operational procedures relating to compliance with occupational health and safety regulations;
- operation and management of data protection procedures;
- operational marketing and communication, the development and operation of IT systems and accounting;
- the centralisation of internal control, actuarial procedures, human resources and organisation, legal and corporate affairs, procurement and general services, management planning and control, investment and treasury, tax, training and network support and programme management for strategic projects;
- Term Life Insurance policies.

Poste Vita conducts transactions with the subsidiary, Poste Welfare Servizi, primarily in relation to the secondment of personnel, the provision of services and centralised administrative and tax management.

In addition to the relationship with the parent and the subsidiaries, Poste Assicura and Poste Welfare Servizi, Poste Vita also maintains operational relations with other Poste Italiane Group companies, with regard to:

- management of the Company's free capital and of a part of the portfolio investments attributable to separately managed accounts (BancoPosta Fondi SGR, Anima SGR);
- printing, enveloping and mail delivery through information systems; management of incoming mail, the dematerialization and filing of printed documentation (Postel);
- services related to network connections with Poste Italiane's post offices (Postecom)[5];
- mobile telephone services (Poste Mobile);
- advice on obligations pertaining to occupational health and safety (Poste Tutela);

5. During the period, Postecom (with the exception of Postecom's investments in PatentiVia Poste and Consorzio Poste Motori) was merged with and into Poste Italiane with effect for legal, accounting and tax purposes from 1 April 2017.

- Term Life Insurance policies (Postel, EGI, Poste Mobile, Mistral Air, Poste Tributi and BancoPosta Fondi SGR);
- the supply of electricity (EGI).

In addition, Poste Assicura engages in transactions with Poste Welfare Servizi regarding claims management for certain products.

These transactions are also conducted on an arm's length basis.

8. Other information

Information on own shares and/or the parent's shares held, purchased or sold during the period

Poste Vita Insurance Group companies do not own and have not traded in their own or the parent's shares.

Related party transactions

In addition to other companies in the Poste Italiane Group, whose relationships have already been described in the previous paragraph, according to the provisions of IAS 24.9, related parties include the MEF (the Ministry of the Economy and Finance), Cassa Depositi e Prestiti SpA, entities controlled by the MEF and key management personnel. The Government and public bodies different from the MEF and from the bodies controlled by the Ministry are not considered related parties; furthermore, transactions involving financial assets and liabilities represented by financial instruments are not considered related party transactions, with the exception of those issued by companies in the Cassa Depositi e Prestiti group.

At 31 December 2017, Poste Vita and Poste Assicura hold bonds issued by Cassa Depositi e Prestiti with a total fair value of €1,795.3 million, acquired under market conditions. In addition, during the fourth quarter of 2016, the Parent Company, Poste Vita, acquired a 9.9% interest in FSI SGR from Cassa Depositi e Prestiti. The Company does not exercise either de iure or de facto control, whether on an individual or joint basis, or as a connected party with CDP and/or other shareholders of FSI SGR.

The Insurance Group's Directors and key management personnel have not conducted any related party transactions.

Research and development activities

During the period, the Poste Vita Insurance Group did not incur any research and development expenses, except for costs related to new products and those relating to the capitalised direct costs incurred in relation to internal software development carried out by Poste Welfare Servizi.

Legal disputes

Litigation involving the Parent Company, Poste Vita, primarily regards issues directly or indirectly connected to insurance contracts.

Approximately 50% of the disputes regard issues surrounding so-called "dormant policies", whilst the remaining disputes generally regard problems relating to i) the inability to settle claims due to a lack of documentation, ii) disputes between life policy beneficiaries and iii) problems regarding the payment of claims.

There has been an ongoing increase in the number of bankruptcy proceedings involving employers who have failed to make voluntary and mandatory payments of contributions (for TFR, or post-employment benefits) for members of the *PostaPrevidenza Valore* individual pension plan. The proceedings have been brought by the Parent Company, Poste Vita, in order to recover the amounts due, whilst covering the related expenses.

Criminal proceedings involving the Parent Company, Poste Vita, mostly regard alleged offences relating in general to the falsification of insurance documents by third parties and, in any event, by persons not employed by the Company.

The likely outcome of disputes is taken into account in calculating provisions for risks and charges.

Disputes involving the subsidiary, Poste Assicura, primarily regard contested claims on Home, Accident and Condominium policies.

The likely outcome of disputes is taken into account in calculating outstanding claims provisions.

Criminal proceedings mostly regard alleged offences relating in general to the falsification of insurance documents by third parties and, in any event, by persons not employed by the company.

In addition, Poste Assicura has received a number of serial claims on accident and home/householder insurance policies where fraud is suspected. The company is taking the appropriate initiatives.

Principal proceedings pending and relations with the authorities

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

On 27 September 2017, IVASS sent the Parent Company, Poste Vita, the results of its inspection of the Company conducted between 20 March 2017 and 28 June 2017, pursuant to art. 189 of the Private Insurance Code (Legislative Decree 209 of 7 September 2005). The focus of the inspection was "an audit of the best estimate of liabilities and the assumptions used in computing such liabilities and solvency capital requirements (SCR), including on a prospective basis".

Finding that the degree of implementation of the Solvency II framework was satisfactory overall, the regulator did not identify any specific shortcomings, merely making a number of observations regarding methodology and the governance and control system, requiring further analysis and corrective action.

Four proceedings (the latest dated 17 January 2018) are also pending before the regulator, with almost all regarding violations of art. 183, paragraph 1.a) of the Codice delle Assicurazioni Private (Private Insurance Code or CAP), as a result of the payment of claims beyond the term provided for in the related contracts.

Finally, in the last quarter of 2017, the Company received three penalty notices from IVASS (settling seven proceedings), including two relating to the above violations and one to the failure to comply with article 16 of IVASS Regulation 35/2010, regarding the deadline for responding to customer requests for information.

Bank of Italy - Financial Intelligence Unit (UIF)

The Bank of Italy's Financial Intelligence Unit (UIF) conducted a number of inspections of Poste Vita SpA conducted in 2015 and 2016, in relation to money laundering prevention as per art. 47 and art. 53, paragraph 4, of Legislative Decree 231 of 2007. On 8 July 2016, the UIF sent 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 Legislative Decree 231/2007. The violation in question may result in a fine of up to €400,000.

Poste Vita has sent the Ministry of the Economy and Finance a defence memorandum and is awaiting a final decision.

COVIP - *Commissione di Vigilanza sui Fondi Pensione* (the pensions regulator)

With regard to the inspections carried out by the pensions regulator between October 2016 and July 2017, focusing on the *PostaPrevidenza Valore* individual pension plan, the Company has yet to receive any feedback from the regulator regarding the inspectors' findings.

Tax disputes

In 2009, the Regional Tax Office for Large Taxpayers (*Agenzia delle Entrate - Direzione Regionale del Lazio - Ufficio Grandi Contribuenti*) notified the Parent Company, Poste Vita, of an alleged violation of the VAT regulations in the 2004 tax year, resulting in fines of approximately €2.3 million for the alleged failure to pay VAT on invoices for service commissions. The Company appealed the above findings before the Provincial Tax Tribunal of Rome. In December 2010 and September 2011, the tax authorities sent notices of two further small fines for the same violation in fiscal years 2005 and 2006. These fines were also appealed. The Provincial Tax Tribunal of Rome has in every case found in the Company's favour, ruling that the tax authorities' allegations are without grounds. The tax authorities have challenged such rulings by filing an appeal. The Regional Tax Tribunal of Rome has rejected all the appeals and confirmed the lack of grounds for the claims against Poste Vita. The litigation is currently pending before the Court of Cassation. On 23 October 2015, the State Attorney's Office challenged the rulings regarding the disputes for 2004 and 2006 and summoned the Company to appear before the Court of Cassation. Counterclaims filed by Poste Vita before the Court of Cassation were served to the tax authorities on 3 December 2015 and subsequently entered in the Cassation's registry on 17 December 2015. Regarding, on the other hand, the disputes relating to 2005, the appeal before the Court of Cassation was notified to the company in November 2017. The counterclaim filed by Poste Vita was served to the tax authorities on 13 December 2017, and subsequently entered in the Cassation's registry on 29 December 2017. The likely outcome of this tax dispute continues to be taken into account in determining provisions for risks and charges.

On 30 November 2016, the Parent Company was notified of a tax assessment notice containing one violation regarding the alleged erroneous computation of outstanding claims provisions for the tax years ended 31 December 2012 and 31 December 2013. Following the Board of Directors' approval of the tax authorities' proposed settlement on 21 March 2017, the Company paid the sums due on 27 March 2017. As the irregularity merely regarded a question of timing, the additional IRES and IRAP payable, amounting to approximately €357 thousand, will be recovered in the years in which the disputed amounts are paid to beneficiaries, with the company actually only incurring the penalties and interest, totalling approximately €258 thousand.

Atlante and Atlante 2 funds

In April 2016, the Parent Company, Poste Vita, decided to invest approximately €260 million in an alternative investment fund called "Atlante", and, on 27 July 2016, invested approximately a further €200 million in the alternative investment fund named "Atlante 2". Both funds, which are managed by Quaestio Capital Management, are closed-end funds restricted to institutional investors, investing in financial instruments issued by banks looking to strengthen their capital and non-performing loans held by various Italian banks.

At 31 December 2017, the Atlante fund has called up €239.6 million, including €211.9 million allocated to the separately managed account, PostaValorePiù, and €27.7 million allocated to free capital. The Atlante II fund's capital, subscribed and called up during the period under review, is entirely allocated by the company to the separately managed account, PostaValorePiù, and amounts to €101.9 million.

With particular regard to the Atlante fund, the Parent Company, Poste Vita, when preparing the financial statements for the year ended 31 December 2016, had already recognised an impairment loss on the investment of equal to approximately 50%, based on announcements from the management company and an appraisal carried out by a leading independent advisor.

Subsequently, in view of the value of the fund's units at 30 June 2017, communicated by the management company, which has quantified the reduction in the nominal value of the investment as approximately 80%, the Parent Company, Poste Vita, recognised a further impairment loss of €104.8 million, including:

- €92.6 million allocated to separately managed accounts and thus deducted from deferred liabilities due to policyholders;
- €12.1 million relating to the Company's free capital.

As regards the Atlante II fund, the value of the fund's units, as announced by the management company at 30 June 2017, reflects the historical cost of the investments.

Programma Dinamico

As the policies have now all expired, the process of winding up the company began in December 2016 and, on 28 April 2017, the ordinary general meeting of the company's shareholders approved the final liquidation financial statements, the liquidator's report and the plan for distribution. On 18 May 2017, Programma Dinamico SpA was struck off the Companies Register.

Exemption from preparation of the Non-financial Statement

Poste Vita's Directors have elected to apply the exemption from the obligation to prepare the non-financial statement, pursuant to art. 6, paragraph 1 (art. 6, paragraph 2) of Legislative Decree 254 of 30 December 2016.

Regulatory developments

Regulatory developments during the period or prior to the date of presentation of this report, having an impact, or that might have an impact, on the Company's business and/or on the sector in which it operates are as follows:

- **On 7 February 2017, IVASS issued Regulation 34**, concerning provisions on corporate governance relating to the valuation of assets and liabilities other than technical provisions and the criteria used for their valuation and the related report on the Regulation.

- **On 7 February 2017, IVASS issued Regulation 35**, concerning adjustment of the loss-absorbing capacity of technical provisions and deferred taxation in determining the solvency capital requirement using the standard formula.
- **On 28 February 2017, IVASS issued Regulation 36**, containing provisions regarding the communication to IVASS of data and information for statistical surveys, studies and analyses of the insurance market, as referred to in Title xiv (supervision of undertakings and intermediaries), Chapter i (general provisions), art. 190-bis (statistical information) of Legislative Decree 209 of 7 September 2005 – the private insurance code.
- **On 9 February 2017, IVASS issued Ruling 56**, concerning the temporary suspension of the payment of premiums for private insurance due to earthquakes.
- **On 4 July 2017, IVASS issued Ruling 61**, containing amendments to ISVAP 24 of 19 May 2008, concerning the procedure for submitting complaints.
- **On 3 October 2017, IVASS issued Ruling 63**, containing amendments to ISVAP 24 of 19 May 2008, concerning the procedure for submitting complaints to ISVAP and the management of complaints by insurance undertakings.
- **On 27 November 2017, IVASS issued Ruling 64**, concerning adjustment of the percentage for the calculation of operating expenses to be deducted from the insurance premiums collected in 2018 for the purposes of determining the fee for the supervision of insurance and reinsurance business.
- **On 14 February 2018, IVASS issued Ruling 68**, containing amendments and additions to ISVAP Regulation 38 of 3 June 2011, concerning the establishment and administration of separately managed accounts by life insurance undertakings pursuant to article 191, paragraph 1.e) of Legislative Decree 209 of 7 September 2005 – the private insurance code; amendments and additions to ISVAP Regulation 22 of 4 April 2008, concerning provisions and formats for the preparation of annual financial statements and half-year reports by insurance and reinsurance undertakings, as referred to in Title viii (financial statements and accounting records), Chapter i (general provisions on financial statements), Chapter ii (financial statements) and Chapter v (statutory audits of the accounts) in Legislative Decree 209 of 7 September 2005 – the private insurance code; containing amendments and additions to ISVAP Regulation 14 of 18 February 2008, concerning the definition of the procedures for the approval of changes to the articles of association and to the scheme of operations, for the authorisation of the portfolio transfers and mergers and demergers, as referred to in Chapter xiv of Legislative Decree 209 of 7 September 2005 – the private insurance code.
- **Letter to the market of 21 April 2017**, concerning additional disclosures to the included in the ORSA Report to the Regulator in 2017 (for 2016). The Company will be required to supplement its ORSA Report to the Regulator with the results of its assessment of the potential impact of the scenarios defined by EIOPA in the stress tests carried out in 2016. The letter sets out the technical criteria to be used in calculating technical provisions and basic own funds in regulatory reporting between 31 March and 29 June 2017.
- **Letter to the market of 12 January 2018**, concerning the outcome of comparative analysis of Own Risk and Solvency Assessment (ORSA) reports. In view of the significance of ORSA reports, IVASS has conducted a comparative analysis of the reports submitted, taking into account the additional disclosures required by the letter to the market of 21 April 2017, regarding the impact on capital and solvency ratios of low interest rates and increased credit spreads on financial assets. The key results of the analysis are set out in the document attached to the letter in question, together with areas for improvement and the regulator's expectations. In brief, whilst acknowledging qualitative improvements with respect to previous years, as well as the greater accuracy of the method used and increased awareness of the central importance of the ORSA process in the management of undertakings, the comparative analysis of the reports for 2016 have indicated a need for an overall strengthening of the ORSA for Solvency II purposes, considering it to be an essential management tool.
- **IVASS Consultation Document 2/2017**, concerning a draft IVASS regulation containing provisions regarding the corporate governance system referred to in Title III (pursuit of insurance business) and above all in Chapter I (general provisions), articles 29-bis, 30, 30-bis, 30-quater, 30-quinques, 30-sexies, 30-septies, and Title XV (group supervision), and above all in Chapter III (supervision over intra-group transactions), article 215-bis (corporate governance system for groups) of Legislative Decree 209 of 7 September 2005 – the private insurance code, as amended by Legislative Decree 74 dated 12 May 2015, following Italy's implementation of the EIOPA guidelines on corporate governance.
- **IVASS Consultation Document 6/2017**, concerning a draft IVASS regulation containing provisions regarding the external audit, required pursuant to article 47-septies, paragraphs 7 and 191, paragraph 1.b), points 2 and 3 of the CAP, of the Solvency and Financial Condition Report (the "SFCR"), as per articles 47-septies et seq. of the CAP with regard to individual undertakings, and as per article 216-novies of the CAP with regard to groups. The draft regulation forms part of the process of implementing the new Solvency II regime and governs the requirement for public disclosures to be accompanied by an assurance report issued by an external auditor, thereby widening the scope of external audits to include solvency capital requirements (SCR and MCR) regardless of the method of calculation used. The new provisions are applicable from 2018.

International accounting standards and interpretations applied from 1 January 2017

The following amendments have been applied from 1 January 2017:

Amendments to IAS 12 - Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses, adopted with Regulation (EU) no. 1989/2017. The amendments to this standard have clarified how to account for deferred tax assets on debt instruments measured at fair value.

Amendments to IAS 7 - Statement of Cash Flows - Disclosure initiative, adopted with Regulation (EU) no. 1990/2017. The amendments have introduced a requirement to provide additional disclosures on changes in liabilities arising from financing activities, enabling the users of financial statements to distinguish between those of a monetary nature and other changes.

Accounting standards and interpretations soon to be effective

The following are applicable from 1 January 2018:

IFRS 15 - Revenue from Contracts with Customers, adopted with Regulation (EU) no. 1905/2016.

The new standard, which will replace IAS 18 - Revenue, IAS 11 – Construction Contracts and IFRIC 13 – Customer Loyalty Programmes, introduces a framework for revenue recognition no longer based on the nature of the exchange with the customer (goods, the rendering of services, interest, royalties, etc.), but on the distinction between a performance obligation fulfilled at a point in time and a performance obligation fulfilled over time.

In the case of obligation fulfilled at a point in time, revenue is recognised only when total “control” over the underlying goods or services is transferred to the customer. In this respect, attention is paid not only to the significant exposure to the risks and benefits related to the good or service but also to physical possession, customer acceptance, the existence of legal rights, etc.

If the performance obligation is fulfilled over time, revenue measurement and recognition reflect, virtually, the progress of the customer’s level of satisfaction. In practice, the entity accounts for revenue based on the stage of completion or on the costs incurred. The standard provides specific guidance to help the entity to select the most appropriate accounting treatment.

Finally, the new standard requires that every single performance obligation of the supplier with the customer must be estimated, measured and recognised separately, whether or not the obligation derives from a single contract and/or commercial agreement.

As a result of this approach, the measurement and timing of the recognition of revenue from sales could differ from the treatment applied in compliance with the provisions of IAS 18.

IFRS 9 - Financial Instruments, adopted with Regulation (EU) no. 2067/2016.

The purpose of the new accounting standard, which will replace a large part of IAS 39 – Financial Instruments: Recognition and Measurement from 1 January 2018, is to improve disclosures on financial instruments with the aim of addressing the concerns that arose during the financial crisis. The standard also introduces an accounting model that aims to the timely recognition of expected impairment losses on financial assets. The changes introduced by the standard can be summarised within the following three categories:

i. **Classification and measurement of financial assets**, based on the business model, determined by senior management, in which the financial asset is held and the related purposes, and on the expected contractual cash flow characteristics. The new standard envisages three different categories of financial asset (in place of the four envisaged by the existing IAS 39):

   Amortised cost: financial assets held to collect the contractual cash flows, represented exclusively by repayments of principal and interest;

   Fair value through other comprehensive income (FVTOCI): financial assets held to collect the contractual cash flows, represented exclusively by repayments of principal and interest, and flows resulting from the sale of the assets;

   Fair value through profit or loss (FVTPL): a residual category within which financial assets not falling within the previous categories are classified.

ii. **Impairment;** under the new model, Expected Losses, credit losses are recognised on an expected basis over the life of the financial instrument, requiring immediate recognition, rather than the occurrence of a trigger event, as under the existing Incurred Losses model. IFRS 9 requires entities to account for 12-month expected credit losses (stage 1) from the moment of initial recognition of the financial instrument. Expected credit losses must, instead, be measured over the remaining life of the asset being measured, when there has been a significant deterioration in the credit quality of the financial instrument since initial recognition (stage 2) or in the case of credit-impaired assets (stage 3).

iii. **General Hedge accounting;** partially amended with respect to IAS 39. Key aspects of the main changes introduced regard: an expanded scope of application of hedge accounting; the testing of hedge effectiveness is only prospective; the introduction of the option of rebalancing without interrupting the pre-existing hedge.

   There are no substantial changes in the classification and measurement of financial liabilities with respect to IAS 39. The only change is the accounting treatment of own credit risk: in the case of financial liabilities designated at fair value (the so-called fair value option), the standard requires changes in the fair value of financial liabilities resulting from a change in own credit risk to be recognised in equity, unless this treatment were to create or amplify an accounting mismatch in profit for the period, whilst the remaining changes in the fair value of the liabilities must be recognised in profit or loss.

The Poste Vita Group could have taken advantage of the temporary exemption[6] from the application of IFRS 9 granted by IFRS 4. However, given that the Group has had to apply the new standard in the IAS/IFRS reporting package prepared for the purposes of the Poste Italiane Group's consolidated financial statements, it decided not to apply the exemption.

Amendments to IFRS 15 - Revenue from Contracts with Customers – Clarifications to IFRS 15, adopted with Regulation (EU) no. 1987/2017. Certain clarifications are introduced regarding the new treatment of revenue and further application relief is provided to entities that adopt the standard on the basis of the modified retrospective method.

Amendments to IFRS 4 - Applying IFRS 9 – Financial Instruments with IFRS 4 - Insurance Contracts, adopted with Regulation (EU) no. 1988/2017. These amendments aim to address the temporary accounting consequences of the different effective dates of IFRS 9 and the new standard for insurance contracts (IFRS 17), replacing IFRS 4 presumably starting from 1 January 2021.

6. In particular, under the new provisions, insurance companies have been granted the option of:
a) a temporary exemption from the application of IFRS 9, permitting continued application of IAS 39 until 1 January 2021. The exemption has been granted, however, to the extent that the entity's activities are predominantly insurance (the predominance of the insurance activities is assessed on the basis of the ratio of the carrying amount of liabilities connected with insurance and the carrying amount of its total liabilities, which must be greater than 90% or in the range between 80% and 90%), or b) applying the overlay approach, under which the difference between the profit/(loss) from "Financial assets designated at fair value through profit or loss" applying IFRS 9, and the profit/(loss) from such assets applying IAS 39 is reclassified to other comprehensive income. This approach ensures consistent recognition of the impact of these financial assets on profit or loss, regardless of the accounting treatment used.

9. Events after
31 december 2017

On 21 December 2017, Poste Italiane SpA and Anima Holding SpA signed a new binding agreement with the aim of strengthening their partnership in the asset management sector. By signing this agreement, the two companies intend to confirm their interest and mutual commitment to extending and strengthening their partnership.

Among other things, the transaction envisages the partial spin-off of management of the assets underlying Class I insurance products (totalling over €70 billion), previously attributed to BancoPosta Fondi SpA SGR ("BPF SGR") to Anima SGR. The partnership agreements between the Poste Italiane Group and Anima Holding SpA, dating back to July 2015, by virtue of which Anima Holding SpA has been delegated to manage the retail funds established by BPF SGR and the assets underlying Poste Vita SpA's Class III insurance products, will be amended and expanded. The above transactions will be executed once the necessary consents from the competent supervisory authorities have been received.

Within the scope of the restructured strategic partnership between the Poste Italiane Group and the Anima Group, on 28 February 2018, Poste Vita's Board of Directors approved signature of the implementation agreements pertaining to Poste Vita and, in particular, an operating agreement delegating Anima SGR, among other things, responsibility for managing a part of the assets underlying Class I insurance products. The agreement was signed on 6 March 2018.

Outlook

As indicated in the strategic plan for the five-year period (2018-2022), approved by the Board of Directors of the Parent Company, Poste Vita, on 14 February 2018, the Insurance Group intends to maintain its leadership in the life insurance business, by providing customers with the best products in the current economic and market environment, strengthening its pension fund offering, and continuing to develop private pension plans, an area in which the Group is already the market leader.

In the non-life sector, the objective will be to pursue rapid growth in the accident, welfare and non-vehicle non-life sectors.

In addition, the Group aims to achieve synergies with the full range of the Poste Italiane Group's products, enabling adoption of a strategic approach to financial services at Group level and the achievement of sustainable business growth, encompassing the prudent management of capital.

Roma, 27 March 2018

The Board of Directors


TRASTEVERE
Viale di Trastevere
Via Portuense
Note legali
PT


Cerca ufficio postale
UFFICI POSTALI
Cerca Località, indirizzo o cap

Consolidated financial statements

Contents

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated financial statements

Statement of financial position - assets

The financial statements for the year ended 31 December 2017 are provided below:

at 31 December (€000)		2017	2016
1	**INTANGIBLE ASSETS**	**43,363**	**46,474**
1.1	Goodwill	17,823	17,823
1.2	Other intangible assets	25,539	28,651
2	**TANGIBLE ASSETS**	**8,794**	**7,943**
2.1	Land and buildings	-	-
2.2	Other tangible assets	8,794	7,943
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**71,243**	**65,969**
4	**INVESTMENTS**	**125,916,964**	**115,677,487**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates and joint ventures	106,768	105,931
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	209,526	29,843
4.5	Available-for-sale financial assets	96,078,864	90,405,357
4.6	Financial assets at fair value through profit or loss	29,521,806	25,136,356
5	**SUNDRY RECEIVABLES**	**130,866**	**169,144**
5.1	Receivables arising from direct insurance transactions	44,880	43,461
5.2	Receivables arising from reinsurance transactions	3,601	4,013
5.3	Other receivables	82,386	121,670
6	**OTHER ASSETS**	**1,954,177**	**1,711,707**
6.1	Non-current assets or disposal groups held for sale	-	-
6.2	Deferred acquisition costs	61,785	60,789
6.3	Deferred tax assets	12,906	31,475
6.4	Current tax assets	1,878,796	1,617,532
6.5	Sundry assets	689	1,911
7	**CASH AND CASH EQUIVALENTS**	**907,025**	**1,324,657**
	TOTAL ASSETS	**129,032,433**	**119,003,382**

Statement of financial position - equity and liabilities

at 31 December (€000)		2017	2016
1	**EQUITY**	**3,369,331**	**3,301,952**
1.1	**attributable to the owners of the Parent**	**3,369,331**	**3,301,952**
1.1.1	Share capital	1,216,608	1,216,608
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other reserves	1,427,722	1,501,547
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Valuation reserve for available-for-sale financial assets	178,871	187,770
1.1.8	Other valuation reserve	(63)	(148)
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	546,193	396,175
1.2	attributable to non-controlling interests	-	-
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Valuation reserves	-	-
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	-	-
2	**PROVISIONS**	**11,393**	**11,203**
3	**TECHNICAL PROVISIONS**	**123,650,644**	**113,677,921**
4	**FINANCIAL LIABILITIES**	**1,011,964**	**1,010,383**
4.1	Financial liabilities at fair value through profit or loss	-	-
4.2	Other financial liabilities	1,011,964	1,010,383
5	**PAYABLES**	**199,449**	**198,312**
5.1	Payables arising from direct insurance transactions	144,148	136,637
5.2	Payables arising from reinsurance transactions	2,587	8,018
5.3	Other payables	52,714	53,658
6	**OTHER LIABILITIES**	**789,651**	**803,610**
6.1	Liabilities included in disposal groups held for sale	-	-
6.2	Deferred tax liabilities	202,182	191,221
6.3	Current tax liabilities	578,015	603,378
6.4	Other liabilities	9,454	9,011
	TOTAL EQUITY AND LIABILITIES	**129,032,433**	**119,003,382**

Income statement

for the year ended 31 December (€000)		2017	2016
1.1	Net premium revenue	20,342,941	19,883,936
1.1.1	*Gross premium revenue*	*20,394,462*	*19,928,677*
1.1.2	*Outward reinsurance premiums*	*(51,520)*	*(44,741)*
1.2	Fee and commission income	11,468	5,873
1.3	Net income (expenses) from financial assets at fair value through profit or loss	1,004,288	935,263
1.4	Income from investments in subsidiaries, associates and joint ventures	829	713
1.5	Income from other financial instruments and investment property	2,719,817	2,626,562
1.5.1	*Interest income*	*2,382,083*	*2,278,132*
1.5.2	*Other income*	*54,212*	*22,386*
1.5.3	*Realised gains*	*283,522*	*326,045*
1.5.4	*Unrealised gains*	*0*	*0*
1.6	Other income	14,327	10,206
1	**TOTAL REVENUE**	**24,093,671**	**23,462,553**
2.1	Net claims expenses	(22,351,461)	(21,970,954)
2.1.1	*Claims paid and change in technical provisions*	*(22,370,598)*	*(21,990,568)*
2.1.2	*Share attributable to reinsurers*	*19,136*	*19,614*
2.2	Commission expenses	0	0
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	0	0
2.4	Expenses arising from other financial instruments and investment property	(229,659)	(220,022)
2.4.1	*Interest expense*	*(27,641)*	*(36,446)*
2.4.2	*Other expenses*	*(7,674)*	*(2,674)*
2.4.3	*Realised losses*	*(89,569)*	*(74,626)*
2.4.4	*Unrealised losses*	*(104,775)*	*(106,276)*
2.5	Operating costs	(577,555)	(569,685)
2.5.1	*Commissions and other acquisition costs*	*(464,419)*	*(460,731)*
2.5.2	*Investment management expenses*	*(45,472)*	*(44,369)*
2.5.3	*Other administrative expenses*	*(67,664)*	*(64,585)*
2.6	Other costs	(91,808)	(53,751)
2	**TOTAL COSTS AND EXPENSES**	**(23,250,483)**	**(22,814,411)**
	PROFIT/(LOSS) BEFORE TAX	**843,188**	**648,142**
3	**Income tax expense**	**(296,995)**	**(251,967)**
	PROFIT/(LOSS) FOR THE PERIOD AFTR TAX	**546,193**	**396,175**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**0**	**0**
	CONSOLIDATED PROFIT/(LOSS)	**546,193**	**396,175**
	of which attributable to owners of the Parent	**546,193**	**396,175**
	of which attributable to non-controlling interests	**0**	**0**

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2. Notes to the Consolidated

The financial statements for the year ended 31 December 2017 are provided below:

STATEMENT OF FINANCIAL POSITION - ASSETS

at 31 December (€000)		2017	2016
1	**INTANGIBLE ASSETS**	**43,363**	**46,474**
1.1	Goodwill	17,823	17,823
1.2	Other intangible assets	25,539	28,651
2	**TANGIBLE ASSETS**	**8,794**	**7,943**
2.1	Land and buildings	-	-
2.2	Other tangible assets	8,794	7,943
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**71,243**	**65,969**
4	**INVESTMENTS**	**125,916,964**	**115,677,487**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates and joint ventures	106,768	105,931
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	209,526	29,843
4.5	Available-for-sale financial assets	96,078,864	90,405,357
4.6	Financial assets at fair value through profit or loss	29,521,806	25,136,356
5	**SUNDRY RECEIVABLES**	**130,866**	**169,144**
5.1	Receivables arising from direct insurance transactions	44,880	43,461
5.2	Receivables arising from reinsurance transactions	3,601	4,013
5.3	Other receivables	82,386	121,670
6	**OTHER ASSETS**	**1,954,177**	**1,711,707**
6.1	Non-current assets or disposal groups held for sale	-	-
6.2	Deferred acquisition costs	61,785	60,789
6.3	Deferred tax assets	12,906	31,475
6.4	Current tax assets	1,878,796	1,617,532
6.5	Sundry assets	689	1,911
7	**CASH AND CASH EQUIVALENTS**	**907,025**	**1,324,657**
	TOTAL ASSETS	**129,032,433**	**119,003,382**

STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

at 31 December (€000)		2017	2016
1	**EQUITY**	**3,369,331**	**3,301,952**
1.1	**attributable to the owners of the Parent**	**3,369,331**	**3,301,952**
1.1.1	Share capital	1,216,608	1,216,608
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other reserves	1,427,722	1,501,547
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Valuation reserve for available-for-sale financial assets	178,871	187,770
1.1.8	Other valuation reserve	(63)	(148)
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	546,193	396,175
1.2	attributable to non-controlling interests	-	-
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Valuation reserves	-	-
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	-	-
2	**PROVISIONS**	**11,393**	**11,203**
3	**TECHNICAL PROVISIONS**	**123,650,644**	**113,677,921**
4	**FINANCIAL LIABILITIES**	**1,011,964**	**1,010,383**
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INCOME STATEMENT

for the year ended 31 December (€000)		2017	2016
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1.5.3	*Realised gains*	*283,522*	*326,045*
1.5.4	*Unrealised gains*	*0*	*0*
1.6	Other income	14,327	10,206
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2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	0	0
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2.4.4	*Unrealised losses*	*(104,775)*	*(106,276)*
2.5	Operating costs	(577,555)	(569,685)
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	PROFIT/(LOSS) FOR THE PERIOD AFTR TAX	**546,193**	**396,175**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**0**	**0**
	CONSOLIDATED PROFIT/(LOSS)	**546,193**	**396,175**
	of which attributable to owners of the Parent	**546,193**	**396,175**
	of which attributable to non-controlling interests	**0**	**0**

Part A – basis of preparation and accounting policies

Compliance with international financial reporting standards (IFRS)

The financial statements of the Poste Vita Group for the year ended 31 December 2017, consisting of the statement of financial position, the income statement, the statement of changes in equity, the statement of cash flows and the annexes to these notes, have been prepared in accordance with the basis of presentation required by the insurance regulator, IVASS, and set out in Regulation 7 of 13 July 2007[1]. The above statements have been compiled in keeping with the instructions contained in the above Regulation.

The financial statements for the year ended 31 December 2017 have been audited by BDO SpA, the independent auditors appointed for 2014-2022.

Financial statements used for consolidation

The consolidated financial statements, insofar as they relate to the consolidated companies, Poste Assicura and Poste Welfare Servizi Srl, have been prepared on the basis of the reporting packages prepared in accordance with IFRS.

Reporting date used for the consolidated financial statements

The reporting date is 31 December, the data on which all the consolidated companies end their financial year.

Consolidation procedures

The consolidated financial statements include the financial statements of the Parent Company and those of its wholly owned subsidiaries, Poste Assicura SpA and Poste Welfare Servizi Srl. These companies meet the above definition provided for by IFRS 10 and are consolidated on a line-by-line basis.

Line-by-line consolidation entails netting the carrying amount of investments in consolidated companies against the corresponding share of equity, whilst the subsidiary's assets and liabilities, including contingent liabilities, are accounted for on a line-by-line basis.

The criteria used for line-by-line consolidation of subsidiaries are as follows:

1. Amended by ISVAP ruling 2784 of 8 March 2010, IVASS ruling 14 of 28 January 2014, IVASS ruling 21 of 21 October 2014, IVASS ruling 29 of 27 January 2015 and IVASS ruling 53 of 6 December 2016.

- the assets, liabilities, costs and revenue of consolidated entities are accounted for on a line-by-line basis, separating where applicable the equity and profit/(loss) amounts attributable to non-controlling interests in consolidated equity and consolidated profit or loss;
- business combinations, in which control over an entity is acquired, are accounting for using the acquisition method. The cost of acquisition is based on the fair values of the assets given, the liabilities incurred and the equity instruments issued by the acquirer, plus any directly attributable acquisition costs incurred. Any difference between the cost of acquisition and the fair values of the assets and liabilities acquired, following review of their fair value, is recognised as goodwill arising from consolidation (if positive), or recognised in profit or loss (if negative);
- acquisitions of non-controlling interests in entities already controlled by the Group are not accounted for as acquisitions, but as equity transactions; in the absence of a relevant accounting standard, the Group recognises any difference between the cost of acquisition and the related share of net assets of the subsidiary in equity;
- any significant gains and losses (and the related tax effects) on transactions between companies consolidated on a line-by-line basis, to the extent not yet realised with respect to third parties, are eliminated, as are intercompany payables and receivables, costs and revenue, and finance costs and income;
- gains and losses deriving from the disposal of investments in consolidated companies are recognised in profit or loss based on the difference between the sale price and the corresponding share of consolidated equity disposed of.

Investments in entities over which the Group has significant influence (assumed when the Group holds an interest of between 20% and 50%), hereinafter "associates", are accounted for using the equity method.

The equity method is as follows:

- the Group's share of an entity's post-acquisition profits or losses is recognised in profit or loss from the date on which significant influence or control is obtained until the date on which significant influence or control is no longer exerted by the Group; provisions are made to cover a company's losses that exceed the carrying amount of the investment, to the extent that the Group has legal or constructive obligations to cover such losses; changes in the equity of companies accounted for using the equity method not related to the profit/(loss) for the year are recognised directly in equity;
- unrealised gains and losses on transactions between the Parent Company/subsidiaries and the company accounted for using the equity method are eliminated to the extent of the Group's interest in the associate; unrealised losses, unless relating to impairment, are eliminated.

The list of subsidiaries consolidated on a line-by-line basis and of associates measured using the equity method, together with key information, is provided in the annexes to the notes (Annex 5, ISVAP Regulation 7).

Goodwill arising on consolidation

Differences between the share of the consolidated company's equity and the carrying amount of the investment recognised in the separate financial statements is allocated directly to the "Consolidation reserve" in consolidated equity, which is included in "Revenue reserves and other equity reserves", and in assets in the statement of financial position under the item "Goodwill".

Accounting policies

The Poste Vita Group's annual financial statements are prepared on a historical cost basis, with the exception of certain items for which fair value measurement is obligatory.

The principal accounting policies adopted in the preparation of the consolidated financial statements are described below.

Use of estimates

Preparation of the annual accounts requires the application of accounting standards and methods that are at times based on complex subjective judgments 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 amounts reported in the financial statements and related disclosures. The actual amounts of items for which the above estimates and assumptions have been applied may differ from those reported in previous financial statements, due to uncertainties regarding the assumptions themselves 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.

Intangible assets

This asset class refers to intangible assets that are identifiable non-monetary assets without physical substance, controllable and capable of generating future economic benefits for the entity, as defined by IAS 38.

Intangible assets are initially recognised at cost. Assets with finite useful lives (software) are amortised on the basis of their remaining useful lives. Amortisation is applied from the date the asset is ready for use, systematically over the remaining useful life of the asset, or its estimated useful life.

Tangible assets

This asset class includes fixtures and fittings, plant, machinery and office equipment, as defined by IAS 16.

These assets are recognised at cost, which includes any directly attributable costs incurred to prepare the asset for its intended use, and the cost of dismantling and removing the asset to be incurred as a result of legal obligations requiring the asset to be restored to its original condition.

Tangible assets are subsequently measured at amortised cost.

Depreciated is charged on a straight-line basis over the asset’s estimated useful life.

Assets are accounted for after deducting depreciation and any impairments.

The useful life and residual value of property, plant and equipment are reviewed annually. In the event of a discrepancy compared with earlier estimates, an impairment is recognised and depreciation recalculated.

Non-routine maintenance costs generating future economic benefits are capitalised, whilst routine maintenance costs are recognised directly in profit or loss in the year in which they are incurred.

The Poste Vita Group has estimated the following useful lives for the various categories of tangible asset:

Type of asset	Period of amortisation/depreciation	Rate
Software	3 years	33%
Internal software	5 years	20%
Start-up and expansion costs	5 years	20%
Leasehold improvements	remaining lease term	
Fixtures and fittings, office equipment and internal means of transport	8 years	12%
Motor vehicles	4 years	25%
Plant and machinery	5 years	20%

Technical provisions ceded to reinsurers

These are determined in accordance with the terms and conditions of reinsurance treaties, as this method most accurately reflects the specific revenues and costs typical of the sector.

Investments in associates

This item includes the Group's investment in its associate.

This investment is accounted for using the equity method, in proportion to the Group's interest in the associate.

Financial instruments

Financial instruments include financial assets and liabilities that are classified on initial recognition at fair value based on the business purpose for which they were acquired. The purchase and sale of financial instruments are recognised by category. Any changes in fair value between the transaction date and the settlement date are recognised in the financial statements.

Financial assets

On initial recognition, financial assets are classified in one of the following categories and valued as follows:

Financial assets at fair value through profit or loss

This category includes financial instruments held for trading in the short term, derivatives and securities designated by the Group at fair value through profit or loss. Designated securities include structured financial instruments where the derivative component must be measured separately unless it is embedded in the host contract, assets covering pension fund obligations, unit- and index-linked policies and any surplus instruments held for sale.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument. Transaction costs or income directly attributable to the purchase or sale of the instrument are not included on initial recognition and are recognised directly in profit or loss.

The assets are subsequently measured at fair value, with any changes recognised in profit or loss.

Financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

Loans and receivables

These assets are measured at amortised cost using the effective interest rate method, less any impairments.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument, plus directly attributable transaction costs.

Impairment tests are conducted at the end of each annual or interim reporting period. Impairments are recognised as a reduction in the cost, with a matching entry in profit or loss. If in subsequent periods the conditions which led to the impairment no longer exist, the carrying amount of the asset is reinstated and a reversal recognised in profit or loss. The reversal must not result in a carrying amount that is higher than what the amortised cost of the asset would have been had the impairment not been recognised.

These financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

The fair value of these assets is based on the value of recent or similar transactions or on valuation models.

Available-for-sale financial assets

These assets include non-derivative financial instruments that are either designated in this category or not attributable to any of the other categories described above. These financial instruments are recognised at fair value and any resulting fair value gains or losses are recognised in an equity reserve, with movements in such reserve being accounted for in “Other components of comprehensive income” (the “Fair value reserve”). This reserve is only recycled to profit or loss when the financial asset is effectively disposed of (or settled) or, in the event of accumulated losses, when there is evidence that the impairment recognised in equity cannot be recovered.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument, plus directly attributable transaction costs.

In the case of debt securities, the recognition of returns under the amortised cost method takes place through profit or loss, as do the effects of movements in exchange rates, whilst movements in exchange rates relating to available-for-sale equity instruments are recognised in a specific equity reserve, with movements in the reserve accounted for in “Other components of comprehensive income”.

Impairment tests are conducted at the end of each annual or interim reporting period. Impairments are recognised as a reduction in the cost, with a matching entry in profit or loss by recycling accumulated gains or losses recognised in the specific equity reserve. If in subsequent periods the conditions which led to the impairment no longer exist, the carrying amount of the asset is reinstated and a reversal recognised in profit or loss, in the case of debt securities, or in equity, in the case of equity instruments. The reversal must not result in a carrying amount that is higher than what the amortised cost of the asset would have been had the impairment not been recognised.

These financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

Determining the fair value of financial assets – background

Paragraph 2 of IFRS 13 – Fair Value Measurement, endorsed by EU Regulation 1255/2012 of 11 December 2012, states that “Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability)”.

In accordance with the above standard, a description of the fair value measurement techniques used by the Poste Vita Group is provided below.

It is important to remember that the active market concept refers to a market in which prices are readily and regularly available from an exchange, or quoted regularly on “alternative” trading platforms, as opposed to official platforms, provided that such prices are deemed to be reliable. Prices may also be those available from primary participants in different markets, provided that the prices observed represent potential or actual market transactions on an arm’s length basis.

The assets and liabilities concerned are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of the three levels defined by IFRS 13:

Level 1 – fair value is determined with reference to prices quoted in an active market;

Level 2 – fair value is based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the instrument being measured and based on instruments with a similar risk profile;

Level 3 – fair value is based on inputs that cannot be directly or indirectly observed and that require the entity to make estimates and assumptions.

Further details of fair value measurement techniques are provided in the section, "Fair value measurement".

Other receivables

This item primarily regards amounts receivable from policyholders in the form of premiums in the process of collection, from agents and insurance and reinsurance companies. These assets are measured at amortised cost using the effective interest rate method. This method is not used for receivables falling due in the short term, as the effect of discounting to present value is negligible. These receivables are measured at cost, which coincides with their nominal value, and tested for impairment.

Other assets

Deferred acquisition costs

This item refers to deferred acquisition costs, related to the acquisition of new insurance contracts. These costs are accounted for using the local accounting standards applied in the country of residence of each consolidated company, as required by IFRS 4.

Current and deferred tax assets

Current and deferred tax assets are defined and governed by IAS 12. Deferred tax assets are reviewed regularly at the end of each reporting period if there have been changes to the relevant tax regulations.

Other assets

"Other assets" include, among other things:

- deferred commission expenses payable on investment contracts outside the scope of IFRS 4, but of IAS 39, and as such are classified as liabilities at fair value through profit or loss;
- transitional reinsurance accounts;
- other assets relating to employee benefits, as governed by IAS 19, consisting of surpluses resulting from the difference between provisions calculated in accordance with Italian GAAP and those calculated in accordance with IAS 19.

The criteria used to determine provisions for employee benefits are described in the section, "Other payables":

- accrued income and prepaid expenses.

Cash and cash equivalents

This category includes cash and demand deposits. These are recognised at their nominal value and, in the case of foreign currency items, converted using closing exchange rates.

Impairment testing

The Poste Vita Group tests its assets for impairment at the end of each reporting period. The tests are conducted by comparing the carrying amount of each asset with its estimated recoverable amount and, if the latter is lower than the former, an impairment of the asset is recognised. The recoverable amount is the greater of fair value, less costs to sell, and value in use.

Impairment losses are recognised in profit or loss. Except in the case of goodwill, if the previous indicators of impairment no longer exist, the carrying amount of the asset is increased to reflect the new estimated recoverable amount. The reversal must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised.

Equity attributable to owners of the Parent

This category consists of equity instruments ("other equity instruments") and capital reserves attributable to owners of the Parent.

"Retained earnings and other capital reserves" include gains and losses resulting from the first-time application of IFRS and the consolidation reserves.

"Gains or losses on available-for-sale financial assets" include the gains or losses resulting from measurement of available-for-sale financial assets, accounted for after both deferred taxation and the portion attributable to policyholders, which is accounted for in insurance liabilities (under the shadow accounting mechanism).

Other gains and losses recognised directly in equity

This item includes actuarial gains and losses and adjustments to defined benefit plans recognised directly in equity (IAS 19.93A).

Provisions for risks and charges

Provisions for risks and charges 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 includes the liabilities defined and governed by IAS 37. Provisions for risks and charges are made when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management's best estimate of the use of resources required to settle the obligation at the end of the reporting period. The value of the liability, if significant, is discounted to present value.

Technical provisions

A description of the accounting policy applied to "Technical provisions" is provided in the next section, "Premiums and technical reserves".

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading in the short term, derivative financial instruments and liabilities designated at fair value through profit or loss. This category also includes financial policies for life insurance.

On initial recognition, these liabilities are measured at fair value at the settlement date. Transaction costs or income directly attributable to the transaction are not included on initial recognition and are recognised directly in profit or loss.

The liabilities are subsequently accounted for at fair value and any difference between fair value and the carrying amount e is recognised in profit or loss.

Financial liabilities are derecognised when settled or when all the related risks and rewards have been substantially transferred.

Other financial liabilities

This category includes financial liabilities not held for trading. They regard subordinated loans to the Parent Company, Poste Vita, from the parent, Poste Italiane.

On initial recognition, these liabilities are measured at fair value at the settlement date, plus directly attributable transaction costs.

The liability is subsequently measured at amortised cost using the effective interest rate method.

Payables

Payables arising from direct insurance transactions

This item includes trade payables deriving from direct insurance transactions. These payables are recognised at their nominal value. Discounting is not used as, given the short-term nature of the payables, the impact would not be significant.

Payables arising from reinsurance transactions

This item includes trade payables deriving from reinsurance transactions. These payables are recognised at their nominal value. Discounting is not used as, given the short-term nature of the payables, the impact would not be significant.

Other payables

Other payables refer to items not relating to the insurance business. This item includes provisions for the component of employee benefits calculated under Italian GAAP. Discounting is not used, as these are short-term payables or payables involving the payment of interest in accordance with pre-established contracts. Employee benefits consist of the following categories:

Short-term benefits

Short-term employee benefits are those that will be fully paid within twelve months of the end of the year in which the employee provided his or her services. Such benefits include wages, salaries, social security contributions, holiday pay and sick pay.

The undiscounted value of short-term employee benefits to be paid to employees in consideration of employment services provided over the relevant period is accrued as personnel expenses.

Post-employment benefits

Post-employment benefits are of two types: defined benefit plans and defined contribution plans. Since, for defined benefit plans, the amount of benefits payable can only be determined subsequent to the cessation of employment, the related cost and obligations can only be estimated by actuarial techniques in accordance with IAS 19. Under defined contribution plans, contributions payable are recognised in profit or loss when incurred, based on the nominal value.

Defined benefit plans

Defined benefit plans include the post-employment benefits payable to employees in accordance with article 2120 of the Italian Civil Code:

- For all companies with at least 50 employees, covered by the reform of supplementary pension provision, from 1 January 2007 vesting employee benefits must be paid into a supplementary pension fund or into a Treasury Fund set up by INPS. Accordingly the company's defined benefit liability is applicable only to the provisions made up to 31 December 2006.
- In the case of companies with less than 50 employees, to which the reform of supplementary pension provision does not apply, vested employee benefits continue to represent a defined benefit liability for the company.

The post-employment benefit ("*TFR*") liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the financial statements is based on calculations performed by independent actuaries.

The calculation takes account of benefits accrued for the period of service to date and is based on actuarial assumptions. These primarily regard: demographic assumptions (such as employee turnover and mortality) and financial assumptions (such as rate of inflation and a discount rate consistent with that of the liability). In the case of companies with at least 50 employees, as the company is not liable for employee benefits accruing after 31 December 2006, the actuarial calculation of employee benefits no longer takes account of future salary increases. Actuarial gains and losses are recognised directly in other comprehensive income at the end of each reporting period, based on the difference between the carrying amount of the liability and the present value of the Group's obligations at the end of the period, due to changes in the actuarial assumptions.

Defined benefit plans also include supplementary pension plans guaranteeing members and their surviving spouses pensions in addition to those managed by INPS to the extent of and in accordance with the conditions provided for in specific regulations covered by the collective labour contract and legislation. The initial recognition and subsequent measurement of such plans are consistent with valuation of the TFR described above. Measurement of the liability recognised in the financial statements is based on calculations performed by independent actuaries.

Defined contribution plans

Post-employment benefits payable pursuant to art. 2120 of the Italian Civil Code fall within the scope of defined contribution plans provided they vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, based on their nominal value.

Termination benefits

Termination benefits payable to employees are recognised as a liability when the entity decides to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

Other long-term employee benefits

Other long-term employee benefits consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. Generally, there is not the same degree of uncertainty regarding the measurement of other long-term employee benefits as there is in relation to post-employment benefits. As a result, IAS 19 permits use of a simplified method of accounting: the net change in the value of the liability during the reporting period is recognised in full in profit or loss. Measurement of the other long-term employee benefits liability is recognised in the financial statements based on calculations performed by independent actuaries.

Other liabilities

Liabilities in disposal groups held for sale

This item refers to liabilities included in a disposal group held for sale, as defined by IFRS 5.

Current and deferred tax liabilities

Current and deferred tax liabilities are governed by IAS 12.

Current tax liabilities are calculated in accordance with the regulations in force governing direct taxation.

Deferred tax liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, with the exception of cases expressly provided for in paragraph 15 of IAS 12. Deferred tax liabilities calculated on items recognised in equity are also recognised directly in equity.

Other liabilities

This item includes:

- deferred commission income on contracts not governed by IFRS 4;
- liabilities resulting from defined benefit obligations and other long-term employee benefits;
- accrued expenses and deferred income.

Premiums and technical reserves

Contracts classified as “insurance” based on the requirements of IFRS 4 are accounted for and measured in accordance with the accounting standards used in preparation of the statutory financial statements and, as a result, comply with the provisions of Legislative Decrees 173/2997 and 209/2005 and ISVAP regulations 16, 21 and 22.

In compliance with IFRS 4, contracts qualify as insurance contracts when one party accepts significant insurance risk from another party.

Under IFRS 4, insurance risk, other than financial risk, occurs when a risk is transferred from the holder of a contract to the issuer. Financial risk is, in turn, defined as “the risk of a possible future change in one or more of a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract”.

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Given that IFRS 4 does not provide any specific indication regarding the level of significance of the insurance risk, it is the responsibility of the insurer to define the threshold above which the payment of additional benefits in the event of occurrence of the insured event generates the transfer of significant insurance risk. This threshold has been identified by the Company's Board of Directors. The assessment of significance was conducted by grouping individual contracts into uniform categories based on the nature of the risk transferred to the Company.

Contracts that do not transfer significant insurance risk and that qualify for classification as financial instruments are accounted for and measured in accordance with the accounting standards used in preparation of the statutory financial statements when they have discretionary participation features.

IFRS 4.10 establishes that the unbundling of a contract, classified as insurance, into its deposit and insurance components is required in certain circumstances and is optional in others. In the event of unbundling, the deposit component falls within the scope of application of IAS 32 and IAS 39, whilst the risk component falls within the scope of application of IFRS 4.

Unbundling is required if the insurer can measure the deposit component separately (i.e. without considering the insurance component), and if the insurer's accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component. Based on the above, the Company has opted not to unbundle its contracts.

Contracts (or components of contracts) that do not transfer significant insurance risk and that do not have discretionary participation features are accounted for and measured in accordance with IAS 39 or IAS 18, depending on whether they qualify for classification as financial instruments or service contracts.

The bases on which non-life and life contracts are classified, and the criteria used in accounting for and measuring such contracts, are described below.

Non-life insurance

Non-life contracts are all classified as insurance contracts, taking into account the substance of such contracts, which expose the Company to significant insurance risk.

Technical provisions for non-life contracts are as follows:

The premium reserve consists of "Provisions for the unearned portion of premiums" and "Provisions for unexpired risks". Provisions for the unearned portion of premiums are calculated on an accruals basis, taking into account gross premium revenue less acquisition costs.

Outstanding claims provisions are measured analytically and, based on a prudent assessment of the available elements, on the basis of the final cost, in order to arrive at an adequate valuation of the provisions needed to cover claims expenses and the related direct and indirect settlement costs. The above calculation process also includes an estimate of claims incurred but not reported (IBNR).

In relation to Liability Adequacy Testing (LAT), the requirements of Italian GAAP governing the calculation of technical provisions for non-life contracts are deemed to comply with the minimum requirements of paragraph 16 of IFRS 4. As a result, the Company is exempted from the need to conduct further adequacy tests.

Specifically, the component of the premium reserve relating to provisions for unexpired risks, calculated and set aside when the technical report for a particular branch of the business indicates that the expected cost of claims is higher than revenue attributable to future reporting periods, represents a reasonable approximation of the liability adequacy test.

The calculation of outstanding claims provisions, based on the final cost, includes an estimate of the principal undiscounted future cash flows and, as a result, the provisions are higher than the amount that would result from a LAT in accordance with IFRS 4.

Catastrophe and equalisation provisions have been reversed, given that IFRS 4 does not permit recognition of any prudential provision for potential future claims expenses.

The ageing reserve is calculated in accordance with article 46 of ISVAP Regulation 16. This is based on a flat rate of 10% of gross premium revenue for the year from contracts of the type indicated in the Regulation.

Life insurance

In view of the above, Class I products whose benefits are revaluated, based on the return generated through the management of separately identifiable pools of financial assets, are classified as financial instruments with discretionary participation features ("DPF", as defined in Appendix A of IFRS 4), for which IFRS 4.35 makes reference to local accounting standards. During the year, the Company also sold asset-based Class I products. These policies mature in 2015. Given that, at maturity, amounts that have accumulated within the separately managed Posta Valore Più account will be automatically transferred, these contracts have been classified as financial instruments but, in keeping with the above approach, are accounted for as insurance contracts.

"Pure risk" policies are classified as insurance contracts.

Class III products exposed to significant "insurance risk" are classified as insurance contracts. These products are classified on the basis of the results of internal assessments that, through yield curve analysis, aim to assess the likelihood that the Company will have to pay out significant additional benefits in the event of occurrence of the insured event.

In addition, in order to assess the adequacy of provisions, in accordance with IFRS 4, the Company has conducted Liability Adequacy Tests. The tests were conducted on the basis of the present value of future cash flows, obtained by projecting expected future cash flows from the existing portfolio to the end of the reporting period, based on appropriate assumptions regarding the cause of expiration (death, surrender, redemption, reduction) and the performance of claims expenses. The results of the tests revealed that the technical provisions were adequate and did not need to be topped up.

Shadow Accounting

In order to mitigate mismatches between the financial assets included in separately managed accounts, measured in accordance with IAS 39, and the mathematical provisions measured in accordance with local accounting standards, the Company has applied "shadow accounting" to the contracts included in the separately managed accounts associated with life policies, as permitted by paragraph 30 of IFRS 4.

Shadow accounting allows an insurer to change the accounting policies applied to insurance liabilities (i.e. its statutory technical provisions) so that a recognised but unrealised gain or loss on an asset affects the measurement of insurance liabilities in the same way that a realised gain or loss does.

Shadow accounting is applied using a "going concern approach", based on the following assumptions:

- the realisation, for each separately managed account, of unrealised, prospective gains and losses at the measurement date over a period of years that, based on an ALM approach, is consistent with the characteristics of the assets and liabilities held in portfolio and more representative of the overall nature of the business. The assumption based on immediate realisation is thus discarded;
- determination of the insurance liability based on the prospective yield on each separately managed account, taking into account the contractual obligations, the level of guaranteed minimum returns and any financial guarantees provided.

Commission income and expenses

These items regard commissions on investment contracts outside the scope of IFRS 4. Commission income consists of explicit and implicit fees and commissions accruing during the reporting period and management fees, whilst commission expenses regard acquisition costs.

Income and expenses arising from investments

Net income (expenses) from financial assets at fair value through profit or loss

This item includes realised gains and losses and unrealised gains and losses on assets and liabilities classified as “fair value through profit or loss”. Changes in value are measured on the basis of the difference between the fair value and carrying amount of the financial instruments accounted for in this category.

Income and expenses arising from investments in subsidiaries, associates and joint ventures

This item includes income and expenses arising from investments in the Group’s associates. It primarily refers to the Group’s share of the investees’ results for the period.

Income and expenses arising from other financial instruments and investment property

This item includes:

- income and expenses and realised gains and losses on investments classified as “available-for-sale”;
- income and expenses from loans and receivables and other financial liabilities;
- income and expenses from investment property.

Other income

This item includes:

- income from the sale of goods and services, other than financial services, and from the use, by third parties, of tangible and intangible assets and other assets;
- other net technical income, related to insurance contracts;
- exchange rate differences recorded in profit or loss in accordance with IAS 21;
- realised gains and reversals of impairments of tangible and intangible assets.

Net claims expenses

The category includes amounts paid less recoveries, the change in outstanding claims provisions and in other technical provisions for the non-life business, the change in mathematical provisions and in other technical provisions for the life business, the change in technical provisions for contracts where investment risk is transferred to policyholders, relating to insurance contracts and financial instruments falling within the scope of application of IFRS 4. Recognised amounts are shown before settlement costs and after the share attributable to reinsurers.

Expenses arising from investments in subsidiaries, associates and joint ventures

This category refers to expenses arising from the investments in subsidiaries, associates and joint ventures accounted for in the corresponding asset category.

Expenses arising from other financial instruments and investment property

This category refers to expenses arising from investment property and financial instruments not measured at fair value through profit or loss. These expenses primarily regard other expenses from investments, including the costs incurred on investment property, including management fees and uncapitalised maintenance and repair costs; losses following derecognition of a financial asset or liability or of investment property; losses resulting from measurement, including amortisation, depreciation and impairments.

Operating costs

This item includes fees and other acquisition costs, including insurance contract acquisition costs, less those ceded to reinsurers; investment management expenses, including the overheads and personnel expenses incurred in the management of financial instruments and investment property; other administrative expenses, which include the overheads and personnel expenses not allocated to claims expenses, insurance contract acquisition costs and investment management expenses.

Other costs

This item includes:

- the costs incurred on the sale of goods and services, other than financial services;
- other net technical expenses, related to insurance contracts;
- provisions made during the reporting period;
- exchange rate differences recorded in profit or loss in accordance with IAS 21;
- realised losses, impairments and depreciation and amortisation of tangible assets – when not allocated to specific items – and intangible assets.

Uncertainties regarding the use of estimates

As required by paragraph 116 of IAS 1, we declare that the consolidated financial statements for the year ended 31 December 2017 have been prepared with clarity and give a true and fair view of the financial position, cash flows and operating results for the year.

The notes provide explanations of the judgements made and the estimation methods and accounting policies adopted in applying IFRS.

Use of such estimates and assumptions affects the amounts reported in the financial statements and related disclosures. The actual amounts of items for which the above estimates and assumptions have been applied may differ from those reported in previous financial statements, due to uncertainties regarding the assumptions themselves 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.

Estimates were used in the following cases during the period under review:

- in determining the fair value of financial assets and liabilities when this was not observable on an active market;
- in estimating the recoverability of deferred tax assets;
- in quantifying provisions for risks and charges and provisions for employee benefits, in view of the indeterminate nature or amount of the related liabilities and uncertainty regarding the date on which they will occur and the actuarial assumptions applied;
- in estimating technical provisions for the life business;
- in determining the amounts used in application of the shadow accounting method, as described above;
- in estimating technical provisions for the non-life business.

Determination of fair value

IFRS 13[2] - Fair Value Measurement, endorsed by EU Regulation 1255/2012 of 11 December 2012, introduced a single framework to be used in determining fair value, when required or permitted by other IFRS, and established the related disclosures. The standard was effective from 1 January 2013. A description of the fair value measurement techniques used by the Poste Vita Group is provided below.

The assets and liabilities concerned (specifically assets and liabilities carried at fair value and carried at cost or amortised cost, for which fair value is required to be disclosed in the notes) are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of the three levels.

Level 1: this level is comprised of fair values determined with reference to prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date. For the Poste Vita Group, these include the following types of financial instrument:

- Bonds quoted on active markets:
- Bonds issued by the Italian government: measurement is based on prices on the MTS (the wholesale electronic market for government securities).
- Bonds issued by EU government bodies or Italian or foreign corporate bonds: measurement is based on prices on regulated markets, according to a hierarchy of sources:
  a. the bid price at 12.00 noon London time (GMT), quoted by a globally recognised information provider;
  b. the last bid price on regulated markets recognised by the CONSOB in accordance with Resolution 16370 of 4 March 2008;
  c. equity instruments quoted on active markets: measurement is based on the price resulting from the last trade of the day on the stock exchange of reference;
  d. quoted investment funds: this category includes funds invested in financial instruments quoted on active markets. Measurement is based on the NAV (Net Asset Value) determined by the fund manager.

2. The purpose of IFRS 13 - Fair Value Measurement is thus to standardise the criteria for measuring fair value and the related disclosures, which are currently governed by various IAS/IFRS. The project forms part of a plan to bring about convergence between international accounting standards and US GAAP. In fact, FASB – the US standards setter - amended its fair value guidance in ASC 820 at the same time. The new standard has neither added nor removed financial statement items requiring application of fair value measurement. However, the standard has amended the meaning of fair value, which is now defined as the price that would be received to sell an asset or paid to transfer a liability. In substance, this coincides with an exit price. As a result, the issue of inconsistency between amounts presented in the financial statements of entities measuring fair value as a seller and those identifying themselves as a buyer has been overcome. The standard also defines the minimum disclosures required.

- Financial liabilities quoted on active markets: this category includes plain vanilla bonds, whose measurement is based on the ask prices quoted by a globally recognised information provider.

Level 1 bond price quotations incorporate a credit risk component.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability. For the Poste Vita Group, these include the following types of financial instrument:

- Bonds either quoted on inactive markets or not at all:
- Plain vanilla Italian and international government and non-government bonds: valued using discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on asset swap spreads determined with reference to quoted and liquid benchmark securities issued by the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- Structured bonds: measurement is based on a building blocks approach, where the structured bond is broken down into its basic components: the bond component and the option component. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component – which, considering the features of the bonds included in the portfolio of the Poste Vita Group, relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.
- Unquoted equities: this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of class B and C shares to quoted class A shares.
- Derivative financial instruments: Warrants:
  considering the features of the securities held, measurement is based on a closed form expression.
- Financial liabilities either quoted on inactive markets or not at all:
  Plain vanilla bonds: valued using discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting the issuer's credit risk;
- Structured bonds: measurement is based on a building blocks approach, where the structured bond is broken down into its basic components: the bond component and the option component. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component – which, considering the features of the bonds issued by Group companies, relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed. For the Poste Italiane Group the following categories of financial instrument apply:

- Property funds subject to capital calls, private equity funds, private debt funds and infrastructure investment funds: these include funds that invest in unlisted instruments. Their fair value is determined by considering the NAV (Net Asset Value) reported by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by managers.
- The investment in the associate, Europa Gestioni Immobiliare (EGI), measured using the equity method.
- Financial liabilities measured at amortised cost.

IFRS 12

Adopted with (EU) Regulation 1254/2012, IFRS 12 is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and non-consolidated structured entities. This standard summarises all the disclosures that an entity is required to make to allow financial statement users to assess the nature and risks deriving from its investments in other entities, and the effects of such investments on the statement of financial position, operating performance and cash flows. A structured entity is an entity designed in such a way as not to make voting rights the key factor in determining control over it, as in the case where voting rights refer solely to administrative activities and the relevant operations are managed on the basis of contractual arrangements.

At 31 December 2017, the above definition encompasses investments held by Poste Vita in the following funds:

ISIN code	Asset Description	Percentage held
IT0004597396	ADVANCE CAPITAL ENERGY FUND	86.2%
QU0006738854	PrimA Credit Opportunity Fund	100.0%
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	100.0%
QU0006738052	Prima EU Private Debt Opportunity Fund	100.0%
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	100.0%
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	100.0%
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	100.0%
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	100.0%
LU1193254122	MULTIFLEX-GLB MA INC-CM	100.0%
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	100.0%
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	100.0%
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	100.0%
IT0005210593	DIAMOND OTHER SECTORS ITALIA	100.0%
IT0005215113	FONDO CBRE DIAMOND	100.0%
IT0005174450	FONDO DIAMOND EUROZONE OFFICE UBS	100.0%
IT0005212193	FONDO DIAMOND ITALIAN PROPERTIES	100.0%
IT0005247819	Fondo Diamond Value Added Properties	100.0%
IT0004937691	TAGES PLATINUM GROWTH	100.0%
LU1081427665	SHOPPING PROPERTY FUND 2	63.8%

As provided for in paragraphs 24-31 of IFRS 12, supported by paragraphs B25 – B26, Poste Vita is required to provide disclosures in its consolidated financial statements that will allow financial statement users to assess the following, with regard to each non-consolidated structured entity:

- the nature and extent of its interest in the entity;
- the nature of the risks associated with its interest in the entity.

The required disclosures are provided below.

Nature of the interest in the non-consolidated structured entity (IFRS 12.26)

With regard to the first point, we hereby provide qualitative and quantitative disclosures regarding the nature, purpose, size and activities of the non-consolidated structured entity, and how the entity is financed.

The Company holds interests in excess of 50% in each of the above funds. Quantitative disclosures for these investments are included in the following tables, together with those for the other funds. The Company's investments in the funds do not qualify as controlling interests as defined by IFRS10 and have not been consolidated, but, in any event, fall within the scope of application of IFRS12 in that they are non-consolidated structured entities. The purpose of Poste Vita's investment in the funds is to diversify its portfolio of financial instruments intended to cover Class I products (Separately Managed Accounts), with the objective of mitigating the concentration of investments in Italian government bonds and euro-denominated corporate bonds.

The following table provides the disclosures required by IFRS 12.26:

ISIN (€000)	Name	Nature of entity	Activity of the Fund	% investment	NAV	
					At.	Amount
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Closed-end non-harmonised fund of funds	Investments in energy companies to achieve capital appreciation and realise relevant gains, after exit	86.2%	30/09/17	24,544
QU0006738854	PrimA Credit Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	30/09/17	80,050
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds, loans and equities)	100.0%	30/11/17	80,640
QU0006738052	Prima EU Private Debt Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	30/09/17	39,384
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	152,063
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	151,485
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	5,804,122
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	3,580,428
LU1193254122	MULTIFLEX-GLB MA INC-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	4,097,814
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	3,601,558
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100.0%	29/12/17	3,342,512
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for office use, located in the Eurozone and euro-denominated	100.0%	31/12/17	93,611

ISIN (€000)	Name	Nature of entity	Activity of the Fund	% investment	NAV	
					At.	Amount
IT0005210593	DIAMOND OTHER SECTORS ITALIA	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and the professional management and development of the fund's assets	100.0%	31/12/17	57,943
IT0005215113	FONDO CBRE DIAMOND	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and in units of alternative real estate funds. The fund's investments are not subject to particular geographical restrictions, other than their location in Italy. The properties may have the following purposes: logistics, rest homes, residential properties, hotels, mixed use and office and retail properties.	100.0%	31/12/17	65,968
IT0005174450	FONDO DIAMOND EUROZONE OFFICE UBS	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated	100.0%	31/12/17	129,017
IT0005212193	FONDO DIAMOND ITALIAN PROPERTIES	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect	100.0%	31/12/17	155,485
IT0005247819	Fondo Diamond Value Added Properties	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets and real property rights, including those resulting from property lease-translational arrangements and concessions and in investments in unquoted property companies	100.0%	31/12/17	52,000
IT0004937691	TAGES PLATINUM GROWTH	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100.0%	30/11/17	436,801
LU1081427665	SHOPPING PROPERTY FUND 2	Closed-end harmonised fund	Master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt	63.8%	30/09/17	89,123

Nature of the risk (IFRS 12. 29 – 31)

The following disclosures are provided with regard to the second point:

- the carrying amounts of the assets and liabilities recognised in the financial statements in relation to the non-consolidated structured entity;
- the line items in the statement of financial position in which those assets and liabilities are recognised;
- the maximum exposure to loss from the Company's interests in non-consolidated structured entities, including how the maximum exposure to loss is determined;
- a comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in non-consolidated structured entities and the maximum exposure to loss from those entities.

The following table provides the disclosures required for each non-consolidated structured entity:

ISIN in migliaia di Euro	Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure
IT0004597396	ADVANCE CAPITAL ENERGY FUND	OTHER FINANCIAL INSTRUMENTS AFS	21,158	10,770	10,389	VaR 99.5% over a 1-year time horizon
QU0006738854	PrimA Credit Opportunity Fund	OTHER INVESTMENTS FVTPL	80,050	40,746	39,304	VaR 99.5% over a 1-year time horizon
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	OTHER INVESTMENTS FVTPL	80,640	30,797	49,843	VaR 99.5% over a 1-year time horizon
QU0006738052	Prima EU Private Debt Opportunity Fund	OTHER INVESTMENTS FVTPL	39,384	4,872	34,512	VaR 99.5% over a 1-year time horizon
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	OTHER INVESTMENTS FVTPL	152,063	6,782	145,281	Analytical VaR 99.5% over 1-year
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	OTHER INVESTMENTS FVTPL	151,485	7,726	143,759	Analytical VaR 99.5% over 1-year
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	OTHER INVESTMENTS FVTPL	5,804,122	1,700,608	4,103,514	Analytical VaR 99.5% annualised
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	OTHER INVESTMENTS FVTPL	3,580,428	157,897	3,422,531	Analytical VaR 99.5% over 1-year
LU1193254122	MULTIFLEX-GLB MA INC-CM	OTHER INVESTMENTS FVTPL	4,097,814	317,581	3,780,234	Analytical VaR 99.5% over 1-year
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	OTHER INVESTMENTS FVTPL	3,601,558	158,469	3,443,089	Analytical VaR 99.5% over 1-year
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	OTHER INVESTMENTS FVTPL	3,342,512	356,646	2,985,866	Analytical VaR 99.5% over 1-year
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	OTHER INVESTMENTS FVTPL	93,611	23,403	70,208	Analytical VaR 99.5% annualised
IT0005210593	DIAMOND OTHER SECTORS ITALIA	OTHER INVESTMENTS FVTPL	57,943	14,486	43,458	Analytical VaR 99.5% annualised
IT0005215113	FONDO CBRE DIAMOND	OTHER INVESTMENTS FVTPL	65,968	20,876	45,092	Analytical VaR 99.5% annualised

IT0005174450	FONDO DIAMOND EUROZONE OFFICE UBS	OTHER INVESTMENTS FVTPL	129,017	42,971	86,046	Analytical VaR 99.5% annualised
IT0005212193	FONDO DIAMOND ITALIAN PROPERTIES	OTHER INVESTMENTS FVTPL	155,485	38,952	116,533	Analytical VaR 99.5% annualised
IT0005247819	Fondo Diamond Value Added Properties	OTHER INVESTMENTS FVTPL	52,000	13,000	39,000	Analytical VaR 99.5% annualised
IT0004937691	TAGES PLATINUM GROWTH	OTHER FINANCIAL INSTRUMENTS AFS	436,801	32,411	404,390	VaR 99.5% over a 1-year time horizon
LU1081427665	SHOPPING PROPERTY FUND 2	OTHER FINANCIAL INSTRUMENTS AFS	56,831	24,251	32,581	Analytical VaR 99.5% annualised

Changes in the fair value of the above funds during the period are passed on to the policyholder under the shadow accounting mechanism, as they regard financial instruments included in separately managed accounts.

IFRS 2

Accounting standards

Goods or services received or acquired and the liability assumed in a share-based payment transaction – settled in cash, equity instruments or in other financial instruments – are recognised at fair value. In the case of a cash-settled transaction, the fair value of the liability is remeasured at the end of each reporting period, with any changes in fair value recognised in profit or loss, until the liability is settled. In the case of employee benefits, the expense is recognised in personnel expenses over the period in which the employee renders the relevant service.

Phantom Stock Plans

The Annual General Meeting of shareholders of the parent, Poste Italiane SpA, has approved the information circulars for the "Long-term Incentive Scheme for 2016-2018 (LTIP) and 2017-2019 (LTIP) – Phantom Stock Plan", prepared in accordance with art 84-bis of the Regulations for Issuers. The LTIPs, set up in line with market practices, aims to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable value for the Poste Italiane Group's shareholders over the long term.

Description of the Plans

Both the long-term incentive plans (the LTIP 2016-2018 and the LTIP 2017-2019) entail the award to Beneficiaries of phantom stocks (and the related cash bonus). The number of phantom stocks awarded to each Beneficiary is: i) dependent on achieving the relevant Performance Hurdle, represented by the Group's cumulative EBIT over a three-year period; ii) subject to the achievement of Performance Targets over a three-year period; iii) dependent on meeting the Qualifying Conditions.

The phantom stocks are awarded if the performance targets are achieved, and converted into a cash bonus based on the market value of the shares in the thirty stock exchange trading days prior to the end of the retention period (as specified below). The key characteristics of the Plans are described below.

The beneficiaries of the Plan are certain managers within the Poste Vita insurance group.

Plan terms and conditions

The Performance Targets, to which receipt of the cash bonus is subject, are as follows:

- the RORAC registered by the Poste Vita Insurance Group over a three-year period, used for the Long-term Incentive Plan with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk.
- achievement of an indicator of shareholder value creation, based on the Total Shareholder Return, used to measure performance based on the value created for the shareholders of the parent, Poste Italiane SpA, compared with other FTSE MIB-listed companies.

Vesting of the Phantom Stocks is subject to meeting the following conditions:

- the Performance Hurdle, designed to ensure sustainability of the Plan at the level of the Poste Italiane Group. The Performance Hurdle corresponds with achievement of a certain target for the Poste Italiane Group's cumulative EBIT over a three-year period at the end of each Performance Period;
- a specific Qualifying Condition, namely the Solvency II ratio at the end of the period.

The Phantom Stocks will be awarded by the end of the year following the end of the Performance Period and are subject to a one-year retention period, before they can be converted into cash, following confirmation that the Qualifying Condition has been met.

Determination of fair value and effects on profit or loss

At 31 December 2017, the staff of the Parent Company, Poste Vita, included 2 beneficiaries of the LTIP 2016-2018. At this reporting date, the fair value of the LTIP 2016-2018 for Poste Vita's staff amounted to €92,499 (including €61,666 vested). The amount recognised in Poste Vita's profit or loss at 31 December 2017 represents the reversal of a liability of €19,660.

At 31 December 2017, the staff of the Parent Company, Poste Vita, included 3 beneficiaries of the LTIP 2017-2019. The fair value of this Plan amounts to €140,693, with €46,898 recognised in profit or loss.

Accounting standards and interpretations soon to be effective

The following are applicable from 1 January 2018:

IFRS 15 - Revenue from Contracts with Customers, adopted with Regulation (EU) no. 1905/2016.

The new standard, which will replace IAS 18 - Revenue, IAS 11 – Construction Contracts and IFRIC 13 – Customer Loyalty Programmes, introduces a framework for revenue recognition no longer based on the nature of the exchange with the customer (goods, the rendering of services, interest, royalties, etc.), but on the distinction between a performance obligation fulfilled at a point in time and a performance obligation fulfilled over time.

In the case of obligation fulfilled at a point in time, revenue is recognised only when total "control" over the underlying goods or services is transferred to the customer. In this respect, attention is paid not only to the significant exposure to the risks and benefits related to the good or service but also to physical possession, customer acceptance, the existence of legal rights, etc.

If the performance obligation is fulfilled over time, revenue measurement and recognition reflect, virtually, the progress of the customer's level of satisfaction. In practice, the entity accounts for revenue based on the stage of completion or on the costs incurred. The standard provides specific guidance to help the entity to select the most appropriate accounting treatment.

Finally, the new standard requires that every single performance obligation of the supplier with the customer must be estimated, measured and recognised separately, whether or not the obligation derives from a single contract and/or commercial agreement.

In this regard, based on the assessment conducted, the Group does not at the moment envisage that the approaching application of IFRS 15 will have a significant impact.

IFRS 9 - Financial Instruments, adopted with Regulation (EU) no. 2067/2016.

The purpose of the new accounting standard, which will replace a large part of IAS 39 – Financial Instruments: Recognition and Measurement from 1 January 2018, is to improve disclosures on financial instruments with the aim of addressing the concerns that arose during the financial crisis. The standard also introduces an accounting model that aims to the timely recognition of expected impairment losses on financial assets. The changes introduced by the standard can be summarised within the following three categories:

i. **Classification and measurement of financial assets**, based on the business model, determined by senior management, in which the financial asset is held and the related purposes, and on the expected contractual cash flow characteristics. The new standard envisages three different categories of financial asset (in place of the four envisaged by the existing IAS 39):

   Amortised cost: financial assets held to collect the contractual cash flows, represented exclusively by repayments of principal and interest;

   Fair value through other comprehensive income (FVTOCI): financial assets held to collect the contractual cash flows, represented exclusively by repayments of principal and interest, and flows resulting from the sale of the assets;

   Fair value through profit or loss (FVTPL): a residual category within which financial assets not falling within the previous categories are classified.

ii. **Impairment;** under the new model, Expected Losses, credit losses are recognised on an expected basis over the life of the financial instrument, requiring immediate recognition, rather than the occurrence of a trigger event, as under the existing Incurred Losses model. IFRS 9 requires entities to account for 12-month expected credit losses (stage 1) from the moment of initial recognition of the financial instrument. Expected credit losses must, instead, be measured over the remaining life of the asset being measured, when there has been a significant deterioration in the credit quality of the financial instrument since initial recognition (stage 2) or in the case of credit-impaired assets (stage 3).

iii. **General Hedge accounting;** partially amended with respect to IAS 39. Key aspects of the main changes introduced regard: an expanded scope of application of hedge accounting; the testing of hedge effectiveness is only prospective; the introduction of the option of rebalancing without interrupting the pre-existing hedge.

There are no substantial changes in the classification and measurement of financial liabilities with respect to IAS 39. The only change is the accounting treatment of own credit risk: in the case of financial liabilities designated at fair value (the so-called fair value option), the standard requires changes in the fair value of financial liabilities resulting from a change in own credit risk to be recognised in equity, unless this treatment were to create or amplify an accounting mismatch in profit for the period, whilst the remaining changes in the fair value of the liabilities must be recognised in profit or loss.

Amendments to IFRS 15 - *Revenue from Contracts with Customers – Clarifications to IFRS 15*, adopted with Regulation (EU) no. 1987/2017. Certain clarifications are introduced regarding the new treatment of revenue and further application relief is provided to entities that adopt the standard on the basis of the modified retrospective method.

The following apply as of 1 January 2019:

- **IFRS 16** - *Leases*, adopted with Regulation (EU) no. 1986/2017. The new standard intends to improve the accounting treatment of lease contracts, giving a basis for users of financial statements to assess the effect that leases have on the financial position, operating performance and cash flows of an entity. These provisions entail a substantial revision of the current accounting treatment of lease contracts by lessees, introducing for lessors a unified model for the different types of lease (finance and operating).

The main provisions for the lessee's financial statements include:

a. for the contracts in scope, the lessee recognises a right-of-use asset in its statement of financial position (in the same way as an owned asset) and a financial liability;

b. at the commencement date, the lessee will recognise the asset for an amount equal to the present value of all future lease payments;

c. at the end of the reporting periods after the commencement date, and throughout the term of the lease contract, the asset is amortised systematically, while the financial liability increases by the amount of interest accrued, as calculated on the basis of the internal rate indicated in the lease contract;

d. when a lease payment is made, the liability is reduced by the amount of the payment.

The scope of the standard does not include short-term contracts (for up to 12 months) and low-value contracts (where the underlying asset does not exceed US$5,000). For these contracts, the lessor may elect not to apply IFRS 16, and to continue with the current accounting treatment.

Part B – scope of consolidation

The Poste Vita Group's annual report for the year ended 31 December 2017 has been prepared in compliance with IVASS Regulation 7 of 13 July 2007, as amended, as described in part A of this document. The scope of consolidation includes the financial statements of the Parent Company, Poste Vita SpA, and those of its subsidiary, Poste Assicura SpA, an insurance company established in 2010 and a provider of non-life insurance, and, from 2015, Poste Welfare Servizi Spa. The companies are wholly owned by Poste Vita and meet the definition provided by IFRS 10, being therefore consolidated on a line-by-line basis.

The Parent Company also holds a non-controlling interest in Europa Gestioni Immobiliari SpA, a real estate company engaged in property management and transactions in Italy and abroad for own account and on behalf of third parties. This investment is not consolidated on a line-by-line basis, but accounted for using the equity method.

Name	Country	Business	Type of ownership	% direct ownership	Method of consolidation
Poste Assicura SpA	Italy	Insurance	Subsidiary	100	Line-by-line
Poste Welfare Servizi SpA	Italy	Services	Subsidiary	100	Line-by-line
Europa Gestioni Immobiliare SpA	Italy	Property management	Associate	45	Equity method

In accordance with IFRS 10, subsidiaries are the entities over which the Parent Company exercises control. Control is obtained when the Parent Company is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to influence those returns through its power over the investee. The Parent Company controls an investee if, and only if, it simultaneously:

- has power over the investee (i.e. not merely protective rights, but rights that give it the current ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns);
- is exposed, or has rights to, variable returns from its involvement with the investee;
- has the ability to influence those returns through its power over the investee.

Control is determined on the basis of the economic substance of the relationship between the Group and the investee, and, among other things, taking into account both current and potential voting rights.

The Group periodically and systematically reviews the facts and circumstances to establish if there has been any change in one or more of the above elements.

In accordance with IAS 28, an associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Parent Company is presumed to have significant influence if it directly or indirectly holds at least 20% of the voting power of the investee. The treatment of such an investment is described in the section, "Consolidation procedures".

Part C - notes to the consolidated statement of financial position

Assets

1. Intangible assets

At the end of 2017, intangible assets amount to €43,363 thousand, compared with €46,474 thousand at 31 December 2016.

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Gross amount	96,328.7	84,491.5	11,837.2	14.0%
Accumulated amortisation	52,966.2	38,017.1	14,949.0	39.3%
Carrying amount	**43,362.5**	**46,474.3**	**(3,111.8)**	**(6.7%)**

The following table illustrates its composition:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Software	75,719.6	59,867.9	15,851.7	26.5%
Goodwill	17,823.2	17,823.2	-	0.0%
Intangibles in progress	2,253.9	6,268.4	(4,014.5)	(64.0%)
Start-up and expansion costs	532.0	531.9	0,1	0.0%
Carrying amount	**96,328.7**	**84,491.4**	**11,837.2**	**14.0%**

This item mainly comprises unamortized long-term software programme licenses, totalling €75,720 thousand.

Software licenses have finite useful lives and are amortised at a rate of 33%, except for internally produced software, amortised over 5 years. No impairment losses were recognised during the year. As required by IAS 36 ("Impairment of Assets"), goodwill, resulting from the difference between the cost of the investment in Poste Welfare Servizi and the corresponding share of equity following Posta Vita's acquisition of this company in November 2015, was tested for impairment to assess whether or not there had been a reduction in its recoverable amount with respect to the carrying amount. The impairment test conducted did not result in the need to recognise any impairment losses.

The table below shows changes in this item during the period under review:

(€000)	at 31 December 2016	Increases	Decreases	at 31 December 2017
Software	59,867.9	15,851.7		75,719.6
- Accumulated amortisation	*(37,485.2)*	*(14.949.0)*		*(52,434.2)*
Goodwill	17,823.2			17,823.2
Intangibles in progress	6,268.4		4,014.5	2,253.9
- Accumulated amortisation	*0.0*			*-*
Start-up and expansion costs	532.0			532.0
- Accumulated amortisation	*(532.0)*			*(532.0)*
Total	**46,474.3**	**902.7**	**4,014.5**	**43,362.5**

2. Tangible assets

Tangible assets total €8,794 thousand, an increase of €851 thousand compared with 31 December 2016.

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Gross amount	18,664.9	15,736.4	2,928.5	18.6%
Accumulated depreciation	9,871.3	7,793.4	2,077.9	26.7%
Carrying amount	**8,793.6**	**7,943.0**	**850.6**	**10.7%**

The following table shows a breakdown of tangible assets:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Fixtures and fittings	1,752.4	1,738.9	13.5	0.8%
Electronic equipment	4,602.7	5,512.4	(909.7)	(16.5%)
Telephone system	218.7	313.8	(95.1)	(30.3%)
Motor vehicles	1.8	5.3	(3.5)	(66.7%)
Leasehold improvements	513.6	372.6	141.0	37.9%
Assets under construction	1,704.3			
Valore Netto	**8,793.6**	**7,943.0**	**850.6**	**10.7%**

Other tangible assets primarily relate to assets used in operations: i) fixtures and fittings amounting to €1,752 thousand, net of accumulated depreciation; ii) electronic equipment amounting to €4,603 thousand, net of accumulated depreciation; iii) the telephone system amounting to €219 thousand, net of accumulated depreciation; iv) leasehold improvements amounting to €514 thousand, net of accumulated depreciation, and v) capitalised costs incurred in the development of hardware still in progress and which did not, therefore, generated economic benefits during the period, totalling €1,704 thousand.

The following table shows a breakdown of movements during the period:

(€000)	at 31 December 2016	Increases	Decreases	at 31 December 2017
Electronic equipment	11,571.3	819,9		12,391.2
- Accumulated depreciation	*(6,058.9)*	*(1,729.5)*		*(7,788.4)*
Fixtures and fittings	2,729.0	204.4		2,933.4
- Accumulated depreciation	*(990.0)*	*(190.9)*		*(1,180.9)*
Telephone system	681.6	16.3		697.8
- Accumulated depreciation	*(367.8)*	*(111.3)*		*(479.1)*
Motor vehicles	17.5	0.0		17.5
- Accumulated depreciation	*(12.2)*	*(3.6)*		*(15.8)*
Leasehold improvements	737.0	201.2		938.2
- Accumulated depreciation	*(364.4)*	*(60.2)*		*(424.5)*
Assets under construction		1,704.3		1,704.3
Total	**7,943.0**	**850.6**		**8,793.6**

3. Technical provisions ceded to reinsurers

At 31 December 2017, these provisions total €71,243 thousand, an increase of €5,274 thousand compared with 31 December 2016 (€65,969 thousand).

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Non-life provisions	34,902.7	32,900.0	2,002.7	6.1%
Premium reserve	9,229.9	7,057.8	2,172.1	30.8%
Outstanding claims provisions	25,672.8	25,842.2	(169.4)	(0.7%)
Other provisions	-	-		
Life provisions	36,340.3	33,069.0	3,271.3	9.9%
Outstanding claims provisions	5,162.2	6,114.8	(952.6)	(15.6%)
Mathematical provisions	31,178.1	26,954.2	4,223.9	15.7%
Technical provisions where risk is borne by policyholders and pension fund provisions				
Other provisions				
Total	**71,243.0**	**65,969.0**	**5,274.0**	**8.0%**

The year-on-year increase in the amount of technical provisions ceded to reinsurers is due to growth of the business.

4. Investments

Investments total €125,916,964 thousand at 31 December 2017, an 8.9% increase compared with the €115,677,487 thousand of the previous year. This reflects increased premium revenue and the financial performance.

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Investments in associates	106,768.2	105,930.8	837.4	0.8%
Loans and receivables	209,525.8	29,843.2	179,682.6	602.1%
Available-for-sale financial assets	96,078,863.7	90,405,356.7	5,673,507.0	6.3%
Financial assets at fair value through profit or loss	29,521,806.4	25,136,356.4	4,385,450.0	17.4%
Total investments	**125,916,964.0**	**115,677,487.0**	**10,239,477.0**	**8.9%**

Investments in subsidiaries, associates and joint ventures

The Poste Vita Group accounts for its associate, Europa Gestioni Immobiliare SpA (EGI) – primarily a real estate company, 45% owned by the Group and tasked with the management and development of the parent's properties no longer used in operations – using the equity method. The figures for 2017 show equity of €237,262 thousand and a profit for the year of approximately €1,843 thousand, up from the €1,585 thousand of 2016.

For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4 and D.5 to these financial statements.

Receivables

Receivables amount to €209,526 thousand at 31 December 2017, compared with the €29,843 thousand of 2016. They primarily include subscriptions and the related capital calls on mutual funds for which the corresponding units have not yet been issued, totalling €208,213 thousand. The remaining €1,313 thousand regards the balance on the intercompany current account with the parent, Poste Italiane.

Available-for-sale financial assets

This item breaks down as follows:

(€000)		at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Equity instruments		18,276.9	15,775.0	2,501.8	15.9%
Debt securities		94,708,554.1	88,377,053.2	6,331,500.9	7.2%
of which:	*government bonds*	*81,313,657.4*	*73,101,023.0*	*8,212,634.4*	*11.2%*
	corporate bonds	*13,394,896.7*	*15,276,030.1*	*(1,881,133.4)*	*(12.3%)*
UCITS units		1,352,032.7	2,012,528.4	(660,495.7)	(32.8%)
Total		**96,078,863.7**	**90,405,356.7**	**5,673,507.0**	**6.3%**

Available-for-sale ("AFS") financial assets amount to approximately €96,078,864.7 thousand (€90,405,357 thousand at 31

December 2016). These include financial instruments attributable to separately managed accounts (approximately €92,282,201 thousand) and, to a lesser extent, securities included in the Company's free capital (approximately €3,796,663 thousand). The financial markets were marked by increasingly volatile yields on medium- to long-term Italian government securities during the period, reflected in a reduction in the fair value reserve for these instruments, which amounts to €8,149,807.4 thousand in potential gains (€9,380,286.0 thousand at the end of 2016). This includes €7,892,291 thousand attributable to policyholders through the shadow accounting mechanism, as they relate to financial instruments included in separately managed accounts. The remaining €257,517 thousand refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €178,871 thousand), net of the related taxation.

Equity instruments classified as AFS, totalling €18,277 thousand (€15,775 thousand at 31 December 2016), relate to Class I products linked to separately managed accounts.

Debt securities of €94,708,554 thousand (€88,377,053 thousand at 31 December 2016) include €92,621,718 thousand in instruments traded on liquid and active markets, as defined on the basis of the Fair Value Policy approved for the Group, in application of IFRS 13. The remaining €2,086,836 thousand regards financial instruments not traded on liquid and active markets, as defined by the above Policy, and include specific issues by Cassa Depositi e Prestiti SpA (CDP) with a fair value of €1,129,422 thousand, used to back Class I insurance policies.

UCITS units, totalling €1,352,033 thousand (€2,012,528 at 31 December 2016) consist of €833,902 thousand in mutual funds primarily invested in equities, €356,496 in property funds and €161,635 thousand in mutual funds that are mainly invested in bonds.

For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4, and D.5 to these financial statements.

These amounts include measurement of investments in the Atlante fund. As more fully described in the section, "Other information", the Parent Company, Poste Vita, recognised a further impairment loss of €104,775 thousand during the period, based on the value of the fund's units at 30 June 2017 communicated by the management company, which indicated a reduction of approximately 80% in the nominal value of the investment. The loss includes:

- €92,686 thousand allocated to separately managed accounts and thus reflected in deferred liabilities due to policyholders;
- €12,089 thousand relating to the Company's free capital.

Financial assets at fair value through profit or loss

At 31 December 2017, these assets amount to €29,521,806.4 thousand, compared with €25,136,356 thousand at 31 December 2016, and consist of the following:

(€000)		at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Equity instruments		57,173.7	-	57,173.7	n,s,
Debt securities		6,220,739.0	9,566,506.1	(3,345,767.1)	(35.0%)
of which:	*government bonds*	*2,152,039.2*	*5,450,901.4*	*(3,298,862.3)*	*(60.5%)*
	corporate bonds	*4,068,700.6*	*4,115,604.6*	*(46,904.0)*	*(1.1%)*
Structured bonds		546,516.7	991,683.7	(445,167.1)	(44.9%)
UCITS units		22,513,637.2	14,345,208.8	8,168,428.5	56.9%
Derivatives		183,739.8	232,957.9	(49,218.0)	(21.1%)
Total		**29,521,806.4**	**25,136,356.4**	**4,328,276.3**	**17.2%**

Debt securities of €6,220,739 thousand (€9,566,149 thousand at 31 December 2016) include €2,152,039 thousand in hybrid BTPs purchased to back Class III insurance policies, with the remaining €4,068,700 thousand invested in corporate bonds issued by leading issuers and included in separately managed accounts.

Equity instruments classified in this category amount to €57,174 thousand at the end of 2017 and have been purchased to back Class III insurance policies.

Structured bonds, totalling €546,517 thousand (€991,684 thousand at 31 December 2016) regard Constant Maturity Swaps issued by Cassa Depositi e Prestiti and included in separately managed accounts. The reduction compared with the beginning of the year almost entirely reflects disposals of approximately €445,167 thousand to cover corresponding Class III claims, due primarily to policies maturing.

UCITS units total €22,513,637 thousand (€14,345,209 thousand at 31 December 2016) and primarily regard investments in the UCITS funds, totalling €20,930,055 thousand, and property funds, totalling €554,025 thousand, reflecting the plan, with regard to Class I products, to reduce the exposure to government securities and at the same time ensure constant returns for policyholders.

This item also includes approximately €1,029,557 thousand in units of funds backing unit-linked products.

Derivatives amount to €183,740 thousand (€232,958 thousand at 31 December 2016) and consist of warrants backing index-linked products.

Warrants have a total nominal value of €2,149,447 thousand, down with respect to the beginning of the period (€5,558,057 thousand) as a result of Class III products maturing during the period.

Details of the Group's warrants are as follows:

Warrants (€000)	at 31 December 2017				at 31 December 2016	
Policy	Nominal value	Fair value	Realised gain/ loss	Unrealised gain/loss	Nominal value	Fair value
Alba	-	-	1,616.8	-	712,242.0	17,471.3
Terra	-	-	18,081.2	-	1,355,039.0	27,209.2
Quarzo	-	-	18,054.7	-	1,253,801.6	35,357.2
Titanium	620,503.3	44,707.3	934.0	12,745.1	655,615.0	33,770.7
Arco	164,500.0	34,084.4	494.4	6,098.0	174,032.0	29,608.1
Prisma	165,785.1	29,390.4	414.9	5,401.3	174,550.2	25,257.4
6Speciale	200,000.0	0.0	-	-	200,000.0	0.0
6Aavanti	200,000.0	0.0	-	-	200,000.0	0.0
6Sereno	173,154.0	17,673.8	196.7	3,116.8	181,482.0	15,257.2
Primula	175,765.0	16,963.1	203.8	2,970.4	184,119.2	14,657.7
Top5	224,125.0	18,163.1	183.8	3,146.7	232,962.0	15,608.5
Top5 edizione II	225,614.5	22,757.7	257.2	4,686.0	234,214.1	18,760.5
Total	**2,149,446.9**	**183,739.8**	**40,437.6**	**38,164.4**	**5,558,057.1**	**232,957.9**

For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4, and D.5 to these financial statements.

5. Sundry receivables

Sundry receivables amount to €130,867 thousand at the end of the period, having fallen €38,278 thousand compared with 31 December 2016, when the figure was €169,144 thousand. This item consists of the following.

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Receivables arising from direct insurance transactions	44,879.9	43,461.1	1,418.8	3.3%
Receivables arising from reinsurance transactions	3,600.6	4,012.6	(412.0)	(10.3%)
Other receivables	82,385.9	121,670.4	(39,284.5)	(32.3%)
Total sundry receivables	**130,866.5**	**169,144.2**	**(38,277.7)**	**(22.6%)**

The carrying amount of trade receivables and other receivables is in line with their fair value. Trade receivables do not earn interest and are short-term.

With regard to receivables from policyholders, the Group does not present any particular credit risk concentration since credit exposure is divided among a large number of counterparties.

Receivables arising from direct insurance transactions

At 31 December 2017, this item amounts to €44,880 thousand, compared with €43,461 thousand at the end of 2016, and consists of the following:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Due from policyholders	14,318.3	8,154.8	6,163.5	75.6%
Premiums receivable from agents	30,262.6	35,171.9	(4,909.3)	(14.0%)
Receivables arising from co-insurance agreements	299.0	134.4	164.6	122.4%
Total	**44,879.9**	**43,461.1**	**1,418.8**	**3.3%**

Amounts due from policyholders, totalling €14,318 thousand, reflecting uncollected premiums due and payable on the basis of a prudent assessment.

Receivables due from policyholders include €2,169 thousand in uncollected non-life premiums for the year. The remaining €12,149 thousand regards life insurance premiums for the year that have yet to be collected at the end of the period.

Amounts due from agents, totalling €30,263 thousand at 31 December 2017 (€35,172 at 31 December 2016), refer to premiums already collected during the last days of the year which, despite already having been collected by the agent at the end of the reporting period, were paid to the Company early in January 2018.

Receivables from co-insurance agreements amount to €299 thousand (€134 thousand at 31 December 2016) and relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed by this company to Poste Vita in its capacity as lead agent for products placed before 30 September 2004.

Receivables arising from reinsurance transactions

These receivables amount to €3,601 thousand at the end of the period, compared with €4,013 thousand at the end of the previous year.

This receivable consists of amounts to be recovered from reinsurers for claims and commissions.

Other receivables

Other receivables total €82,386 thousand at the end of 2017 (€121,670 thousand at 31 December 2016) and consist of the following:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Due from policyholders for stamp duty	23,633.8	83,983.6	(60,349.9)	(71.9%)
Amounts due from the parent, Poste Italiane	449.5	134.8	314.7	233.5%
Due from other Group companies	2,341.6	2,165.9	175.7	8.1%
Dividends to be collected	45,449.6	22,005.4	23,444.3	106.5%
Miscellaneous receivables	10,511.4	13,380.8	(2,869.4)	(21.4%)
Total	**82,385.9**	**121,670.4**	**(39,284.5)**	**(32.3%)**

Due from policyholders for stamp duty, amounting to €23,633.8 thousand, refers to stamp duty[3] on Class III and V financial policies. The change with respect to 2016 is linked to Class III products reaching maturity during the period.

The item "Due from other Group companies", amounting to €2,342 thousand, primarily relates to a sum due from BancoPosta Fondi SGR for VAT paid in 2014 on invoices issued for management fees on the investment of insurance assets. This sum has yet to be settled and amounts to €2,006 thousand.

Dividends to be collected, totalling €45,450 thousand, regard dividends declared by the funds in which the Parent Company, Poste Vita, has invested and which were collected in January 2018.

Miscellaneous receivables, totalling €10,511 thousand, primarily regard: i) the guarantee deposit paid under the lease arrangement for the Group's head office, totalling €2,985 thousand; ii) amounts due from customers, totalling €1,234 thousand; iii) commissions due to the Parent Company, Poste Vita, for the management of internal funds, amounting to €3,800 thousand, and iv) prepayments to suppliers, totalling €1,205 thousand.

6. Other assets

Other assets total €1,954,178 thousand, an increase of €242,471 thousand compared with 31 December 2016, and include the following:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Deferred acquisition costs	61,785.4	60,789.1	996.3	1.6%
Deferred tax assets	12,906.4	31,474.8	(18,568.4)	(59.0%)
Current tax assets	1,878,796.4	1,617,532.1	261,264.3	16.2%
Sundry assets	689.3	1,910.6	(1,221.3)	(63.9%)
Total	**1,954,177.5**	**1,711,706.7**	**242,470.8**	**14.2%**

3. As per the implementing decree of 24 May 2012, enacted pursuant to paragraph 5 of article 19 of Law Decree 201 of 6 December 2011, converted by Law 214 of 2 December 2011.

Deferred acquisition costs amount to €61,785 thousand at the end of the period (€60,789 at 31 December 2016). They include €61,750 thousand in unamortised deferred management fees attributable to individual pension plans (FIP - *Forme Individuali di Previdenza*) and €36 thousand in unamortised fees paid in advance to Poste Italiane on sales of non-life policies.

Deferred tax assets, amounting to €12,906 thousand, are calculated as the total of the temporary differences arising between the carrying amounts of assets and liabilities and their tax bases, in accordance with IAS 12 and to the extent deemed to be recoverable.

Changes in deferred tax assets in 2017 are shown below:

(€000)	
Deferred tax assets at 31 December 2016	**31,474.8**
- change accounted for in the income statement	(18,552.6)
- change accounted for in equity	(15.7)
Deferred tax assets at 31 December 2017	**12,906.4**

Temporary differences accounted for in the income statement originate mainly from provisions for risks, provisions for personnel expenses and impairment losses on equity instruments included in Poste Vita's current assets, as well as other expenses deductible in future years, such as, for example, provisions for bad debts and losses on receivables and the non-deductible excess of the change in outstanding claims provisions attributable to Poste Assicura.

Deferred tax assets and liabilities are calculated using tax rates that are expected to apply when the related deferred tax assets are realised, based on the information available at the end of the reporting period.

Current tax assets, amounting to €1,878,796 thousand (€1,617,532 thousand), primarily regard: i) tax credits on Poste Vita's mathematical provisions under Law 191/2004, totalling approximately €1,858,430 thousand; ii) payments on account for corporate income tax (IRES) and regional income tax (IRAP) for 2017, totalling €16,331 thousand, and iii) payments on account of tax on insurance policies, totalling €3,744 thousand.

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Tax credits on mathematical provisions under Law Decree 209/2002	1,858,430.2	1,613,872.7	244,557.5	15.2%
Payments on account for IRES and IRAP	16,330.6	194.2	16,136.4	8311.2%
Payments on account of tax on insurance policies	3,743.9	3,086.9	657.0	n.s.
Other	291.7	378.3	(86.6)	(22.9%)
Total	**1,878,796.4**	**1,617,532.1**	**261,264.3**	**16.2%**

7. Cash and cash equivalents

Cash and cash equivalents amounts to €907,025 thousand, compared with €1,324,657 thousand at the end of the previous year.

This item breaks down as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Bank deposits	366,060.9	1,162,679.9	(796,619.0)	(68.5%)
Post office deposits	540,960.4	161,972.1	378,988.3	234.0%
Cash and other cash equivalents	4.1	5.3	(1.2)	(22.3%)
Total	**907,025.5**	**1,324,657.3**	**(417,631.9)**	**(31.5%)**

This item includes short-term bank and post office deposits, as well as cash and revenue stamps. This relates to temporary liquidity, primarily attributable to separately managed accounts.

Liabilities and equity

1. Equity

Equity attributable to owners of the Parent amounts to €3,369,331 thousand (€3,301,952 at 31 December 2016). Changes in individual reserves are shown in the statement of changes in equity.

The various components of equity are as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Share capital	1,216,607.9	1,216,607.9	0.0	0.0%
Revenue reserves and other equity reserves:	1,427,721.9	1,501,546.8	(73,824.9)	(4.9%)
Legal reserve	*118,487.9*	*102,001.8*	*16,486.2*	*16.2%*
Extraordinary reserve	*648.0*	*648.0*	*0.0*	*0.0%*
Organisation fund	*2,582.3*	*2,582.3*	*0.0*	*0.0%*
Negative goodwill	*426.0*	*426.0*	*0.0*	*0.0%*
Retained earnings	*1,305,562.2*	*1,395,873.3*	*(90,311.0)*	*(6.5%)*
Reserve for share-based payments	*15.4*	*15.4*	*0.0*	*0.0%*
Valuation reserve for AFS financial assets	178,871.2	187,770.3	(8,899.1)	(4.7%)
Other gains or losses recognised directly through equity	(63.3)	(147.9)	84.6	(57.2%)
Profit for the period	546,193.1	396,175.2	150,017.9	37.9%
Total	**3,369,330.8**	**3,301,952.3**	**67,378.5**	**2.0%**

Changes during the period exclusively reflect: i) profit for the period of €546,193 thousand, ii) the reduction in the valuation reserve for available-for-sale financial assets included in the Parent Company's free capital (down €8,899 thousand) and iii) the distribution of retained earnings to the parent, Poste Italiane, totalling €470,000 thousand, in implementation of the shareholder resolution of 20 December 2017.

The reconciliation of equity with profit for the period is shown below:

(€000)	Profit/ (Loss) At 31 December 2016	Changes in equity At 31 December 2016	Equity At 31 December 2016	Profit/ (Loss) At 31 December 2017	Changes in equity At 31 December 2017	Equity At 31 December 2017
Italian GAAP financial statements	**329,700**	**(340,000)**	**2,900,596**	**475,505**	**(470,000)**	**2,906,101**
Measurement of financial assets	47,942		235,135	34,270		269,406
Measurement of AFS financial assets less deferred policyholder liabilities	0	(29,339)	179,382	0	(8,542)	170,839
Adjustment for measurement of investments (cost method)	0		(20,167)	0		(20,167)
Actuarial gains/(losses) on employee benefits	0	(55)	(86)	0	24	(62)
Adjustment for deferred acquisition costs	0		0	0		0
Other minor adjustments	16		550	(676)		(126)
Parent Company's IAS/IFRS financial statements	**377,658**	**(369,394)**	**3,295,411**	**509,100**	**(478,519)**	**3,325,992**
Consolidated subsidiary's undistributable retained earnings	14,566	(31)	41,240	30,817	53	72,110
Valuation reserve for subsidiary's AFS financial assets at fair value	0	(1,754)	8,388	0	(357)	8,032
Measurement of investment using the equity method	3,832	(7)	(43,008)	6,197	8	(36,803)
Elimination of effects of intercompany transactions	119		(79)	79		1
IAS/IFRS consolidated financial statements	**396,175**	**(371,186)**	**3,301,952**	**546,193**	**(478,815)**	**3,369,331**

2. Technical Provisions

This item includes provisions for risks and charges, totalling €11,393 thousand at 31 December 2017 (€11,203 thousand at the end of 2016), reflect amounts set aside to cover contingent liabilities primarily in relation to:

- outstanding legal disputes, amounting to approximately €5,917 thousand, with over half regarding dormant policies;
- tax liabilities which could arise from ongoing disputes, totalling approximately €2,300 thousand;
- non-recurring liabilities of various nature;
- other liabilities.

3. Technical provisions

Technical provisions total €123,650,644 thousand at 31 December 2017, up €9,972,723 thousand on the €113,677,921 thousand of 31 December 2016. Technical provisions break down as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Non-life classes:				
Premium reserve	64,252.3	54,102.9	10,149.4	18.8%
Outstanding claims provisions	95,799.3	89,066.5	6,732.9	7.6%
Other technical provisions	173.5	215.9	(42.4)	(19.6%)
Total non-life classes	**160,225.1**	**143,385.2**	**16,839.9**	**11.7%**
Life classes:				
Mathematical provisions	111,013,105.5	96,332,232.5	14,680,873.0	15.2%
Technical provisions where risk is borne by policyholders	3,530,093.0	6,899,765.3	(3,369,672.3)	(48.8%)
Outstanding claims provisions	631,187.6	941,693.6	(310,506.0)	(33.0%)
DPL provisions	8,225,030.4	9,280,746.7	(1,055,716.3)	(11.4%)
Other technical provisions	91,002.3	80,097.3	10,905.0	13.6%
Total life classes	**123,490,418.8**	**113,534,535.4**	**9,955,883.4**	**8.8%**
Total	**123,650,643.9**	**113,677,920.6**	**9,972,723.3**	**8.8%**

Non-life technical provisions

Non-life technical provisions, before provisions ceded to reinsurers, consist of: the premium reserve of €64,253 thousand, outstanding claims provisions of €95,799 thousand and other provisions relating solely to the aging reserve of €174 thousand. The latter provisions have been made in accordance with article 37, paragraph 8 of Legislative Decree 209 of 7 September 2005 and article 46 of ISVAP Regulation 16, based on a flat rate of 10% of gross premium revenue for the year from contracts of the type indicated in the Regulation.

Outstanding claims provisions include provisions for claims incurred but not reported (IBNR), amounting to €15,583 thousand.

Changes in the premium reserve and outstanding claims provisions reflect trends in premium revenue.

Life technical provisions

Contracts classified as "insurance contracts" and as "financial instruments with discretionary participation features" continue to be accounted for and measured on the basis of Italian GAAP, as established in paragraph 15 of IFRS 4. These provisions were subjected to a Liability Adequacy Test (LAT) in order to test the adequacy of net technical provisions with respect to "realistic" provisions, which reflect the present value of future cash flows, obtained by projecting expected future cash flows from the existing portfolio to the end of the reporting period, based on appropriate assumptions regarding the cause of expiration (death, surrender, redemption, reduction) and the performance of claims expenses.

The results of the tests revealed that the technical provisions were adequate and did not need to be topped up. The outcome of the test, as described in the section on "Risk management", revealed that the provisions accounted for in the financial statements are adequate.

"Other technical provisions" include provisions for future expenses (article 31 of ISVAP Regulation 21/2008), totalling €89,816 thousand, provisions for supplementary insurance premiums, totalling €474 thousand, and provisions for with-profits policies, amounting to €712 thousand. **Deferred Policyholder Liability (DPL) provisions**, amounting to €8,225,030 thousand at 31 December 2017, are down on the figure for the beginning of the year (€9,280,747 thousand). This reflects the reduction in fair value resulting from financial market trends with respect to the end of the previous year.

4. Financial liabilities

Financial liabilities break down as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Financial liabilities held for trading				
Financial liabilities designated at fair value through profit or loss				
Other financial liabilities	1,011,964.0	1,010,382.9	1,581.2	0.2%
Total	**1,011,964.0**	**1,010,382.9**	**1,581.2**	**0.2%**

Other financial liabilities, totalling €1,011,964 thousand at 31 December 2017, almost exclusively regard: i) €760,776 thousand relating to subordinated bonds issued by the Company in May 2014, including accrued interest on the bonds and the issue discount, and ii) €250,899 thousand regarding subordinated debt with an undefined maturity, issued by Poste Vita and placed in its entirety with the parent, Poste Italiane. The debt pays a market rate of return and is governed by article 45, section IV, sub-section III of Legislative Decree 209 of 7 September 2005, as amended. The amount payable includes interest accrued on the debt.

5. Payables

Payables amount to €199,449 thousand at 31 December 2017 (€198,312 thousand at 31 December 2016). The following table shows a breakdown and movements with respect to the previous year:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Payables arising from direct insurance transactions	144,148.0	136,636.9	7,511.0	5.5%
Payables arising from reinsurance transactions	2,587.4	8,017.6	(5,430.2)	(67.7%)
Other payables	52,714.1	53,657.5	(943.4)	(1.8%)
Total	**199,449.5**	**198,312.0**	**1,137.4**	**0.6%**

Payables arising from direct insurance transactions:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Commissions payable to Poste Italiane	141,894.1	133,946.6	7,947.4	5.9%
Due to policyholders	2,027.7	2,419.5	(391.8)	(16.2%)
Payables arising from co-insurance agreements	226.2	270.8	(44.6)	(16.5%)
Total	**144,148.0**	**136,636.9**	**7,511.0**	**5.5%**

This item, totalling €141,984 thousand (€133,947 thousand at 31 December 2016), refers to invoices to be received from the parent, Poste Italiane, for commissions earned on the sale of insurance products in late 2017 and to be settled in the first quarter of 2018.

Amounts due to policyholders, totalling €2,028 thousand (€2,420 thousand at 31 December 2016), mainly relate to payables to policyholders arising in the period for amounts collected that are subject to refund.

Payables arising from co-insurance agreements, amounting to €226 thousand (€271 thousand at 31 December 2016), relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed to it by the Company in its capacity as lead agent for products placed before 30 September 2004.

Payables arising from reinsurance transactions

Amounts due to reinsurers at 31 December 2017 amount to €2,587 thousand (€8,018 thousand at 31 December 2016). This item includes amounts payable for premiums ceded under reinsurance treaties in effect at the date of presentation of the financial statements and attributable to the fourth quarter of 2017.

Other payables

This item, totalling €52,714 thousand at the end of 2017 (€53,658 thousand at 31 December 2016), breaks down as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Trade payables	29,068.6	33,819.5	(4,750.9)	(14.0%)
Due to Poste Italiane Group suppliers	11,739.9	10,444.3	1,295.6	12.4%
Due to employees	5,049.9	5,017.7	32.2	0.6%
of which post-employment benefits	*2,681.1*	*2,559.6*	*121.5*	*4.7%*
Due to MEF	938.3	1,279.9	(341.6)	(26.7%)
Payables arising from fund purchases	2,406.2	828.9	1,577.3	190.3%
Sundry payables	3,511.3	2,267.2	1,244.1	54.9%
Total	**52,714.1**	**53,657.5**	**(943.4)**	**(1.8%)**

Trade payables of €29,069 thousand refer to services rendered by companies that do not belong to the Poste Italiane Group and for which invoices have yet to be issued at the end of the period.

The amount due to Poste Italiane Group suppliers (€11,740 thousand) relates to services rendered by the parent, Poste Italiane, and its subsidiaries. Further details on the nature of these services are provided in the section, “Intercompany relations”.

The amount due to the MEF (the Ministry of the Economy and Finance), amounting to €938 thousand, relates to amounts payable to the Fund set up by the MEF for policies expiring after 28 October 2008, when Law 166/2008 came into force, introducing rules on “dormant policies”. This amount will be paid in May 2018.

The amount of payables arising from fund purchases, amounting to €2,406.2 thousand, refers to funds purchased and not yet paid for at the end of 2017, totalling €1,040 thousand, and fees payable to internal fund managers, amounting to €1,366 thousand.

In accordance with IVASS requirements contained in Regulation 7, the liability for post-employment benefits (“TFR”) has been accounted for in “Other payables”.

Under international financial reporting standards, and in accordance with indications provided by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC), post-employment benefits are considered as a defined-benefit plan.

Actuarial assessment of post-employment benefits was carried out according to the "accrued benefits" method using the projected unit credit (PUC) method, as defined in paragraphs 64-66 of IAS 19.

Under this method, the accrued benefit is measured on a pro-rated on service basis at the measurement date, considering each period of service as giving rise to an additional unit of benefit entitlement and measuring each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligation and the related current service cost, plan benefits are attributed to periods of service under the plan's benefit formula. This obligation arises as employees render services in return for post-employment benefits which an entity expects to pay in future reporting periods. The expected benefits are then discounted to present value at the measurement date using the assumed discount rate.

Actuarial gains and losses result from changes in the assumptions used or from movements in the relevant population in the observed period, as illustrated below. In accordance with IAS 19, actuarial gains and losses are recognised in other comprehensive income (OCI).

The interest cost for 2017 has been recognised in finance costs, whilst other provisions for the year have been accounted for in employee expenses.

Movements in this liability during the year are summarised as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Opening balance	**2,559.6**	**2,011.3**	**548.25**	**27.3%**
Merger		180.9	(180.9)	(100.0%)
Service cost	235.6	225.1	10.5	4.6%
Interest cost	32.9	34.4	(1.5)	(4.3%)
Benefits paid	(59)	(38.2)	(20.4)	53.4%
Transfers in/(out)	20.8	23.3	(2.5)	(10.7%)
Actuarial (Gains)/Losses	(109)	122.8	(232.0)	(188.9%)
Closing balance	**2,681.1**	**2,559.6**	**121.47**	**4.7%**

Actuarial gains recognised during the period are based on the sum of the following components:

Actuarial gains/losses	At 31 December 2017
Actuarial gains/(losses) due to movements in the relevant population	130,3
Actuarial gains/(losses) due to changes in financial assumptions	(21,2)
Total	**109,2**

The main actuarial assumptions applied in calculating provisions for post-employment benefits ("TFR") at 31 December 2017 are shown below and compared with those used at the end of 2016:

Economic and financial assumptions	at 31 December 2017	at 31 December 2016
Discount rate	1,250%	1,310%
Inflation rate	1,500%	1,500%
Nominal rate of future salary increases	1,000% - 2,388%	1,000%
Date of survey of participants	1 December 2017	31 December 2016

Demographic assumptions	At 31 December 2017
Mortality	RG48 differentiated by gender
Disability	INPS 1998 differentiated by gender
Rate of employee turnover	from 1.00% to 2.00% per annum for all ages
Advance rate	2.00% per annum for all ages
Pensionable age	In accordance with INPS rules

6. Other liabilities

These items amount to €789,651 thousand at the end of 2017, compared with €803,610 thousand at the end of the previous year, and break down as follows:

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Deferred tax liabilities	202,182.0	191,221.2	10,960.9	5.7%
Current tax liabilities	578,014.7	603,378.2	(25,363.5)	(4.2%)
Other liabilities	9,454.4	9,011.0	443.5	4.9%
Total	**789,651.2**	**803,610.3**	**(13,959.1)**	**(1.7%)**

Changes in deferred tax liabilities in 2017 are shown below:

Deferred tax liabilities at 31 December 2016	**191,221.2**
- change accounted for in the income statement	14,862.5
- change accounted for in equity	(3,903.6)
Deferred tax liabilities at 31 December 2017	**202,182.1**

Temporary differences accounted for in the income statement originate mainly from the increased amount of finance income recognised under IAS/IFRS in Poste Vita's financial statements, compared with the income recognised on the basis of tax regulations, in addition to deferred tax liabilities on the costs of issuing bonds, which were capitalised by Poste Vita in 2014 pursuant to the provisions of art. 32, paragraph 13 of Law Decree 82/2012 and which the Company intends to recover through their amortisation. Temporary differences accounted for directly in equity originate mainly from the fair value measurement of AFS financial assets belonging to Poste Vita and Poste Assicura.

Current tax liabilities amount to €578,015 thousand at 31 December 2017 (€603,378 thousand at the end of 2016).

(€000)	at 31 December 2017	at 31 December 2016	Increase/(decrease)	
Advance payment in relation to reserve for Law Decree 209/2002	488,973.8	443,089.4	45,884.4	10.4%
Stamp duty payable	54,685.5	65,979.8	(11,294.2)	(17.1%)
Withholding tax payable on individual pension plans (FIP) and on life policies	23,004.7	22,095.3	909.4	4.1%
Current tax expense	8,409.3	69,535.5	(61,126.2)	(87.9%)
Other	2,941.4	2,678.2	263.2	9.8%
Total	**578,014.7**	**603,378.2**	**(25,363.5)**	**(4.2%)**

This item refers primarily to tax due on mathematical provisions for 2017, amounting to €488,974 thousand, up 10.4% on the beginning of the year due to the increase in mathematical provisions during the period, and stamp duty payable at 31 December 2017 on financial policies included in Life Classes III and V, totalling €54,686 thousand. This latter amount is down on the figure for the end of 2016 (€65,980 thousand) due to Class III reaching maturity during the period.

Withholding taxes payable on amounts paid out on life policies amount to €23,005 thousand at 31 December 2017. These taxes are payable for the month of December and will be paid in the following month.

The reduction in current IRES and IRAP expense, compared with 31 December 2016, reflects the fact that tax expense for the year was entirely offset by payments on account, something that was not the case at 31 December 2016.

Other liabilities

Other liabilities amount to €9,454 thousand at 31 December 2017 (€9,011 thousand at 31 December 2016) and primarily regard unpaid salaries and accrued vacation pay due to personnel.

Part D – notes to the consolidated income statement

1.1 Net premium revenue

Consolidated net premium revenue amounts to €20,342,942 thousand, up €459,006 thousand on the €19,883,936 thousand of the previous year.

Gross premium revenue amounts to €20,404,611 thousand, up 2.3% on the figure for 2016 (€19,939,035 thousand). Total outward reinsurance premiums amount to €54,048 thousand for 2017, compared with €46,787 thousand in 2016.

for the year ended 31 December (€000)	2017	2016	Increase/(decrease)	
Gross life premium revenue	20,263,362.0	19,820,208.1	443,153.9	2.2%
Gross non-life premium revenue	141,248.5	118,826.9	22,421.7	18.9%
Total gross premium revenue	**20,404,610.5**	**19,939,034.9**	**465,575.6**	**2.3%**
Change in gross premium reserve	(10,149.4)	(10,357.8)	208.3	n.s.
Gross premium revenue	20,394,461.1	19,928,677.1	465,783.9	2.3%
Outward life reinsurance premiums	(19,750.6)	(16,765.0)	(2,985.6)	17.8%
Outward non-life reinsurance premiums	(34,297.1)	(30,022.4)	(4,274.7)	14.2%
Total outward reinsurance premiums	**(54,047.6)**	**(46,787.3)**	**(7,260.3)**	**15.5%**
Change in share of premium reserve attributable to reinsurers	2,528.5	2,046.4	482.1	23.6%
Outward reinsurance premiums	**(51,519.1)**	**(44,740.9)**	**(6,778.2)**	**15.1%**
Total net premium revenue	**20,342,942.0**	**19,883,936.2**	**459,006**	**2.3%**

All gross premium revenue attributable to the Insurance Group's portfolio falls within the scope of IFRS 4.

1.3 Net income from financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss generated income of €1,004,288 thousand in 2017, up on the €935,263 thousand of 2016. This reflects an increase of €253,231 thousand in ordinary income due to growth in assets under management.

In contrast, the increase was partially offset by the impact of less favourable financial market trends, which resulted in lower net unrealised gains (down from €615,718 thousand in 2016 to €467,905 thousand in 2017).

The period also witnessed an increase of €36,393 thousand net realised losses.

The following table shows a breakdown of income and expenses from financial instruments at fair value through profit or loss:

(€000)	Interest	Other income (expenses), net	Net realised gains/(losses)	Net unrealised gains/(losses)	Total income (expenses), net
Year ended 31 December 2017					
Income and expenses from financial assets at fair value through profit or loss	**109,502**	**466,465**	**(39,584)**	**467,905**	**1,004,288**
Year ended 31 December 2016					
Income and expenses from financial assets at fair value through profit or loss	92,960	229,776	(3,191.2)	615,718	935,263
Increase/(decrease)	**16,542**	**236,689**	**(36,393)**	**(147,813)**	**69,025**

1.4 - 1.5 Net income from investments in subsidiaries, associates and joint ventures, from other financial instruments and investment property

This item totals €2,490,887 thousand, compared with €2,407,254 thousand in 2016, and breaks down as follows:

Year ended 31 December 2017 (€000)	Interest	Other income (expenses), net	Total ordinary income	Net realised gains/ (losses)	Net unrealised gains/ (losses)	Total income (expenses), net for 2017
Income and expenses from available-for-sale financial assets	2,382,083	46,538	2,428,621	193,953	(104,775)	2,517,799
Income from cash and cash equivalents	(288)		(288)			(288)
Income and expenses from loans and receivables						-
Income and expenses from other financial liabilities	(27,354)		(27,354)			(27,354)
Income and expenses from investments in associates					829	829
Total	**2,354,442**	**46,538**	**2,400,980**	**193,953**	**(103,946)**	**2,490,987**

Year ended 31 December 2016 (€000)	Interest	Other income (expenses), neti	Total ordinary income	Net realised gains/ (losses)	Net unrealised gains/ (losses)	Total income (expenses), net for 2016
Income and expenses from available-for-sale financial assets	2,278,123	19,712	2,297,835	251,419	(106,276)	2,442,978
Income from cash and cash equivalents	8		8			8
Income and expenses from loans and receivables			0			0
Income and expenses from other financial liabilities	(36,446)		(36,446)			(36,446)
Income and expenses from investments in associates			0,0		713	**713**
Total	**2,241,685.4**	**19,712**	**2,261,397**	**251,419.0**	**(105,563)**	**2,407,254**
Increase/(decrease)	112,756	26,826	139,583	(57,466)	1,617	83,734

Net income from investments classified as available-for-sale amounts to €2,517,799 thousand, up on the figure for 2016 (€2,442,978 thousand). This primarily reflects an improvement in ordinary income of €130,786 thousand due to growth in assets under management. This was partially offset by a reduction of €57,466 thousand in net realised gains, reflecting the impact of less favourable financial market trends during the period.

Net unrealised losses of €104,775 thousand were also recognised during the period (€106,276 thousand in 2016). These are entirely attributable to a further impairment loss of €104,755 thousand on the investment in the Atlante Fund during the period, as more fully described in the section, “Other information”. This includes:

- €92,686 thousand allocated to separately managed accounts and thus reflected in deferred liabilities due to policyholders;
- €12,089 thousand relating to the Company’s free capital.

A small part of net expenses of approximately €27,641 thousand for the period under review (€36,438 thousand in 2016) relates almost entirely to interest expense on subordinated debt.

1.6 Other income

This item amounts to €14,327 thousand for 2017 (€10,206 thousand in 2016) and primarily regards: i) revenue from ordinary activities at Poste Welfare Servizi SRL, totalling €9,958 thousand; ii) the reversal of commissions for previous years, totalling €3,214 thousand; iii) the recovery of personnel expenses and rental expense on the Company’s head office, totalling €512 thousand; and iv) the recovery of claims paid in previous years, totalling €69 thousand.

2.1 Net claims expenses

Total claims expenses, after the share attributable to reinsurers, total €22,351,461 thousand, compared with €21,970,954 thousand in 2016.

Total amounts paid, including allocated settlement costs and the change in technical provisions, amount to €22,370,598 thousand in 2017, compared with €21,990,568 thousand in 2016. These expenses break down as follows:

for the year ended 31 December (€000)	2017	2016	Increase/(decrease)	
Non-life business				
Claims paid	22,518	19,275	3,242.7	16.8%
Change in outstanding claims provisions	6,704	20,774	(14,070.2)	(67.7%)
Change in other technical provisions	(42)	(65)	23.1	(35.3%)
Costs of settling claims	3,262	2,528	733.4	29.0%
Total non-life business	**32,441**	**42,512**	**(10,071.0)**	**(23.7%)**
Life business				
Claims paid	10,830,518	7,451,949	3,378,569.1	45.3%
Change in mathematical provisions	14,693,171	14,327,132	366,038.5	2.6%
Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	(3,369,672)	(318,701)	(3,050,970.9)	957.3%
Change in other technical provisions	172,850	477,308	(304,458.4)	(63.8%)
Costs of settling claims	11,290	10,367	922.8	8.9%
Total life business	**22,338,157**	**21,948,055**	**390,101.0**	**1.8%**
Total claims paid and change in technical provisions	**22,370,598**	**21,990,568**	**380,030**	**1.7%**

The share attributable to reinsurers amounts to €19,136 thousand, compared with €19,614 thousand for the previous year, and breaks down as follows:

for the year ended 31 December (€000)	2017	2016	Increase/(decrease)	
Non-life business				
Claims paid	6,873	5,831	1,042.1	17.9%
Change in outstanding claims provisions	(169)	3,509	(3,678.6)	(104.8%)
Change in other technical provisions			0.0	-
Costs of settling claims	196	200	(3.7)	(1.9%)
Total non-life business	**6,900**	**9,540**	**(2,640.2)**	**(27.7%)**
Life business				
Claims paid	8,965	6,656	2,309.2	34.7%
Change in outstanding claims provisions	(953)	621	(1,573.3)	(253.4%)
Change in mathematical provisions	4,224	2,795	1,428.9	51.1%
Costs of settling claims		2	(2.3)	(100.0%)
Total life business	**12,237**	**10,074**	**2,162.4**	**21.5%**
Total claims paid and change in technical provisions	**19,136**	**19,614**	**(478)**	**(2.4%)**

2.5 Operating costs

Operating costs amount to €577,555 thousand at the end of the period, up on the €569,685 thousand of 2016.

The following table shows a breakdown of operating costs by business (life or non-life):

for the year ended 31 December (€000)	2017	2016	Increase/(decrease)	
Non-life business				
Commissions and other acquisition costs:	29,652	26,958	2,693.3	10.0%
Acquisition commissions	*25,067*	*21,200*	*3,867.1*	*18.2%*
Other acquisition costs	*4,585*	*5,758*	*(1,173.9)*	*(20.4%)*
Commissions and share of profit received from reinsurers	(16,353)	(13,876)	(2,477.0)	17.9%
Total non-life business	**13,299**	**13,083**	**216.2**	**1.7%**
Life business				
Commissions and other acquisition costs:	452,999	449,951	3,047.7	0.7%
Acquisition commissions	*415,066*	*410,398*	*4,668.3*	*1.1%*
Other acquisition costs	*37,933*	*39,554*	*(1,620.7)*	*(4.1%)*
Commissions and share of profit received from reinsurers	(1,879)	(2,303)	423.7	(18.4%)
Total life business	**451,120**	**447,648**	**3,471.3**	**0.8%**
Investment management expenses	**45,472**	**44,369**	**1,103.3**	**2.5%**
Other administrative expenses	**67,664**	**64,585**	**3,079.4**	**4.8%**
Total operating costs	**577,555**	**569,685**	**7,870**	**1.4%**

Acquisition commissions, net of the change in unamortised deferred acquisition costs, amounting to €440,133 thousand for 2017 (€431,598 thousand in 2016) reflect commissions related to the sale of insurance products. Commissions relating to long-term contracts are amortised in accordance with ISVAP Regulation 22 of 4 April 2008. The increase on the comparable amount for the previous year is due mainly to the growth in premium revenue. Commissions are set on the basis of written arm's length agreements entered into with Poste Italiane SpA.

Other acquisition costs, amounting to €42,518 thousand (€45,312 in 2016), include expenses arising from the sale of insurance policies, other than acquisition commissions. Specifically, this sub-item includes advertising expenses incurred to market insurance products, administrative costs incurred in handling applications and drawing up policies, as well as employee expenses allocated, in whole or in part, to operational units or operations.

Commissions and the share of profit received from reinsurers, totalling €18,232 thousand (€16,179 thousand in 2016) include commissions paid to the Company by reinsurers, calculated on the share of premiums ceded under the relevant treaties. The increase reflects growth of the business.

Costs not directly or indirectly attributable to the acquisition of premiums and contracts, to the settlement of claims or to investment management represent other administrative costs and total €67,644 thousand for 2017, compared with €64,585 for 2016.

Investment management expenses amount to €45,472 thousand for 2017, compared with €44,369 for 2016. These include portfolio management fees of €27,029 thousand, fees for the custody of securities, totalling €2,412 thousand, and overheads of €16,032 thousand allocated to this item. The increase in these costs is due to growth in the portfolio.

2.6 Other costs

This item amounts to €91,808 thousand for 2017, compared with €53,751 thousand for 2016. These costs relate mainly to:

- maintenance commissions paid to the agent, totalling €47,108 thousand;
- withholding tax of €13,612 thousand payable on revaluations of mathematical provisions for pension products;
- €24,528 thousand relating to the reversal of premiums for previous years;
- accrued charges incurred by the Company in relation to dormant policies, totalling €907 thousand;
- overheads of €1,785 thousand allocated to this item; and
- the share of the profit passed on to policyholders under the terms of the relevant policies, totalling €202 thousand.

3 Income tax expense

Income tax expense for the period, amounting to €296,995 thousand, includes €263,579 thousand in current IRES and IRAP expense and €33,415 thousand net deferred tax expense.

(€000)	Year ended 31 December 2017
Current taxation	263,579
- IRES	219,306
- IRAP	44,274
Deferred taxation:	33,415
- deferred tax liabilities arising during the period	15,330
- deferred tax liabilities used during the period	(467)
- deferred tax assets arising during the period	(2,519)
- deferred tax assets used during the period	21,072
Total	**296,995**

The table below reconciles the effective tax charge and the tax charge resulting from application of the statutory IRES tax rate of 24%. No account was taken of IRAP, considering that the tax base for this tax is different from that on which IRES is calculated.

	Year ended 31 December 2017	
(€000)	Amount	Tax rate
Profit before tax	**843,188**	
Income tax based on statutory tax rate (only IRES at 24%)	202,365	24.00%
Change in life technical provisions	48,995	5.81%
Non-deductible interest expense	250	0.03%
Non-deductible extraordinary expenses	689	0.08%
Tax free dividends	(123)	(0.01%)
Deduction of IRAP from IRES	(1,186)	(0.14%)
ACE (aid for economic growth) relief	(5,528)	(0.66%)
Other	175	0.02%
Corporate income tax (IRES)	**245,637**	**29.13%**
IRAP (regional business tax)	51,358	6.09%
Income tax expense for the period	**296,995**	**35.22%**

Strategic direction and coordination

The Parent Company, Poste Vita, is a wholly owned subsidiary of Poste Italiane SpA, which performs direction and coordination activities for the Group. The table below shows key indicators extracted from the financial statements for the year ended 31 December 2016.

Reference should be made to Poste Italiane SpA's financial statements which, together with the independent auditors' report, are available in the form and manner established by law.

Key indicators from Poste Italiane SpA's financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	at 31 december 2016	at 31 december 2015
Non-current assets	54,301,941	50,255,119
Current assets	19,243,242	19,666,593
Inventories		
Non-current assets held for sale	384,309	-
TOTAL ASSETS	**73,929,492**	**69,921,712**

EQUITY AND LIABILITIES dati in migliaia di Euro	at 31 december 2016	at 31 december 2015
Equity		
Share capital	1,306,110	1,306,110
Reserves	2,186,144	3,826,038
Retained earnings	2,667,931	2,514,290
Total	**6,160,185**	**7,646,438**
Non-current liabilities	**11,098,719**	**9,902,497**
Current liabilities	**56,670,588**	**52,372,777**
TOTAL EQUITY AND LIABILITIES	**73,929,492**	**69,921,712**

STATEMENT OF PROFIT OR LOSS

(€/000)	for the year ended 31 december 2016	for the year ended 31 december 2015
Revenue from sales and services	8,218,553	8,205,339
Other income from financial activities	598,784	432,729
Other operating income	477,863	398,603
Total revenue	**9,295,200**	**9,036,671**
Cost of goods and services	1,733,501	1,818,825
Other expenses from financial activities	14,645	2,659
Personnel expenses	5,992,142	5,895,396
Amortisation, depreciaton and impairments	504,355	484,513
Capitalised costs and expenses	(3,806)	(4,878)
Other operating costs	254,804	226,279
Operating profit/(loss)	**799,559**	**613,877**
Finance costs	65,166	76,378
Finance income	44,594	58,443
Profit before tax	**778,987**	**595,942**
Income tax expense	153,646	145,144
PROFIT FOR THE PERIOD	**625,341**	**450,798**

Part E – other information

Information on related party transactions

Transactions between the Parent Company, Poste Vita SpA, and its subsidiaries, Poste Assicura SpA and Poste Welfare Servizi Srl have been eliminated, as consolidated financial statements require the elimination of intercompany transactions and, as such, they are not shown in this section. They relate mainly to staff secondment, office rental and the organization of space, administration, support, IT assistance and claims management.

Assets, liabilities, costs and income arising from transactions between Group companies, including the Parent Company, and their related parties are shown in the following tables:

Related party (€000)	at 31 December 2017		at 31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Associate	106,768		140,499	
Other related parties	1,210,379	406,107	1,179,030	395,610
Total	**1,317,148**	**406,107**	**1,319,529**	**395,610**

Related party (€000)	for the year ended 31 December 2017		for the year ended 31 December 2016	
	Income		Income	Costs
Associate	829	224	714	-
Other related parties	16,335	530,950	52,076	515,213
Total	**17,164**	**531,174**	**52,791**	**515,213**

The Parent Company, Poste Vita, is a wholly owned subsidiary of Poste Italiane SpA, which directs and coordinates the Group.

Transactions with 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:

- the sale and distribution of insurance products at post offices and related activities;
- post office current accounts;
- partial secondment of personnel used by the Company;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services;
- Term Life Insurance policies.

Furthermore, at 31 December 2017, subordinated loan notes, totalling €250 million (€250 million at 31 December 2016) and issued by the Company, have been subscribed for by the parent, Poste Italiane SpA. The notes provide a market rate of return reflecting the creditworthiness of the Company.

At 31 December 2017, assets include the value of the investment in the associate, Europa Gestioni Immobiliare SpA (EGI), totalling €106,768 thousand, whilst revenue includes the Group's share of the associate's profit for the year, amounting to €829 thousand. In addition to the relations with the parent, Poste Vita Group companies also maintain operational relations with other Poste Italiane Group companies, with regard to:

- management of the Company's free capital and of a part of the portfolio investments attributable to separately managed accounts (BancoPosta Fondi SGR and Anima SGR);

- printing, enveloping and mail delivery through information systems; management of incoming mail, the dematerialization and filing of printed documentation (Postel);
- services related to network connections with Poste Italiane's post offices services related to network connections with Poste Italiane's post offices (Postecom)[4];
- mobile telephone services (Poste Mobile);
- advice on obligations pertaining to occupational health and safety (Poste Tutela);
- Term Life Insurance policies (Postel, EGI, Poste Mobile, Mistral Air, Poste Tributi and BancoPosta Fondi SGR);
- the supply of electricity (EGI).

These arrangements are also conducted on an arm's length basis. A description of the above transactions is provided in the notes.

Personnel

The number of people directly employed by the Poste Vita Insurance Group at 31 December 2017 is 535, compared with 494 at 31 December 2016.

Workforce breakdown	At 31 December 2017	At 31 December 2016	Increase/(decrease)
Executives	36	42	(6)
Middle managers	191	199	(8)
Operational staff	302	249	53
Personnel on fixed-term contracts	6	4	2
Direct employees	**535**	**494**	**41**

The Insurance Group continued to strengthen its organisational structure during the period in order to meet the requirements associated with its growing size, the increase in business and plans for the future.

The Parent Company, Poste Vita, provides administrative, IT and marketing services, as well as being responsible for internal control (internal auditing, compliance, risk management and actuarial procedures), and staff functions (human resources, legal affairs, general services and management control, etc.). Since December 2017, the Parent Company, Poste Vita, also provides administrative and tax advisory services to the subsidiary, Poste Welfare Servizi.

Disclosure of fees paid to the independent auditors and for services other than audit

In compliance with the provisions of art. 49-duodecies of the CONSOB's Regulations for Issuers, the fees paid to BDO Italia SpA for auditing the separate and consolidated financial statements amount to €161 thousand. Fees paid for services relating to the audit of reports for the separately managed accounts (€67 thousand), the conduct of compliance reviews for the annual reports prepared for internal insurance funds (€119 thousand) and the audit of the accounts of the investee, Poste Assicura SpA (€169 thousand), and of the subsidiary, Poste Welfare Servizi Spa (€24 thousand) are paid to the audit firm, PricewaterhouseCoopers SpA, which carries out these services.

4. During the period, Postecom (with the exception of Postecom's investments in PatentiVia Poste and Consorzio Poste Motori) was merged with and into Poste Italiane with effect for legal, accounting and tax purposes from 1 April 2017.

Events after 31 December 2017

On 21 December 2017, Poste Italiane SpA and Anima Holding SpA signed a new binding agreement with the aim of strengthening their partnership in the asset management sector. By signing this agreement, the two companies intend to confirm their interest and mutual commitment to extending and strengthening their partnership.

Among other things, the transaction envisages the partial spin-off of management of the assets underlying Class I insurance products (totalling over €70 billion), previously attributed to BancoPosta Fondi SpA SGR ("BPF SGR") to Anima SGR. The partnership agreements between the Poste Italiane Group and Anima Holding SpA, dating back to July 2015, by virtue of which Anima Holding SpA has been delegated to manage the retail funds established by BPF SGR and the assets underlying Poste Vita SpA's Class III insurance products, will be amended and expanded. The above transactions will be executed once the necessary consents from the competent supervisory authorities have been received.

Roma, 27 March 2018

The Board of Directors

3. Annexes

Statement of changes in equity

		Balance at 31/12/2015	Changes in closing balances	Changes	Adjutments due to reclassification to profit or loss	Transfers
Equity attributable to owners of the Parent	Share capital	1,216,608	-	-	-	-
	Other equity instruments	-	-	-	-	-
	Capital reserves	-	-	-	-	-
	Retained earnings and other reserves	1,493,619	-	7,928	-	-
	(Treasury shares)	-	-	-	-	-
	Profit/(Loss) for the period	347,927	-	48,248	-	-
	Other components of comprehensive income	218,809	-	(24,277)	(6,910)	-
	Total attributable to owners of the Parent	**3,276,963**	**-**	**31,899**	**(6,910)**	**-**
Equity attributable to noncontrolling interests	Share capital and reserves	-	-	-	-	-
	Profit/(Loss) for the period	-	-	-	-	-
	Other components of comprehensive income	-	-	-	-	-
	Total attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**
Total		**3,276,963**	**-**	**31,899**	**(6,910)**	**-**

(€000)

Changes in equity interests	Balance at 31/12/2016	Changes in closing balances	Changes	Adjutments due to reclassification to profit or loss	Transfers	Changes in equity interests	Balance at 31/12/2017
-	1,216,608	-	-	-	-	-	1,216,608
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,501,547	-	(73,825)	-	-	-	1,427,722
-	-	-	-	-	-	-	-
-	396,175	-	150,018	-	-	-	546,193
-	187,622	-	(1,697)	(7,117)	-	-	178,808
-	**3,301,952**	**-**	**74,496**	**(7,117)**	**-**	**-**	**3,369,331**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**3,301,952**	**-**	**74,496**	**(7,117)**	**-**	**-**	**3,369,331**

Statement of comprehensive income

(€000)

	Total 31/12/2017	Total 31/12/2016
CONSOLIDATED PROFIT/(LOSS)	**546,193**	**396,175**
STATEMENT OF COMPREHENSIVE INCOME	**85**	**(94)**
Change in subsidiaries' equity	-	-
Change in revaluation reserve for intangible assets	-	-
Change in revaluation reserve for tangible assets	-	-
tabella pag. 107	-	-
Actuarial gains and losses and adjustments related to defined-benefit plans	85	(94)
Other components	-	-
Other components of comprehensive income that may be reclassified to profit or loss, net of taxation	**(8,899)**	**(31,093)**
Change in reserve for currency translation differences	-	-
Gains or losses on available-for-sale financial assets	(8,899)	(31,093)
Gains or losses on cash flow hedges	-	-
Gains or losses on hedges of a net investment in foreign operations	-	-
Change in subsidiaries' equity	-	-
Income and expenses related to non-current assets or disposal groups held for sale	-	-
Other components	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**(8,815)**	**(31,186)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**537,379**	**364,989**
of which attributable to owners of the Parent	**537,379**	**364,989**
of which attributable to non-controlling interests	**-**	**-**

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Details of other components of comprehensive income

	Changes		Adjustments due to reclassification to profit or loss	
	Total 31/12/2017	**Total 31/12/2016**	**Total 31/12/2017**	**Total 31/12/2016**
Other components of comprehensive income that will not be reclassified to profit or loss	85	(94)		-
Reserve for changes in subsidiaries' equity	-	-	-	-
Revaluation reserve for intangible assets	-	0	-	-
Revaluation reserve for tangible assets	-	-	-	-
Income and expenses from non-current assets and disposal groups held for sale	-	-	-	-
Actuarial gains and losses and adjustments related to defined-benefit plans	85	(94)	-	-
Other components	-	-	-	-
Other components of comprehensive income that may be reclassified to profit or loss	(1,782)	(24,183)	(7,117)	(6,910)
Reserve for currency translation differences	-	-	-	-
Gains or losses on available-for-sale financial assets	**(1,782)**	**(24,183)**	(7,117)	(6,910)
Gains or losses on cash flow hedges	-	-	-	-
Gains or losses on hedges of a net investment in foreign operations	-	-	-	-
Reserve for changes in subsidiaries' equity	-	-	-	-
Income and expenses related to non-current assets or disposal groups held for sale	-	-	-	-
Other components	-	-	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**-1,697**	**-24,277**	**-7,117**	**-6,910**

(€000)

Other changes		Total changes		Tax		Balance	
Total 31/12/2016	**Total 31/12/2016**	**Total 31/12/2017**	**Total 31/12/2016**	**Total 31/12/2017**	**Total 31/12/2016**	**Total 31/12/2017**	**Total 31/12/2016**
	-	85	(94)	-	-	(63)	(148)
	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	85	(94)	-	-	(63)	(148)
-	-	-	-	-	-	-	-
-	-	(8,899)	(31,093)	3,806	13,687	178,871	187,770
-	-	-	-	-	-	-	-
-	-	(8,899)	(31,093)	3,806	13,687	178,871	187,770
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
		-8,815	**-31,186**	**3,806**	**13,687**	**178,808**	**187,622**

Cash flow statement (indirect method)

(€000)

	31/12/2017	31/12/2016
Profit/(Loss) for the period before tax	**843,188**	648,142
Changes in non-monetary items	**9,693,809**	13,015,182
Change in non-life premium reserve	7,977	9,192
Change in outstanding claims provisions and other non-life technical provisions	6,860	16,717
Change in outstanding claims provisions and other life technical provisions	9,952,612	13,329,200
Change in deferred acquisition costs	(996)	(4,295)
Change in provisions	190	17
Non-monetary income and expenses from financial instruments, investment property and investments	(290,516)	(350,008)
Other changes	17,682	14,359
Change in receivables and payables generated by operating activities	**40,764**	(26,637)
Change in receivables and payables deriving from direct insurance sales and reinsurance transactions	1,074	(36,002)
Change in other receivables and payables	39,690	9,364
Income tax paid	**(257,099)**	**(203,082)**
Net cash generated by (used for) monetary items related to investing and financing activities	**(4,385,450)**	**6,760,437**
Liabilities from investment contracts issued by insurance companies	0	0
Due to bank and interbank customers	0	0
Loans and receivables outstanding with bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	(4,385,450)	(6,760,437)
TOTAL NET CASH GENERATED BY OPERATING ACTIVITIES	**5,935,212**	**6,673,169**

Net cash generated by (used for) investment property	0	0
Net cash generated by (used for) investments in subsidiaries, associates and joint ventures	(837)	(706)
Net cash generated by (used for) loans and receivables	(179,683)	71,556
Net cash generated by (used for) investments held to maturity	0	0
Net cash generated by (used for) available-for-sale financial assets	(5,382,991)	(6,184,047)
Net cash generated by (used for) tangible and intangible assets	(15,056)	(18,715)
Other net cash generated by (used for) investing activities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) INVESTING ACTIVITIES	**(5,578,566)**	**(6,131,913)**

Net cash generated by (used for) equity instruments attributable to owners of the Parent	(305,809)	(283,153)
Net cash generated by (used for) treasury shares	0	0
Distribution of dividends to owners of the Parent	(470,000)	(340,000)
Net cash generated by (used for) share capital and reserves attributable to non- controlling interests	0	0
Net cash generated by (used for) subordinated liabilities and equity instruments	1,531	(201,507)
Net cash generated by (used for) sundry financial liabilities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES	**(774,278)**	**(824,660)**

Effect of exchange rate differences on cash and cash equivalents	0	0

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,324,657	1,608,061
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(417,632)	(283,404)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	907,025	1,324,657

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Statement of financial position by operating segment

			Non-life business				
			31/12/2017		31/12/2016		
1	**INTANGIBLE ASSETS**	1	**9,345**	31	**29,607**	1	
2	**TANGIBLE ASSETS**	2	**1,469**	32	**303**	2	
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	3	**34,903**	33	**32,900**	3	
4	**INVESTMENTS**	4	244,018	34	187,692	4	
4.1	Investment property	5	-	35	-	5	
4.2	Investments in subsidiaries, associates ad joint ventures	6	-	36	-	6	
4.3	Investments held to maturity	7	-	37	-	7	
4.4	Loans and receivables	8	-	38	-	8	
4.5	Available-for-sale financial assets	9	243,613	39	187,292	9	
4.6	Financial assets at fair value through profit or loss	10	-	40	-	10	
5	**SUNDRY RECEIVABLES**	11	7,767	41	4,628	11	
6	**OTHER ASSETS**	12	**10,922**	42	**12,136**	12	
6.1	Deferred acquisition costs	13	36	43	533	13	
6.2	Other assets	14	10,886	44	11,604	14	
7	**CASH AND CASH EQUIVALENTS**	15	**10,439**	45	**13,115**	15	
	TOTAL ASSETS	16	**318,863**	46	**280,382**	16	
1	**EQUITY**						
2	**PROVISIONS**	18	**-**	48	**-**	18	
3	**TECHNICAL PROVISIONS**	19	**160,225**	49	**143,385**	19	
4	**FINANCIAL LIABILITIES**	20	**-**	50	**-**	20	
4.1	Financial liabilities at fair value through profit or loss	21	-	51	-	21	
4.2	Other financial liabilities	22		52		22	
5	**PAYABLES**	23	**24,756**	53	**19,467**	23	
6	**OTHER LIABILITIES**	24	**10,600**	54	**6,979**	24	
	TOTAL EQUITY AND LIABILITIES						

(€000)

Life business			Intersegment eliminations			Total		
31/12/2017		31/12/2016	31/12/2017	31/12/2016		31/12/2017		31/12/2016
34,018	31	**16,946**	**-**	-	1	**43,363**	31	**46,474**
7,324	32	**7,640**		-	2	**8,794**	32	**7,943**
36,340	33	**33,069**		-	3	**71,243**	33	**65,969**
125,722,042	34	115,538,891	**(49,096)**	**(49,096)**	4	125,916,964	34	115,677,487
-	35	-		-	5	-	35	-
155,864	36	155,027	(49,096)	(49,096)	6	106,768	36	105,931
-	37	-		-	7	-	37	-
209,526	38	29,843		-	8	209,526	38	29,843
95,835,250	39	90,218,065		-	9	96,078,864	39	90,405,357
29,521,402	40	25,135,956		-	10	29,521,806	40	25,136,356
131,417	41	167,102	(8,318)	(2,586)	11	130,866	41	169,144
1,943,256	42	**1,699,570**		-	12	**1,954,177**	42	**1,711,707**
61,750	43	60,257		-	13	**61,785**	43	**60,789**
1,881,506	44	1,639,314		-	14	1,892,392	44	1,650,918
896,586	45	**1,311,542**		-	15	**907,025**	45	**1,324,657**
128,770,984	46	**118,774,760**	**(57,414)**	**(51,761)**	16	**129,032,433**	46	**119,003,382**
					17	**3,369,331**	47	**3,301,952**
11,187	48	**11,187**		-	18	**11,393**	48	**11,203**
123,490,419	49	**113,534,535**		-	19	**123,650,644**	49	**113,677,921**
1,011,954	50	**1,010,383**		-	20	1,011,964	50	1,010,383
-	51	-		-	21	-	51	-
1,011,954	52	1,010,383		-	22	1,011,964	52	1,010,383
183,011	53	**181,431**	**(8,318)**	**(2,586)**	23	**199,449**	53	**198,312**
779,052	54	**796,631**		-	24	**789,651**	54	**803,610**
					25	**129,032,433**	55	**119,003,382**

Income statement by operating segment

			Non-life business			
			Total 31/12/2017		**Total 31/12/2016**	
1.1	Net premium revenue	1	99,330	21	80,493	1
1.1.1	Gross premium revenue	2	131,099	22	108,469	2
1.1.2	Outward reinsurance premiums	3	(31,770)	23	(27,976)	3
1.2	Fee and commission income	4	-	24	-	4
1.3	Net income (expenses) from financial assets at fair value through profit or loss	5	6	25	-	5
1.4	Income from investments in subsidiaries, associates and joint ventures	6	-	26	-	6
1.5	Income from other financial instruments and investment property	7	4,140	27	3,653	7
1.6	Other income	8	14,138	28	10,645	8
1	**TOTAL REVENUE**	9	**117,614**	29	**94,791**	9
2.1	Net claims expenses	10	(25,542)	30	(32,972)	10
2.1.1	Claims paid and change in technical provisions	11	(32,441)	31	(42,512)	11
2.1.2	Share attributable to reinsurers	12	6,900	32	9,540	12
2.2	Commission expenses	13	-	33	-	13
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	14	-	34	-	14
2.4	Expenses arising from other financial instruments and investment property	15	(185)	35	(109)	15
2.5	Operating costs	16	(35,482)	36	(34,716)	16
2.6	Other costs	17	(8,216)	37	(1,880)	17
2	**TOTAL COSTS AND EXPENSES**	18	**(69,424)**	38	**(69,678)**	18
	PROFIT/(LOSS) BEFORE TAX	19	**48,189**	39	**25,114**	19

(€000)

Life business			Intersegment eliminations			Total		
Total 31/12/2017		**Total 31/12/2016**	**Total 31/12/2017**	**Total 31/12/2016**		**Tota l 31/12/2017**		**Total 31/12/2016**
20,243,612	21	19,803,443		-	1	20,342,941	21	19,883,937
20,263,363	22	19,820,208	0	-	2	20,394,462	22	19,928,677
(19,751)	23	(16,765)		0	3	51,520	23	-44,741
11,468	24	-		-	4	11,468	24	-
1,004,282	25	935,263		-	5	1,004,288	25	935,263
829	26	713		-	6	829	26	713
2,715,676	27	2,622,910		-	7	2,719,817	27	2,626,562
5,301	28	3,967	(5,111)	(4,407)	8	14,327	28	10,206
23,981,168	29	**23,372,169**	**(5,111)**	**(4,407)**	9	**24,093,671**	29	**23,462,553**
(22,325,920)	30	(21,937,981)		0	10	(22,351,461)	30	(21,970,954)
(22,338,157)	31	(21,948,055)		0	11	(22,370,598)	31	(21,990,568)
12,237	32	10,074		0	12	19,136	32	19,614
-	33	-		-	13	0	33	0
-	34	-		-	14	0	34	0
(229,474)	35	(219,913)		0	15	(229,659)	35	(220,022)
(547,230)	36	(539,494)	5,157	0	16	(577,555)	36	(569,685)
(83,592)	37	(51,870)		0	17	(91,808)	37	(53,751)
(23,186,216)	38	**(22,749,259)**	**5,157**	**4,526**	18	**(23,250,483)**	38	**(22,814,411)**
794,952	39	**622,910**	**46**	-	19	**843,188**	39	**648,142**

Scope of consolidation

Name	Country of registration	Country of operation	Method (1)	Business (2)	% direct interest	Total % interest	% ordinary voting rights(4)	% di consolidation
Poste Assicura SPA	086	086	G	1	100	100	100	100
Poste Welfare Servizi S.r.l	086	086	G		100	100	100	100

(1) Consolidation method: Line-by-line =G, Proportionate=P, Line-by-line consolidation due to coordinated management=U
(2) 1=Italian ins.; 2= EU ins.; 3=non-EU ins.; 4=insurance holding; 4.1= mixed holding company; 5= UE reinsurance; 6=non-EU reins.; 7=bank; 8=asset man. co.; 9=other holding; 10=real estate; 11=other
(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.
(4) Total percentage of the available voting rights, if different from the equity interest held.

Details of non-consolidated investments

(€000)

Name	Country of registration	Country of operation	Business (1)	Type (2)	% direct interest	Total % interest (3)	% ordinary voting rights (4)	Carrying amount
EGI SPA	086	086	10	b	45	45	45	106,768

(1) 1=Italian ins.; 2= EU ins.; 3=non-EU ins.; 4=insurance holding; 4.1= mixed holding company; 5= UE reinsurance; 6=non-EU reins.; 7=bank; 8=asset man. co.; 9=other holding; 10=real estate; 11=other
(2) a=subsidiaries (IFRS 10) ; b=associates (IAS 28); c=joint ventures (IFRS 11); indicate companies classified as held for sale, in compliance with IFRS 5, with an asterisk (*) and include the key under the table.
(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.
(4) Total percentage of the available voting rights, if different from the equity interest held.

Details of tangible and intangible assets

(€000)

		Cost		Remeasured amount or fair value	Total carrying amount
Investment property	1	-	2	-	-
Other properties	3	-	4	-	-
Other tangible assets	5	8,794	6	-	8,794
Other intangible assets	7	25,539	8	-	25,539

Details of technical provisions attributable to reinsurers

		Direct business		
		31/12/2017		31/12/2016
Non-life provisions	1	**34,903**	31	**32,900**
Premium reserve	2	9,230	32	7,058
Outstanding claims provisions	3	25,673	33	25,842
Other technical provisions	4	-	34	-
Life provisions	5	**36,340**	35	**33,069**
Outstanding claims provisions	6	5,162	36	6,115
Mathematical provisions	7	31,178	37	26,954
Technical provisions where the investment risk is borne by policyholders and provisions deriving from the management of pension funds	8	-	38	-
Other technical provisions	9	-	39	-
Total technical provisions attributable to reinsurers	10	**71,243**	40	**65,969**

Details of financial assets

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Equity instruments and derivatives reco-gnised at cost	-	-	-	-	-	-
Equity instruments at fair value	-	-	-	-	18,277	15,775
of which listed	-	-	-	-	17,980	15,775
Debt securities	-	-	-	-	94,708,554	87,674,121
of which listed	-	-	-	-	94,633,872	87,599,919
UCITS units	-	-	-	-	1,352,033	2,715,461
Loans and receivables due from banks	-	-	-	-	-	-
Interbank loans and receivables	-	-	-	-	-	-
Deposits with ceding entities	-	-	-	-	-	-
Assets of investment components of insurance contracts	-	-	-	-	-	-
Other loans and receivables	-	-	209,526	29,843	-	-
Non-hedging derivatives	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-
Other financial investments	-	-	-	-	-	-
Total	-	-	**209,526**	**29,843**	**96,078,864**	**90,405,357**

(€000)

	Indirect business				Total carrying amount		
	31/12/2017		31/12/2016		31/12/2017		31/12/2016
11	-	41	-	21	**34,903**	51	**32,900**
12	-	42	-	22	9,230	52	7,058
13	-	43	-	23	25,673	53	25,842
14	-	44	-	24	-	54	-
15	-	45	-	25	**36,340**	55	**33,069**
16	-	46	-	26	5,162	56	6,115
17	-	47	-	27	31,178	57	26,954
18	-	48	-	28		58	-
19	-	49	-	29	-	59	-
20	-	50	-	30	**71,243**	60	**65,969**

(€000)

Financial assets at fair value through profit or loss					
Held-for-trading financial assets		Financial assets designated at fair value through profit or loss		Total carrying amount	
31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
-	-	-	-	-	-
-	-	57,174	-	75,451	15,775
-	-	-	-	17,980	15,775
-	-	6,767,256	10,558,190	101,475,810	98,232,311
-	-	6,767,256	10,558,190	101,401,127	98,158,109
-	-	22,513,637	14,345,209	23,865,670	17,060,669
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	209,526	29,843
-	-	183,740	232,958	183,740	232,958
-	-	-	-	-	-
-	-	-	-	-	-
-	**-**	**29,521,806**	**25,136,356**	**125,810,196**	**115,571,556**

Details of assets and liabilities related to contracts issued by insurance companies where the investment risk is borne by policyholders and deriving from the management of pension funds

(€000)

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
On-balance-sheet assets	3,537,182	6,973,752	-	-	3,537,182	6,973,752
Intercompany assets(*)	-	-	-	-	-	-
Total assets	**3,537,182**	**6,973,752**	-	-	**3,537,182**	**6,973,752**
On-balance-sheet financial liabilities	-	-	-	-	-	-
On-balance-sheet technical provisions	3,530,093	6,899,765	-	-	3,530,093	6,899,765
Intercompany liabilities(*)	-	-	-	-	-	-
Total liabilities	**3,530,093**	**6,899,765**	-	-	**3,530,093**	**6,899,765**

* Assets and liabilities eliminated during the consolidation process

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Details of technical provisions

		Direct business		
		31/12/2017		31/12/2016
Non-life provisions	1	160,225	61	143,385
Premium reserve	2	64,252	62	54,103
Outstanding claims provisions	3	95,799	63	89,066
Other provisions	4	174	64	216
of which provisions made after a test of adequacy of liabilities	5		65	-
Life provisions	6	**123,490,419**	66	**113,534,535**
Outstanding claims provisions	7	631,188	67	941,694
Mathematical provisions	8	111,013,106	68	96,332,232
Technical provisions where the risk is borne by policyholders and provisions deriving from the management of pension funds	9	3,530,093	69	6,899,765
Other provisions	10	8,316,033	70	9,360,844
of which provisions made after a test of adequacy of liabilities	11	-	71	-
of which deferred policyholder liabilities	12	8,225,030	72	9,280,747
Total technical provisions	13	**123,650,644**	73	**113,677,921**

(€000)

	Indirect business				Total carrying amount		
	31/12/2017		31/12/2016		31/12/2017		31/12/2016
21	-	81	-	41	160,225	101	143,385
22	-	82	-	42	64,252	102	54,103
23	-	83	-	43	95,799	103	89,066
24	-	84	-	44	174	104	216
25	-	85	-	45	-	105	-
26	-	86	-	46	**123,490,419**	106	**113,534,535**
27	-	87	-	47	631,188	107	941,694
28	-	88	-	48	111,013,106	108	96,332,232
29	-	89	-	49	3,530,093	109	6,899,765
30	-	90	-	50	8,316,033	110	9,360,844
31	-	91	-	51	-	111	-
32	-	92	-	52	8,225,030	112	9,280,747
33	-	93	-	53	**123,650,644**	113	**113,677,921**

Details of financial liabilities

(€000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Held-for-trading financial liabilities		Financial liabilities designated at fair value through profit or loss					
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Equity-like instruments	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	1,011,964	1,010,383	1,011,964	1,010,383
Liabilities from investment contracts issued by insurance companies deriving	-	-	-	-	-	-	-	-
from contracts where the investment risk is borne by policyholders	-	-	-	-	-	-	-	-
from pension fund management	-	-	-	-	-	-	-	-
from other contracts	-	-	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-	-	-
Liabilities of investment components of insurance contracts	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-	-
Interbank payables	-	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-	-
Non-hedging derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Sundry financial liabilities	-	-	-	-	-	-	-	-
Total	-	-	-	-	**1,011,964**	**1,010,383**	**1,011,964**	**1,010,383**

Details of underwriting business

(€000)

		31/12/2017			31/12/2016		
		Gross amount	**portion attributable to reinsurers**	**Net amount**	**Gross amount**	**portion attributable to reinsurers**	**Net amount**
Non-life business							
NET PREMIUM REVENUE		131,099	31,770	99,330	108,469	27,976	80,493
a	Premium revenue	141,249	34,297	106,951	118,827	30,022	88,805
b	Change in premium reserve	10,149	2,527	7,622	10,358	2,046	8,311
NET CLAIMS EXPENSES		(32,441)	6,900	(25,542)	(42,512)	9,540	(32,972)
a	Claims paid	(25,893)	7,069	(18,823)	(21,804)	6,031	(15,773)
b	Change in outstanding claims provisions	(6,733)	(169)	(6,902)	(20,774)	3,509	(17,265)
c	Change in recoveries	142	0	142	0	0	0
d	Change in other technical provisions	42	0	42	65	0	65
Life business							
NET PREMIUM REVENUE		20,263,363	19,751	20,243,612	19,820,208	16,765	19,803,443
NET CLAIMS EXPENSES		(22,338,157)	12,237	(22,325,920)	(21,948,055)	10,074	(21,937,981)
a	Claims paid	(11,152,314)	8,965	(11,143,349)	(7,699,462)	6,659	(7,692,804)
b	Change in outstanding claims provisions	310,506	(953)	309,553	237,146	621	237,767
c	Change in mathematical provisions	(14,693,697)	4,224	(14,689,473)	(14,327,132)	2,795	(14,324,337)
d	Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	3,369,672	0	3,369,672	318,701	0	318,701
e	Change in other technical provisions	(172,324)	0	(172,324)	(477,308)	0	(477,308)

Financial and investment income and expenses

		Interest	Other income	Other expenses	Realised gains	Realised losses
Risultato degli investimenti		**2,969,535**	**54,212**	**(9,159)**	**358,909**	**(204,540)**
a	Derivante da investimenti immobiliari	-	-	-	-	-
b	Derivante da partecipazioni in controllate, collegate e joint venture	-	-	-	-	-
c	Derivante da investimenti posseduti sino alla scadenza	-	-	-	-	-
d	Derivante da finanziamenti e crediti	-	-	-	-	-
e	Derivante da attività finanziarie disponibili per la vendita	2,382,083	54,212	-7,674	283,522	-89,569
f	Derivante da attività finanziarie possedute per essere negoziate	-	-	-		
g	Derivante da attività finanziarie designate a fair value rilevato a conto economico	587,452	-	(11,486)	75,387	(114,971)
Risultato di crediti diversi		-	-	-	-	-
Risultato di disponibilita' liquide e mezzi equivalenti		0	-	-	-	-
Risultato delle passività finanziarie		**(27,641)**	-	-	-	-
a	Derivante da passività finanziarie possedute per essere negoziate	-	-	-	-	-
b	Derivante da passività finanziarie designate a fair value rilevato a conto economico	-	-	-	-	-
c	Derivante da altre passività finanziarie	(27,641)	-	-	-	-
Risultato dei debiti		-	-	-	-	-
Totale		2,941,894	54,212	(19,159)	358,909	(204,540)

(€000)

Net realised gains/ (losses)	Unrealised gains		Unrealised losses		Net unrealised gains/ (losses)	Total income (expenses), net 2016	Total income (expenses), net 2015
	Unrealised gains	Writebacks	Unrealised losses	Impairments			
3,158,957	**587,412**	**-**	**(223,453)**	**-**	**363,960**	**3,522,916**	**3,378,971**
-	-	-	-	-	-	-	-
-	829	-	-	-	829	829	713
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,622,574	-	-	-104,775	-	104,775	2,517,799	2,442,995
	-	-		-	-	-	-
536,383	586,583	-	(118,677)	-	467,905	1,004,288	935,263
-	-	-	-	-	-	-	-
0	-	-	-	-	-	0	-8
(27,641)	-	-	-	-	-	**(27,641)**	**(36,446)**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(27,641)	-	-	-	-	-	(27,641)	(36,446)
-	-	-	-	-	-	-	-
3,131,316	587,412	-	-223,453	-	363,960	3,495,275	3,342,516

Details of underwriting expenses

(€000)

			Non-life business				Life business		
			31/12/2017		31/12/2016		31/12/2017		31/12/2016
Gross commissions and other acquisition costs		1	(29,652)	21	(26,958)	11	(452,999)	31	(449,951)
a	Acquisition commissions	2	(24,570)	22	(19,823)	12	(415,469)	32	(415,305)
b	Other acquisition costs	3	(4,585)	23	- 5,758	13	(37,933)	33	(39,554)
c	Change in deferred acquisition costs	4	(497)	24	(1,377)	14	1,493	34	5,672
d	Collection fees	5	-	25	-	15	(1,090)	35	(764)
Commissions and share of profits received from reinsurers		6	16,353	26	13,876	16	1,879	36	2,303
Other investment management expenses		7	(425)	27	(406)	17	(45,048)	37	(43,963)
Other administrative expenses		8	(21,759)	28	(21,227)	18	(51,063)	38	(47,883)
Total			**(35,482)**		**(34,716)**		**(547,230)**		**(539,494)**

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Assets and liabilities recognised at fair value on a recurring and non-recurring basis: breakdown by fair value level

Assets and liabilities recognised at fair value on a recurring basis		
Available-for-sale financial assets		
Financial assets at fair value through profit or loss	Held-for-trading financial assets	
	Financial assets designated at fair value through profit or loss	
Investment property		
Tangible assets		
Intangible assets		
Total assets recognised at fair value on a recurring basis		
Financial liabilities at fair value through profit or loss	Held-for-trading financial liabilities	
	Financial liabilities designated at fair value through profit or loss	
Total liabilities recognised at fair value on a recurring basis		
Assets and liabilities recognised at fair value on a non-recurring basis		
Non-current assets or disposal groups held for sale		
Liabilities included in disposal groups held for sale		

(€000)

	Level 1		Level 2		Level 3		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	92,639,698	86,647,735	2,558,746	3,001,298	880,420	756,324	96,078,864	90,405,357
	-	-	-	-	-	-	-	-
	6,794,994	10,094,631	21,972,714	14,867,618	754,099	174,107	29,521,807	25,136,356
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	99,434,693	96,742,366	24,531,460	17,868,917	1,634,519	930,430	125,600,671	115,541,713
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Details of changes in level 3 assets and liabilities recognised at fair value on a recurring basis

(€000)

	Available-forsale financial assets	Financial assets at fair value through profit or loss		Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Held-for-trading financial assets	Financial assets designated at fair value through profit or loss				Held-for-trading financial liabilities	Financial liabilities designated at fair value through profit or loss
Opening balance	**756,324**	**-**	**174,107**	**-**	**-**	**-**	**-**	**-**
Purchases/Issues	401,641	-	569,615	-	-	-	-	-
Sales/Repurchases	(199,211)	-	0	-	-	-	-	-
Redemptions	-	-	10,377	-	-	-	-	-
Gains or losses through profit or loss	(104,775)	-	-	-	-	-	-	-
– of which unrealised gains/losses	-	-	-	-	-	-	-	-
Gains or losses through other components of comprehensive income	-	-	-	-	-	-	-	-
Transfers to level 3	-	-	-	-	-	-	-	-
Transfers to other levels	-	-	-	-	-	-	-	-
Other changes	26,441	-	-	-	-	-	-	-
Closing balance	**880,420**	**-**	**754,099**	**-**	**-**	**-**	**-**	**-**

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Assets and liabilities not recognised at fair value: breakdown by fair value level

	Carrying amount	
	31/12/2017	31/12/2016
Assets	-	-
Investments held to maturity		
Loans and receivables	209,526	29,843
Investments in subsidiaries, associates and joint ventures	106,768	105,931
Investment property	-	-
Tangible assets	8,794	7,943
Total assets	325,088	143,717
Liabilities	-	-
Other financial liabilities	1,011,964	1,010,383

Interests in non-consolidated structured entities

Name of structured entity	Revenue earned by structured entity during reporting period	Carrying amount (at transfer date of assets transferred to structured entity during reporting period	Carrying amount of assets recognised in financial statements and attributable to structured entity
ADVANCE CAPITAL ENERGY FUND			21,158
PrimA Credit Opportunity Fund			80,050
Indaco SICAV SIF - Indaco CIFC US Loan			80,640
Prima EU Private Debt Opportunity Fund			39,384
MULTIFLEX-DYNAMIC LT M/A-CM			152,063
MULTIFLEX-LT OPTIMAL M/A-CM			151,485
MULTIFLEX-DIVERSIFIED DIS-CM			5,804,122
MULTIFLEX-DYN MLT/AST FD-CM			3,580,428
MULTIFLEX-GLB MA INC-CM			4,097,814
MULTIFLEX-GLB OPT M/A FD-CM			3,601,558
MULTIFLEX-STRAT INS DIST-CM			3,342,512
DIAMOND EUROZONE RETAIL PROPERTY FUND			93,611
DIAMOND OTHER SECTORS ITALIA			57,943
FONDO CBRE DIAMOND			65,968
FONDO DIAMOND EUROZONE OFFICE UBS			129,017
FONDO DIAMOND ITALIAN PROPERTIES			155,485
Fondo Diamond Value Added Properties			52,000
TAGES PLATINUM GROWTH			436,801
SHOPPING PROPERTY FUND 2			56,831

(€000)

	Fair value							
	Level 1		Level 2		Level 3		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
			-	-	-	-	-	-
	-	-	-	-	209,526	29,843	209,526	29,843
	-	-	-	-	106,768	105,931	106,768	105,931
	-	-	-	-	-	-	-	-
	-	-	-	-	8,794	7,943	8,794	7,943
	-	-	-	-	325,088	143,717	325,088	143,717
	-	-	-	-	-	-	-	-
	-	-	-	-	1,011,964	1,010,383	1,011,964	1,010,383

	Asset class in financial statements	Carrying amount of liabilities recognised in financial statements and attributable to structured entity	Liability class in financial statements	Maximum loss exposure
	AFS ALTRI STRUMENTI FINANZIARI			10,770
	FVTPL ALTRI INVESTIMENTI			40,746
	FVTPL ALTRI INVESTIMENTI			30,797
	FVTPL ALTRI INVESTIMENTI			4,872
	FVTPL ALTRI INVESTIMENTI			6,782
	FVTPL ALTRI INVESTIMENTI			7,726
	FVTPL ALTRI INVESTIMENTI			1,700,608
	FVTPL ALTRI INVESTIMENTI			157,897
	FVTPL ALTRI INVESTIMENTI			317,581
	FVTPL ALTRI INVESTIMENTI			158,469
	FVTPL ALTRI INVESTIMENTI			356,646
	FVTPL ALTRI INVESTIMENTI			23,403
	FVTPL ALTRI INVESTIMENTI			14,486
	FVTPL ALTRI INVESTIMENTI			20,876
	FVTPL ALTRI INVESTIMENTI			42,971
	FVTPL ALTRI INVESTIMENTI			38,952
	FVTPL ALTRI INVESTIMENTI			13,000
	AFS ALTRI STRUMENTI FINANZIARI			32,411
	AFS ALTRI STRUMENTI FINANZIARI			24,251

Il sottoscritto dichiara che il presente bilancio è conforme alla verità ed alle scritture

I rappresentanti legali della Società (*)

Il Presidente -- Dott.ssa Maria Bianca Farina .... (**)

.... (**)

.... (**)

I Sindaci

Dr. Marco Fazzini ....

Dr.ssa Barbara Zanardi ....

Dr. Marco De Iapinis ....

....

....

Spazio riservato alla attestazione dell'Ufficio del registro delle imprese circa l'avvenuto deposito.

(*) Per le società estere la firma deve essere apposta dal rappresentante generale per l'Italia.

(**) Indicare la carica rivestita da chi firma.

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Insurance Group Poste Vita SpA
The Parent Company of the Poste Vita Group authorized to practice Insurance with provision ISVAP:
• No. 1144 12/03/1999 published on G.U. no. 68 23/03/1999
• No. 2462 14/09/2006 published on G.U. no. 225 27/09/2006
Poste Vita Insurance Group entered on the Register of Italian Insurance Group under n.043
Information of parent company Poste Vita SpA
Registered Office – Viale Beethoven, 11, Rome
Tax Code 07066630638 – VAT number 05927271006
Company entered on Registry of Companies of Rome under no. 29149/2000
Company entered in Section I of the Register of Italian Insurance under no. 1.00133
Share Capitale € 1,216,607,898 fully paid-up

Edited by
Corporate Affairs
Communication
Poste Italiane SpA

September 2018

This document is available for inspection on the Company's website at
www.posteitaliane.it

Graphic design

IBG WAVE

Layout and printed by

gpt
network solutions

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