ROOTED IN OUR COUNTRY, BUILDING THE FUTURE.

HALF-YEARLY REPORT CONSOLIDATED 2021

1862 - 2022
Posteitaliane

Growing sustainably.
For a carbon neutral 2030

Postevita
Posteassicura
GruppoAssicurativoPostevita

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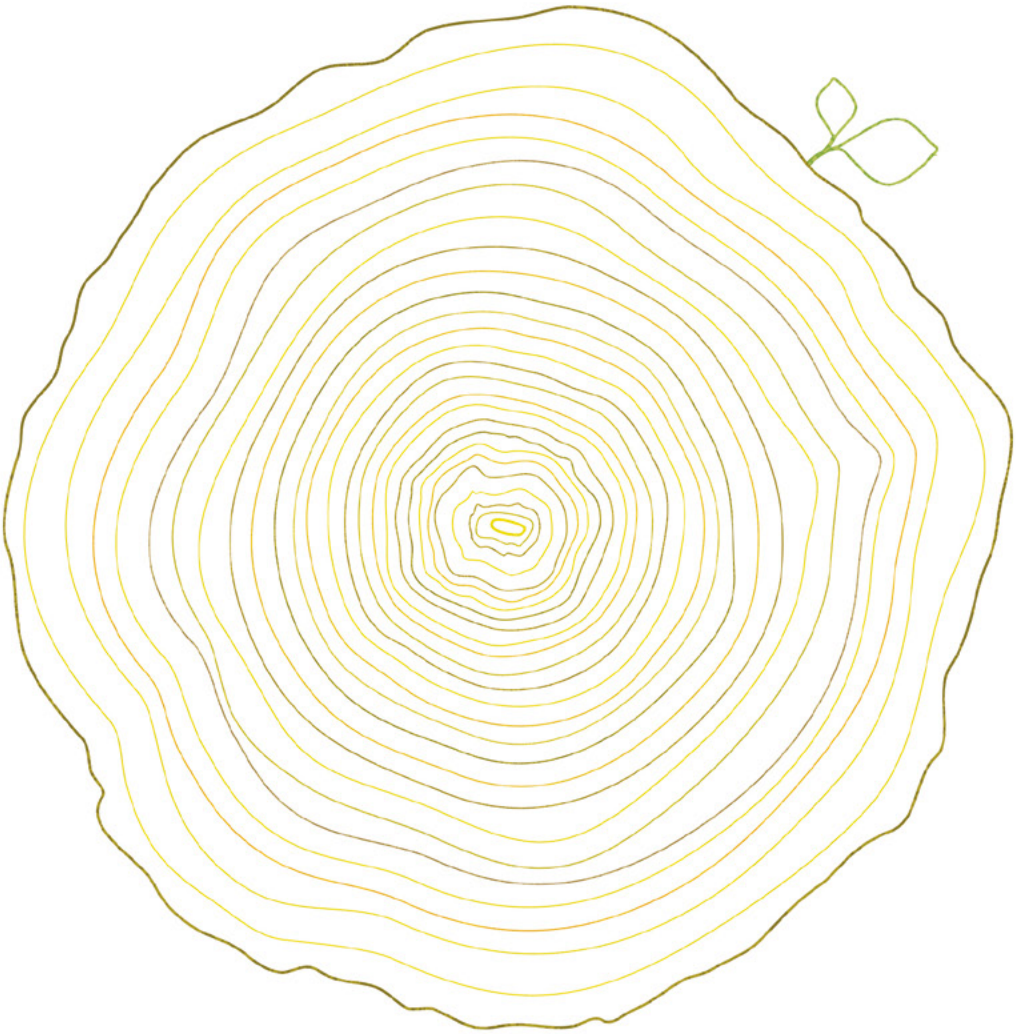
HALF-YEARLY REPORT CONSOLIDATED 2021



General

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Composition of the Corporate and Control Bodies of the Parent Company Poste Vita SpA

Chairperson
Saverio Capolupo[2]

Chief Executive Officer and General Manager
Andrea Novelli

Directors
Vladimiro Ceci[2]
Laura Furlan
Guido Maria Nola
Maria Cristina Vismara[3]
Fulvia Astolfi[3]

BOARD OF DIRECTORS[1]

Internal Control and Risks and Related Party Transactions Committee
Vladimiro Ceci[6]
(Chairman)
Maria Cristina Vismara
Fulvia Astolfi

Remuneration Committee[2]
Guido Maria Nola
(Chairman)
Maria Cristina Vismara
Fulvia Astolfi

1. The Board of Directors and the Board of Statutory Auditors were appointed by the General Meeting of Shareholders held on 19 May 2020 and will serve for three-year terms of office, until approval of the financial statements for 2022.
2. Following the resignation of Director Monica Biccari and the resignation of Vladimiro Ceci solely from his position as Chairman of the Board of Directors, the Company's administrative body acted on 7 September to replace Ms. Biccari, appointing, pursuant to article 2386, paragraph 1 of the Civil Code, Saverio Capolupo as both the new Director and the new Chairman of the Board of Directors. The new Board of Directors will remain in office, in line with regulatory provisions, until the next Shareholders' Meeting, which will be asked to ratify this appointment if appropriate.
3. Independent Directors.

BOARD OF STATUTORY AUDITORS

Chairman
Luca Aurelio Guarna

Standing Auditors
Marco De Iapinis
Maria Giovanna Basile

Alternate Auditors
Mario Stefano Ravaccia
Mara Palacino

SUPERVISORY BOARD[4]

Chairman
Bruno Assumma

Members
Matteo Petrella
Luciano Loiodice

INDEPENDENT AUDITORS[5]

Deloitte&Touche SpA

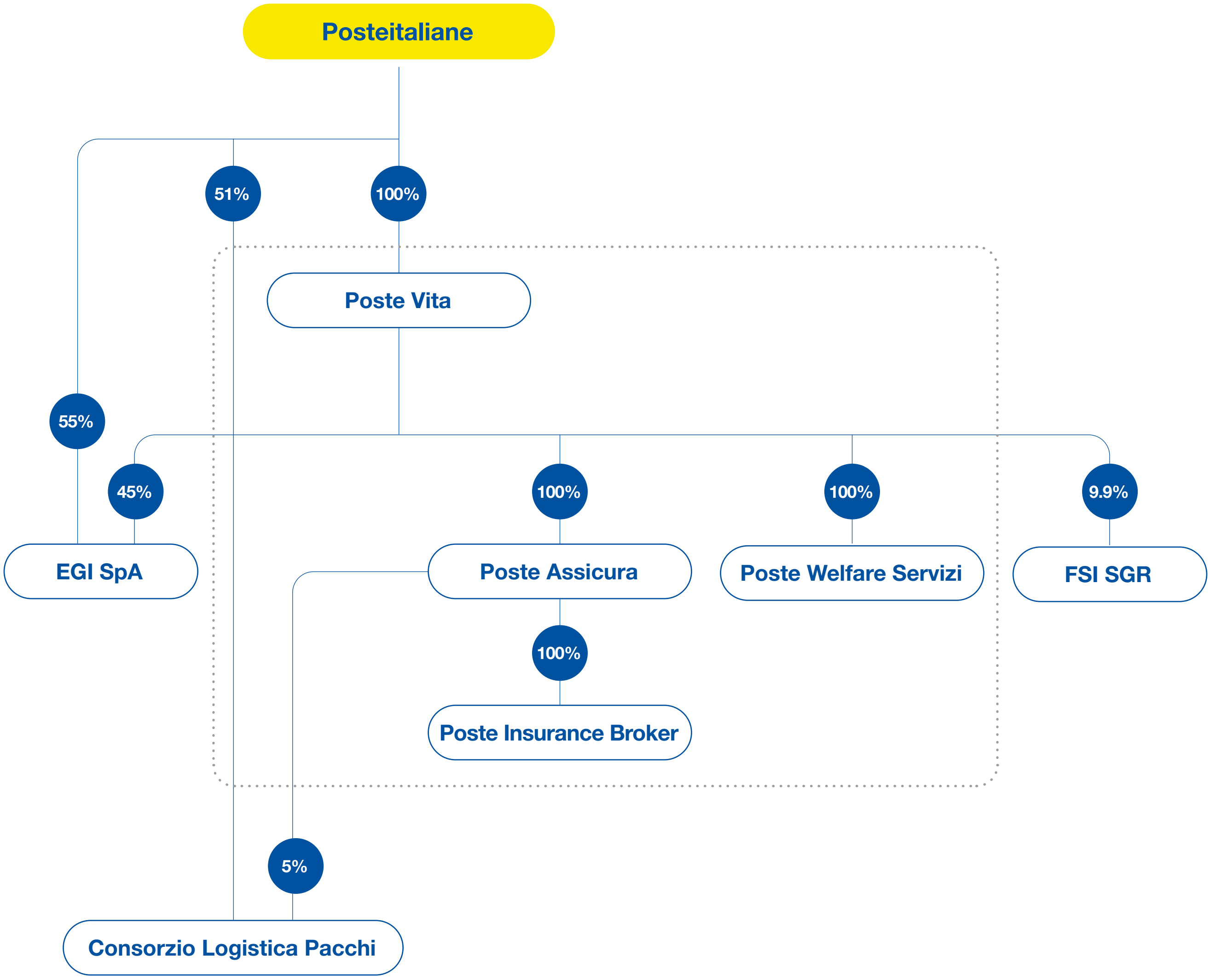
FINANCIAL REPORTING MANAGER[7]

Monica Biccari

4. Appointed by the Board of Directors at their meeting of 25 May 2021, with a three-year term of office that will expire on the date of approval of the financial statements for 2023.
5. The Shareholders' Meeting, which met on 28 November 2019, approved the appointment of Deloitte & Touche SpA to audit the annual and consolidated financial statements of Poste Vita for the nine year period from 2020-2028. The firm is the Group auditor selected following a single tender launched by Poste Italiane SpA in compliance with the provisions of Regulation (EU) 573 of 16 April 2014 and of Italian Legislative Decree 39 of 17 January 2010, as amended by Italian Legislative Decree 135/2016.
6. Following the resignation of Ms. Biccari also from her position as Chair of the Internal Control and Risks and Related Party Transactions Committee, the Board of Directors acted on 7 September to appoint a new member of the Committee, identifying Vladimiro Ceci as the Chair.

Group Structure

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



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

The scope of consolidation includes 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 Healthcare Funds and data acquisition and validation. The latter company is also a wholly-owned subsidiary of Poste Vita. In addition, Poste Insurance Broker Srl (a wholly-owned subsidiary of Poste Assicura SpA) was incorporated on 12 April 2019 and has been engaged in insurance brokerage activities since December 2019, in accordance with its bylaws.

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

Additionally, Poste Vita holds a non-controlling interest in Europa Gestioni Immobiliari SpA (EGI), while mainly operates in the real estate sector, managing and developing Poste Italiane real estate assets no longer used in operations. This investment is not consolidated on a line by line basis but measured using the equity method.

On 30 June 2020, Poste Assicura SpA acquired 5% of the share capital of “Consorzio Logistica Pacchi Scpa” as a minority interest. The company mainly provides sorting, tracking and delivery services for the Poste Italiane SpA packages service. This investment is measured at cost.

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

This investment is measured at fair value through profit or loss in accordance with IFRS 9.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1. Executive summary

In keeping with the strategic objectives set out in the business plan, during the period, the Poste Vita Insurance Group primarily focused its efforts on:

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

	31/12/20			31/12/20		
RECLASSIFIED INCOME STATEMENT (€m)	**Non-life business**	**Life business**	**Total**	**Non-life business**	**Life business**	**Total**
Net premium revenue	**130.4**	**10,162.3**	**10,292.6**	**108.1**	**7,612.5**	**7,720.6**
Gross premium revenue	*143.6*	*10,167.1*	*10,310.8*	*118.0*	*7,617.4*	*7,735.4*
Outward reinsurance premiums	*(13.3)*	*(4.9)*	*(18.1)*	*(9.9)*	*(4.9)*	*(14.8)*
Fee and commission income		35.1	35.1		26.1	26.1
Net finance income on securities related to traditional products	**4.2**	**1,683.8**	**1,688.0**	**3.2**	**776.1**	**779.4**
Income	*4.1*	*1,451.2*	*1,455.4*	*3.3*	*1,319.8*	*1,323.1*
Realised gains/losses	*0.1*	*83.6*	*83.7*	*0.0*	*26.4*	*26.4*
Unrealised gains/losses	*0.0*	*148.9*	*148.9*	*(0.1)*	*(570.0)*	*(570.1)*
Net financial income on unit-linked hedging securities		**288.9**	**288.9**		**(95.4)**	**(95.4)**
Net claims expenses	**(71.7)**	**(11,180.2)**	**(11,251.9)**	**(44.9)**	**(7,649.8)**	**(7,694.7)**
Claims paid	*(64.8)*	*(6,010.2)*	*(6,075.0)*	*(37.7)*	*(6,002.3)*	*(6,040.0)*
change in technical provisions	*(11.5)*	*(5,174.8)*	*(5,186.3)*	*(10.9)*	*(1,649.9)*	*(1,660.8)*
Share attributable to reinsurers	*4.5*	*4.8*	*9.4*	*3.7*	*2.5*	*6.2*
Investment management expenses	**(0.5)**	**(28.6)**	**(29.1)**	**(0.3)**	**(23.5)**	**(23.7)**
Operating expenses	**(31.9)**	**(315.7)**	**(347.6)**	**(27.7)**	**(242.8)**	**(270.6)**
Net commissions	*(20.7)*	*(260.5)*	*(281.2)*	*(16.0)*	*(193.2)*	*(209.2)*
Operating costs	*(11.2)*	*(55.2)*	*(66.4)*	*(11.7)*	*(49.7)*	*(61.4)*
Other net revenue/costs	**1.5**	**(20.8)**	**(19.4)**	**2.8**	**(11.0)**	**(8.2)**
GROSS OPERATING PROFIT	**32.0**	**624.7**	**656.7**	**41.3**	**392.2**	**433.5**
Net finance income from investment in free capital		50.3	50.3		38.9	38.9
Interest expense on subordinated debt		(22.8)	(22.8)		(23.8)	(23.8)
PROFIT BEFORE TAX	**32.0**	**652.2**	**684.1**	**41.3**	**407.3**	**448.6**
Tax	**(7.7)**	**(196.8)**	**(204.5)**	**(10.0)**	**(122.4)**	**(132.4)**
NET PROFIT	**24.2**	**455.4**	**479.6**	**31.3**	**284.9**	**316.2**

Gross inflows in the **Life Segment** came to a total of € 10.2 billion at the end of the first half of 2021, an increase of 33% with respect to the same period in 2020 (affected by the pandemic), with a strong contribution coming from more profitable products. In particular, premiums related to the multi-class product increased from € 2.6 billion at the end of June 2020 to € 5.5 billion at the end of the first half of 2021, therefore increasing from 34% of the total amount in June 2020 to the current 53.8%.

Outflows for payments amounted to a total of € 6 billion, substantially in line with the first half of 2020. The decrease in maturities during the period of € 1.2 billion was offset by an € 0.8 billion increase in claims and an increase in surrenders, which rose from 1.6 billion in June 2020 to the current € 2 billion, with a frequency of 3% with respect to initial provisions, compared to 2.5% in the same period of 2020.

In relation to this, **net revenue** at the end of the first six months of 2021 was positive for € 4.2 billion, contributing to growth in assets under management, an increase with respect to the figure for the first half of 2020 (€ 1.6 billion), thanks to favourable business performance.

In the **Non-life segment**, the commercial results recorded **business** of € 163.6 million, an increase of € 35.2 million compared to the figure from the same period in 2020 (equal to € 128.4 million) driven by all sectors: i) payment protection (CPI) policies +57%; ii) the "goods, property and personal protection" line +13%; iii) the "welfare" segment with premiums increasing from € 50.5 million at the end of the first half of 2020 to the current € 6.9 million, mainly supported by the new distribution agreements signed with corporate customers (employee benefits). These premiums, net of the change in the premium reserve, came to € 143.6 million compared to € 118 million recorded in the same period in 2020.

During the same period, **claims expenses** were equal to € 76.3 million compared to € 48.6 million in the same period in 2020, mainly due to the increase in the corporate "Illness" business and the "Accident" class. Against these trends, the overall loss ratio was 53.1%, compared to 41.2% in the first half of 2020; nonetheless, this benchmark is lower than the most recently available market figure for 2020, of 58.7%[1].

The **technical provisions** for life business at 30 June 2021, excluding the Deferred Policyholder Liability (DPL) of € 15.2 billion, commented on below, amounted to € 141 billion, showing growth of € +5.4 billion with respect to the figure at the end of 2020 (€ 135.6 billion) due to the effect of positive net inflows. The item is mainly formed of: i) € 133.6 billion in mathematical reserves pertaining to traditional products (€ 129.8 billion at the end of 2020) and ii) € 6.2 billion (€ 5 billion at 31 December 2020) in reserves related to unit-linked products. With reference to the Nonlife business, technical provisions at the end of the period amount to € 268.8 million, up from € 237.2 million at the end of the period, given the growth in business.

In terms of **financial management** during the period, the investment policy continues to be marked by the utmost prudence, based on the guidelines established by the Board of Directors. As a result, the portfolio is primarily invested in government securities and corporate bonds, with an overall exposure that represents 74.4% of the entire portfolio (75.2% at the end of 2020). The rest of the portfolio is primarily invested in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type. The latter invest in liquid, global asset classes, mainly composed of bonds.

Returns on investments linked to Separately Managed Accounts registered positive performances (with returns of 2.71% for Posta Pensione accounts and 2.31% for Posta ValorePiù accounts).

The trends of the financial markets during the period were positive but less favourable than at the end of 2020, giving rise to a decrease in unrealised capital gains which fell from around € 18.4 billion to the current € 15.6 billion, referring almost entirely to investments included in segregated accounts, and hence reflected in the Deferred Policyholder Liability Reserve (DPL). As a result of the above commercial and financial trends, technical provisions, including the DPL reserve, amount to € 156.5 billion, up slightly (+1.7%) with respect to the € 153.8 billion at the end of 2020.

In relation to management of **"free capital"**, the result continues to be positive (€ 50.3 million) and rose with respect to the figure at the end of June 2020 (€ 38.9 million), mainly due to greater ordinary income recognised during the period.

Operating costs2 came to € 66.4 million at the end of the first half of 2021, compared to € 61.4 million recognised in the same period of 2020, mainly relative to personnel expenses, commercial costs, costs for IT services and professional/consulting services to support the business. This means that operating costs continue to remain in line with best market practices at 0.6% of earned premiums and 0.1% of provisions.

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The above performance resulted in **EBITDA** of € 684.1 million, up with respect to the € 448.6 million recorded in the same period of 2020. Taking associated taxes into account, the **net profit for the period** increased by € 163.4 million, going from € 316.2 million at the end of June 2020 to the current € 479.6 million.

1. Source: ANIA.
2. Overheads allocated to acquisition costs and administrative expenses.

Key performance indicators

A summary of the principal KPIs is shown below:

PRINCIPAL FINANCIAL KPIs (€m)	30/06/21	31/12/20	Increase/(decrease)	
Equity	5,312.9	5,272.7	40.2	0.8%
Solvency SII ratio	316.4%	299.3%	17.1%	
Technical provisions for insurance business	156,484.0	153,794.7	2,689.2	1.7%
Return Posta ValorePiù	2.3%	2.2%	0.2%	
Return Posta Pensione	2.7%	2.8%	(0.1%)	
Financial Investments*	159,888.5	157,022.8	2,865.7	1.8%
Workforce	484	483	0.8	

PRINCIPAL OPERATIONAL KPIs	30/06/21	30/06/20	Increase/(decrease)	
Gross premium revenue	10,310.8	7,735.4	2,575.4	33.3%
EBIT	656.7	433.5	223.2	51.5%
Net Profit	479.6	316.2	163.4	51.7%
ROE**	18.4%	13.9%	4.5%	4.5%
Surrender ration on initial reserves	2.5%	2.8%	(0.3%)	
Operating costs/Premiums	0.0%	0.0%	0.0	
Operating cost /Provisions	0.1%	0.1%	(0.0)	

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

2. Economic and market environment

The economic and market context

The most recent research indicates that the international economic cycle is strengthening as the vaccination campaigns move forward, combined with the loosening of pandemic restrictions and gradual recovery in the services sector. China and the United States are the economies that overcame the effects of the crisis caused by the global lockdown most rapidly, while in Europe the recovery appears to have begun only in the second quarter of the year. Certain emerging economies are a few steps behind, facing difficulties associated with the pandemic and vaccination campaigns. In any case, recovery of business has also been seen in the services sector, which could therefore support the manufacturing sector in supporting the recovery of global economic activity. The Purchase Manager Index relative to services saw significant improvements throughout the world (in the United States it exceeded 70 points, the Eurozone and the UK saw an increase, bringing them over the threshold of 50 for the third and fourth consecutive month, respectively).

The strength of the economic recovery, the increase in prices of raw materials and the normalisation of prices in the sectors most impacted by the pandemic are favouring an increase in inflation. Relative to OECD countries, the most recent figure on consumer price trends shows growth of 3.8%. The main central banks view this increase in prices in excess of their targets as a transitional phenomenon, linked to the recovery of the economies.

In this context, monetary policy continues to be expansive, with a wait and see approach. Expectations for short-term interest rates are more or less stable and neither increases in the cost of money nor reductions in debt security purchase plans are expected before the end of the year by central banks.

Nonetheless, the time frame estimated by market analysis for the beginning of a reduction in monetary stimulus, even gradual, is likely to be more rapid in the United States, where inflation already exceeds levels consistent with the Federal Reserve's objectives and the absorption of the crisis is expected to occur more quickly.

Fiscal policies continue to be aimed at supporting demand: in the United States, the Biden administration is still working to reach an agreement with Republicans on new stimulus measures, to respect as much as possible the promises made during the election campaign, while in the Eurozone Next Generation EU has been approved and formalised (for a total of € 800 billion).

In the **United States**, the macroeconomic situation saw a significant change in the first part of 2021, with the approval of a new package of fiscal stimuli (of $ 1.9 trillion) and a rapid acceleration in the vaccination campaign. Nonetheless, the US economy still appears to be far from achieving the Federal Reserve's goals for full employment and for 2% average inflation. Despite the fact that unemployment fell to 5.9% in May, the rate of participation in the labour market is still low and around 7 million people still need to be reabsorbed with respect to February 2020. In the same month, inflation trended upward to 5%, but at present the Federal Reserve still appears to view this as a temporary problem.

In the first quarter of 2020, real GDP in the Eurozone fell by 0.3% with respect to the previous and by 1.3% with respect to the first quarter of 2020. Confidence surveys conducted in June for both manufacturing and services showed an improvement in economic activity and provided signs of a generalised return to economic growth following the loosening of restrictions and greater optimism going forward in view of the planned re-openings. Inflation trended from -0.3% in December 2020 to 2% in May 2021. Performance is mainly linked to the increase in energy prices and factors known as “basic”. In fact, trends for core inflation, while also up with respect to the end of 2020, show the continuation of weak internal demand both on the employment market and that for products. In this context, monetary and fiscal policy remained expansive.

Of all the countries in Europe, the **United Kingdom** best managed the vaccination campaign, which should allow it to record economic growth higher than the average for Western European countries. However, growth prospects for the British economy continue to be associated not only with the development of the pandemic but also to post-Brexit relations with the European Union.

The delay in the vaccination campaign and continued measures to contain the pandemic in **Italy** may weigh down economic activity throughout the first half of the year. Nonetheless, a significant recovery may begin in the summer months due to the acceleration expected in the administration of vaccines and the reopening of many service-related businesses (for example for tourism). In the medium-term, prospectives appear to be associated both with a post-Covid rebound and the push coming from implementation of the Recovery and Resilience Plan, linked to Next Generation EU and recently approved by the European Commission.

With regards to **emerging economies**, China continues to see growth in its economic activity, both in manufacturing and in services, with contagions reduced almost to zero. The economic recovery seems to be slower and more difficult in other economies, including Russia, Brazil and India, due to the pandemic.

Financial markets

Monetary and fiscal stimulus measures, together with management of the vaccine campaign, have brought back optimism among financial analysts and investors who, in turn, have revised expectations upward for US economic growth. In this context, expected inflation rose from 1.97% at the beginning of the year to 2.24% at the end of June, after having reached around 2.55% in May. The nominal return on the US 10-year government bond was supported by the “submissive” stance of the Federal Reserve, which opted to see inflation as a strictly transitional phenomenon: after reaching a peak of more than 1.70%, it fell back to around 1.46% at the end of the second quarter. Changes in the German bund were more limited, which rose from -0.56% at the beginning of the year to around -0.20% at the end of June. In this case, it was affected not only by the delay in economic growth in the Eurozone with respect to the United States, but also by the ECB’s decision to intervene to avoid deterioration in the current expansive financial conditions, both through statements issued and an increase in acquisitions.

Returns on the Italian 10-year government bond were at around 0.82%, while the spread with Germany was at 102 bps: despite the rise in the risk free rate and not entirely encouraging information about the trend of the pandemic and vaccine campaign in Italy, returns on the ten-year BTP were supported both by ECB acquisitions and the confidence in Mario Draghi as the new Italian Prime Minister.

In terms of corporate lending, both in the Investment Grade and the High Yield segments the spread for issues in Euro was below pre-pandemic levels: 82 bps in the first case and around 279 bps in the second. Both segments continue to be supported by an improving economic situation, with accommodating financial conditions and reduced expectations of default, which favour activity, especially in the primary market.

The main stock markets are up, supported by progress in vaccine campaigns and greater optimism about economic growth globally. The stabilisation of the increase in nominal interest rates, especially with regards to the levels of US 10-years, was further supported by the increase in stock markets in advanced economies which, at the end of the second quarter of 2021, saw growth of around 80% with respect to the minimum levels in 2020.

Italian life insurance market

New individual life insurance policies, amounting to € 46.1 billion at the end of June 2021, saw an increase of +26.6% with respect to the same month in 2020, when the restrictions imposed to deal with the pandemic led to a significant decrease in new business (-16.5%). If new life business reported by EU undertakings is taken into account, the figure reaches € 54.3 billion, the amount falls by +32.8% with respect to the same period of 2020.

Analysing the figures by insurance class, Class I premiums amounted to € 27.8 billion in the first half of 2021, 9.5% more than the same period the previous year, when the class saw a decrease of 20.3%.

The performance of Class III products (in the exclusive unit-linked form) saw significant growth (+71.4%) compared to the figure for the same period in 2020, with inflows at the end of the period in question of € 17.9 billion. Residual inflows came from capitalisation products (€ 0.3 billion), which recorded a significant decrease in the first six months of 2021 (-40.2%) compared to the figure for the same period in 2020. The trend in new premiums relating to long-term health policies (Class IV) continued to be limited (approximately € 27 million), a significant increase (+88.9%) compared to the same period in 2020.

New contributions relating to the management of pension funds recorded during the period amounted to € 63.8 million, an increase of +33.2% with respect to the same period in 2020.

Single premiums continued to be the preferred form of payment for policyholders, representing 95.1% of total premiums written and 59.4% of policies by number.

Nuova produzione individuale Vita per ramo di attività giugno 2021

(migliaia di euro)

Ramo/prodotto	Premi nel mese	Distrib. (%)	Var. (%) 20/21	N° polizze da inizio anno	Premi da inizio anno	Distrib. (%)	Var. (%) 20/21
Vita - ramo I	4.052.407	57,1%	(15,8%)	1.151.106	27.809.514	60,3%	9,5%
Capitalizzazioni - ramo V	51.357	0,7%	56,0%	1.160	308.669	0,7%	(40,2%)
Linked - ramo III	2.977.616	42,0%	72,1%	324.099	17.881.811	38,8%	71,4%
- di cui: unit-linked	*2.977.616*	*42,0%*	*72,1%*	*324.099*	*17.881.811*	*38,8%*	*71,4%*
- di cui: index-linked	-	*0,0%*	*n.d.*	-	-	*0,0%*	*n.d.*
Malattia ramo IV	5.104	0,1%	94,9%	59.372	27.017	0,1%	88,9%
Fondi pens. aperti - ramo VI	9.564	0,1%	30,3%	32.232	63.832	0,1%	33,2%
Imprese italiane - extra UE	**7.096.048**	**100,0%**	**7,7%**	**1.567.969**	**46.090.843**	**100,0%**	**26,6%**
Imprese UE*	**1.338.522**		**57,2%**		**8.170.059**		**83,0%**
Totale	**8.434.570**		**13,4%**		**54.260.902**		**32,8%**

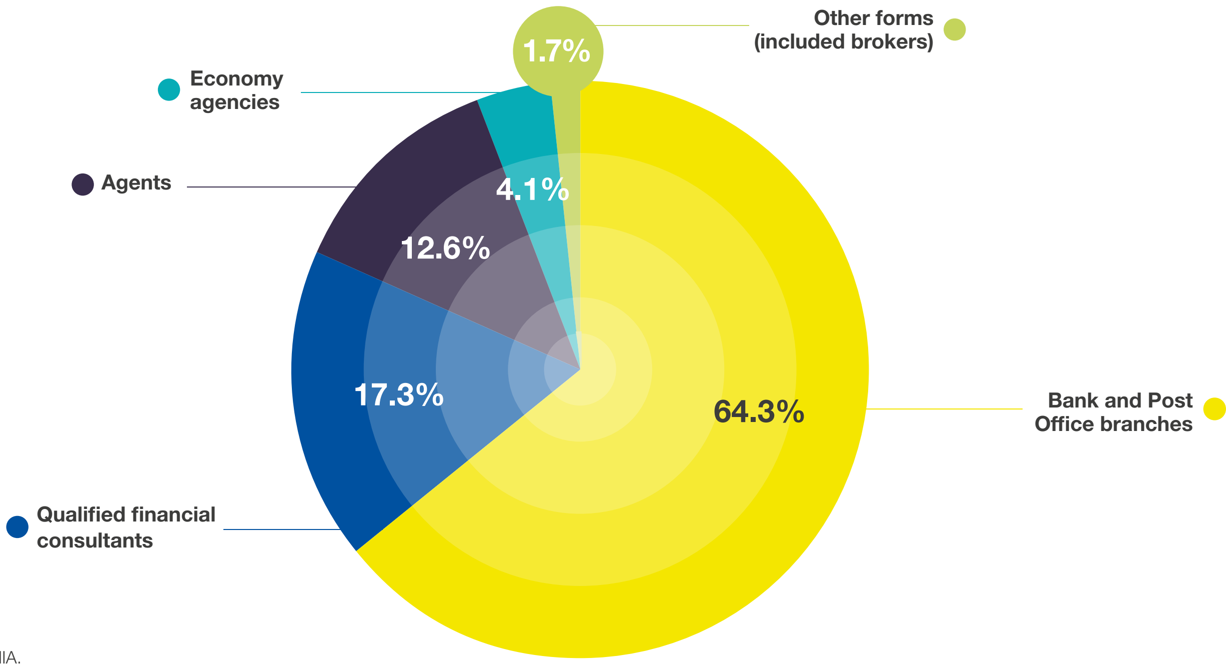
* Dati provvisori.

With regard, finally, to the distribution channel, 64.3% of new business was obtained through banks and post offices until the end of August 2021, with premium revenue of € 29.6 billion, an increase (+21.2%) compared with the same period of 2020. On the other hand, with regard to the entire agency channel, the volume of new business distributed in the first half of 2021 reached € 7.7 billion, a significant increase (+21.8%) compared to the figure for the same period in 2020, accounting for 16.7% of total brokered business.

The performance of new business obtained through authorised financial advisors was € 8 billion, significantly up (+55.9%) compared with the figure for the previous year and with an incidence compared to the total of brokered premiums equal to 17.3%.

Lastly, the broker and remote sales channel saw growth of +53.6% at the end of June 2021 with respect to the same period in 2020, with volumes of premiums placed totalling € 0.7 billion (1.7% of the brokered total).

New Life individual business by distribution channel



Source: ANIA.

Relative to the **P&C insurance market**, total direct Italian premiums, also including policies sold in Italy by Italian companies and by overseas undertakings, based on the most recently available official data (source: ANIA) at the end of the first quarter of 2021, came to € 9.6 billion, up by 1.3% with respect to the same period of 2020, which saw the initial effects of restrictive measures implemented due to the emergency linked to the spread of Covid-19 which heavily impacted sales processes and operations for insurance companies. The above increase is mainly attributable to recovery of the non-Auto sector (+3.5%) and a smaller decrease (-1.4%) in Auto sector premiums.

More specifically, with reference to the Auto sector, a reduction was seen in premiums relative to motor liability premiums of 3.6%, while premiums for the land vehicle class benefited from growth of almost 7%.

With reference to the non-Auto sector, growth during the period came to 3.5%, with contributions from all the main insurance areas: the Health class, with volumes of € 911 million, grew by 1.5%, the Personal Injuries class came to € 947 million with a 2.8% increase, the General TPL class had premiums of € 1,148 million and growth of 6.4% and finally, the Fire class saw an increase of 8% with total volumes of € 674 million.

Premi portafoglio diretto al I trimestre 2021

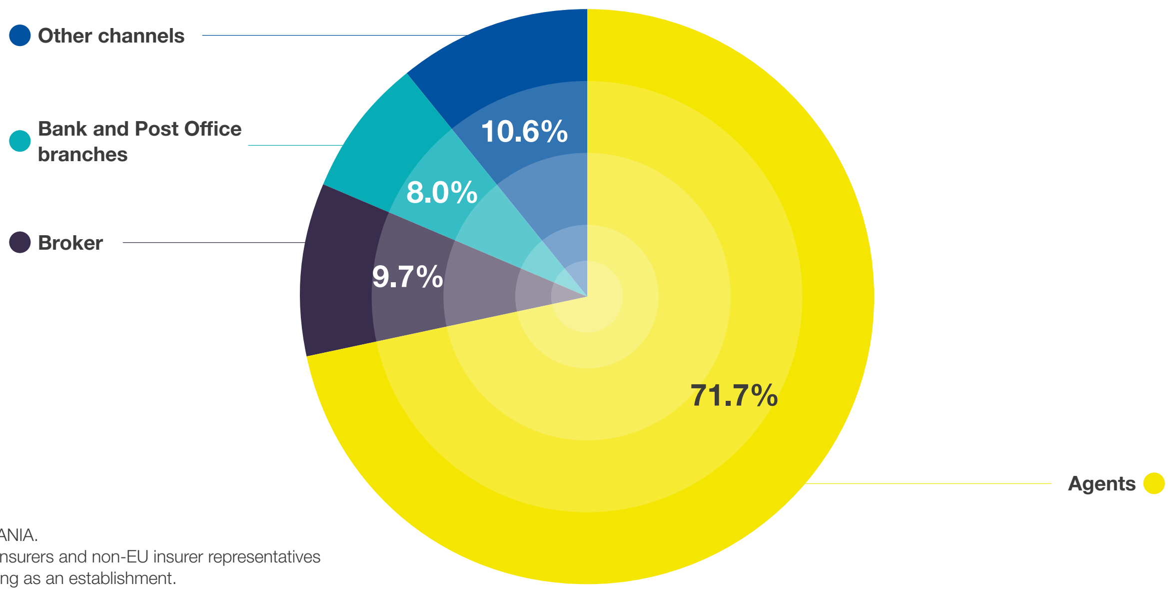
Rami (valori in milioni di euro)	Premi Ita ed Extra UE** al I trim. 2021	Quota mercato Ita ed Extra UE al I trim. 2021	Premi UE*** al I trim. 2021	Quota mercato UE al I trim. 2021	Premi totali al I trim. 2021	Var.** % premi Ita ed Extra UE 2021/2020	Var.* % premi UE 2021/2020	Var.* % premi Totali 2021/2020
R.C. Autoveicoli terrestri	2.916	94,0%	188	6,0%	3.149	(4,8%)	22,0%	(3,6%)
Corpi di veicoli terrestri	832	91,8%	74	9,2%	906	6,0%	18,8%	6,9%
Totale settore Auto	**3.794**	**93,5%**	**262**	**6,5%**	**4.055**	**(2,7%)**	**21,1%**	**(1,4%)**
Infortuni	809	85,5%	138	14,5%	947	2,3%	5,5%	2,8%
Malattia	870	95,5%	41	4,5%	911	1,8%	(5,0%)	1,5%
Corpi di veicoli ferroviari	2	100,0%	-	0,0%	2	14,6%	(100,0%)	(3,1%)
Corpi di veicoli aerei	4	44,8%	4	55,2%	8	(20,1%)	90,8%	17,6%
Corpi veicoli marittimi	72	80,6%	17	19,4%	90	5,7%	(22,7%)	(1,4%)
Merci trasportate	42	52,8%	38	47,2%	80	(13,6%)	(6,0%)	(10,2%)
Incendio ed elementi naturali	584	86,7%	90	13,3%	674	9,5%	(0,7%)	8,0%
Altri danni ai beni	694	87,3%	101	12,7%	795	4,9%	(7,8%)	3,1%
R.C. Aeromobili	4	72,5%	1	23,5%	5	5,9%	(29,5%)	(5,3%)
R.C. Veicoli marittimi	3	68,7%	1	31,3%	4	(2,8%)	(44,6%)	(21,4%)
R.C. Generale	763	66,4%	386	33,6%	1.148	8,7%	2,2%	6,4%
Credito	19	12,1%	138	87,9%	157	(15,8%)	3,3%	0,5%
Cauzione	115	73,4%	42	26,6%	157	11,5%	39,4%	17,8%
Perdite pecuniare	113	70,3%	48	29,7%	161	(20,3%)	(8,4%)	(17,1%)
Tutela Legale	114	86,4%	18	13,6%	132	8,0%	(5,8%)	5,9%
Assistenza	215	91,4%	20	8,6%	235	6,2%	6,7%	6,2%
Totale altri rami danni	**4.424**	**80,3%**	**1.083**	**19,7%**	**5.507**	**4,1%**	**0,8%**	**3,5%**
Totale rami danni	**8.217**	**85,9%**	**1.345**	**14,1%**	**9.562**	**0,9%**	**4,2%**	**1,3%**

* Le variazioni % sono calcolate a perimetro di imprese omogeneo.
** Per imprese italiane ed *extra*-UE si intendono le imprese nazionali e le rappresentanze in Italia di imprese non facenti parte dello Spazio Economico Europeo e operanti in regime di stabilimento.
*** Per imprese UE si intendono le rappresentanze in Italia di imprese aventi sede legale in paesi facenti parte dello Spazio Economico Europeo e operanti in regime di stabilimento; i dati si riferiscono alle sole imprese che hanno partecipato alla rilevazione.

As regards the **distribution channels**, the agency one is confirmed as the leader with a market share of 71.7% substantially in line with the figure recorded in the same period of 2020 (72.3%). Brokers represent the second Non-life premium distribution channel with a market share of 9.7% (the same as the figure at the end of March 2020), while bank and post office branches recorded a market share of 8% (7.8% in the first three months of 2020).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of March 2021, there was an incidence of 10.2% (9.8% in the corresponding period of 2020). The remaining 0.4% (the same as the end of March 2020) refers to premiums brokered by qualified financial advisors.

Distribution of direct Non-life premiums by distribution channel*



Source: ANIA.
* Italian insurers and non-EU insurer representatives operating as an establishment.

3. Operating review

In the first half of 2021, **premium income** net of outward reinsurance came to a total of € 10,292.6 million, up by 33.3% with respect to the € 7,720.6 million recorded in the same period of 2020 (affected by the pandemic) with a strong contribution, as noted above, from premiums associated with more profitable products. The table below breaks down premium revenue, net of outward reinsurance premiums, by type of business compared with the same period of 2020.

Premium revenue for the year (€m)	30/06/21	30/06/20	Increase/(decrease)	
Class I	9,657.6	7,157.8	2,499.8	34.9%
Class III	441.5	392.3	49.1	12.5%
Class IV	5.9	5.9	0.0	0.7%
Class V	62.2	61.4	0.8	1.2%
Gross life premium revenue	10,167.1	7,617.4	2,549.7	33.5%
Outward premiums	(4.9)	(4.9)	0.1	(1.2%)
Net life premium revenue	***10,162.3***	***7,612.5***	***2,549.8***	***33.5%***
Non-life premiums	163.6	128.4	35.2	27.4%
Outward reinsurance premiums	(14.3)	(9.6)	(4.7)	49.2%
Change in premium reserve	(20.0)	(10.4)	(9.6)	92.4%
Change in share of premium reserve attributable to reinsurers	1.0	(0.3)	1.3	n,s,
Net Non-life premium revenue	***130.4***	***108.1***	***22.3***	***20.6%***
Total net premium revenue for the year	**10,292.6**	**7,720.6**	**2,572.1**	**33.3%**

Life business

As part of the strategic guidelines outlined in the plan, which envisage improving the product mix with a particular focus on multi-class products, the following were launched during the period:

- the Multi-class policies **"Poste Progetto Dinamico", "Poste Progetto Dinamico Più"**. The benefits are linked to the separate account "Posta ValorePiù" and to the value of the units in one of the two Internal Insurance Funds (one of which is ESG). These policies provide the possibility of accessing the opportunities offered by the financial markets through a gradual approach, and the service of gradual reallocation of risk as the product maturity date approaches;
- the **"Poste Soluzione Valore"** policy, a multi-class life insurance contract the benefits of which are linked to the "Posta ValorePiù" separate account and to the value of the units in one of the two available Internal Insurance Funds (one of which is ESG). The duration is 10 years;
- additionally, to reduce the country's under-insurance by raising customer awareness of the importance of protection needs, as envisaged in the strategic plan, marketing of the new **integrated Life/P&C offer** was launched during the period in question, whereby subscribers to specific Life policies are offered a P&C policy free of charge.

During the first half of 2021, management of the Life Segment featured a rebalancing of funding towards products which, while prioritising the needs and characteristics of customers, also have greater added value (multiclass), and at the same time are characterised by a risk/return profile that is in any case moderate but still potentially able to offer more attractive returns on investments for customers.

Premium income in the first six months of 2021 came to a total of € 10.2 billion, showing a 33.5% increase with respect to the figure for the same period of 2020 (affected by the pandemic), with a strong contribution, as stated previously, coming from premiums linked to more profitable products. In particular, premiums related to the multi-class product increased from € 2.6 billion at the end of June 2020 to € 5.5 billion at the end of the first half of 2021, therefore increasing from 34% of the total amount to the current 53.8%.

Gross premium revenue (€m)	31/12/21	Proportion	31/12/20	Proportion	Delta	Delta %
Traditional revalued	4,072.3	40.1%	4,449.9	58.4%	(377.7)	(8.5%)
Pension products	497.6	4.9%	467.0	6.1%	30.7	6.6%
Multi-class	5,474.5	53.8%	2,589.5	34.0%	2,885.0	111.4%
Unit and index-linked	9.2	0.1%	7.6	0.1%	1.6	20.7%
Retail protection	34.1	0.3%	28.9	0.4%	5.2	18.0%
Welfare protection	17.3	0.2%	13.0	0.2%	4.3	33.5%
Capitalisation	62.2	0.6%	61.5	0.8%	0.7	1.1%
Total	**10,167.1**	**100.0%**	**7,617.4**	**100.0%**	**2,549.8**	**33.5%**

The schedule below provides an overview of premium income during the period by class, net of outward reinsurance premiums, in which revalued class I products prevail (including, for 52.3%, the relevant portion of multisegment), representing 95% of total gross inflows.

Premium revenue for the year (€m)	30/06/21	30/06/20	Increase/(decrease)	
Class I	9,657.6	7,157.8	2,499.8	34.9%
Class III	441.5	392.3	49.1	12.5%
Class IV	5.9	5.9	0.0	0.7%
Class V	62.2	61.4	0.8	1.2%
Gross life premium revenue	10,167.1	7,617.4	2,549.7	33.5%
Outward premiums	(4.9)	(4.9)	0.1	(1.2%)
Net life premium revenue	**10,162.3**	**7,612.5**	**2,549.8**	**33.5%**

The table below shows the composition of gross inflows by premium type. Single premiums account for the lion's share at 91.4% of total business (89.6% in the first half of 2020), with volumes of € 9.3 billion, showing strong growth of +36.2% with respect to 2020, due to the well-known consequences of the health emergency, which slowed business during the first half of 2020.

Breakdown of gross premium revenue for Life business (€m)	30/06/21	Proportion	30/06/20	Proportion	Increase/(decrease)	
Regular premiums	871.8	8.6%	793.5	10.4%	78.3	9.9%
- of which first year	83.0	0.8%	76.2	1.0%	6.8	8.9%
- of which subsequent years	788.8	7.8%	717.3	9.4%	71.5	10.0%
Single premiums	**9,295.3**	**91.4%**	**6,823.8**	**89.6%**	**2,471.5**	**36.2%**
Total	**10,167.1**	**100.0%**	**7,617.4**	**100.0%**	**2,549.7**	**33.5%**

Non-life business

During the period, with reference to the Non-life segment, the Poste Vita Group continued its strategy from the previous year, developing its modular offer and also beginning a series of discount campaigns, as well as market and portfolio analysis intended to identify possibilities for improvement, to ensure they increasingly respond to the needs of customers, in line with the rapid changes in the market situation and the constant focus on customer satisfaction.

Additionally, potential growth in the credit protection sector, as well as evidence obtained through Product Oversight and Governance (POG), incentivised the Company to plan a restyling of its entire Credit Protection Insurance (CPI) product line.

Relative to initiatives established for the modular offer, the volumes of premiums associated with the "Goods, Property and Modular" line saw a 13.3% increase with respect to the previous year and, with reference to the "payment protection" line business, growth of 57.1% was achieved with respect to the first half of 2020 (heavily affected by the effects of the health emergency).

Additionally, during the period development of collective policies in the Welfare segment continued, with an increase of € 19.3 million in premiums.

Finally, with the aim of developing insurance offerings and making them even more complete, an integrated solution between life and Non-life products was established during the first part of 2021, protecting individuals holding specific life products in the case of serious illness, with € 4.4 million collected at the end of the period. For the purposes of preparing the Consolidated Financial Statements, these were cancelled with the corresponding costs incurred by the parent company Poste Vita.

As a result of the above, gross premiums recognised during the first six months of 2021 came to a total of € 163.6 million, showing strong growth of +27.4% with respect to the same period the previous year (€ 128.4).

Gross premium revenue (€m)	30/06/21	Impact %	30/06/20	Impact %	Delta	Delta %
Goods, property and personal protection line	73.9	45%	65.2	51%	8.7	13.3%
Credit protection line	19.9	12%	12.6	10%	7.2	57.1%
Welfare and other management	69.9	43%	50.5	39%	19.3	38.3%
Total	**163.6**	**100%**	**128.4**	**100%**	**35.2**	**27.4%**

The following table shows the distribution of premiums by class of insurance, demonstrating: i) the prevalence with respect to total premiums of the Health (47%) and Injury (30%) classes; ii) the 38.5% increase in the Health class recorded during the period, thanks to development in this business relative to Employee Benefits; iii) the 16.5% increase in premiums from the Injury class, in particular due to development of the aforementioned modular offer and iv) the 24.7% and 75.2% growth seen respectively in the Fire and Natural Disaster and Monetary Losses classes, thanks to the strong recovery in CPI business with respect to 2020 (heavily impacted, as noted above, by the events associated with the pandemic).

Gross premium revenue (€m)	30/06/21	Impact %	30/06/20	Impact %	Delta	Delta %
Accident	48.9	30%	42.0	33%	6.9	16.5%
Medical	76.6	47%	55.3	43%	21.3	38.5%
Fire and natural disaster	6.8	4%	5.5	4%	1.4	24.7%
Other damage to property	5.6	3%	5.4	4%	0.2	3.4%
General liability	10.5	6%	9.5	7%	1.0	10.5%
Financial losses	8.3	5%	4.7	4%	3.6	75.2%
Legal expenses	1.6	1%	1.4	1%	0.1	9.8%
Assistance	5.4	3%	4.6	4%	0.8	17.3%
Total	**163.6**	**100%**	**128.4**	**100%**	**35.2**	**27.4%**

Payments and change in technical provisions

Payments amounted to € 6,075 million during the period in question, substantially in line with the € 6,040 million in the same period the previous year, as detailed below:

Payments (€m)	30/06/21	30/06/20	Increase/(decrease)	
Non-life business				
Claims paid	59.6	35.1	24.5	69.9%
Costs for settling claims	5.2	2.7	2.6	97.1%
Total Non-life claims paid	**64.8**	**37.7**	**27.1**	**71.8%**
Life business				
Claims paid	**6,003.6**	**5,998.0**	**5.7**	**0.1%**
of which: Surrenders	2,008.8	1,565.0	443.8	28.4%
Maturities	2,484.1	3,677.4	(1,193.4)	(32.5%)
Claims	1,510.8	755.5	755.3	100.0%
Costs for settling claims	**6.6**	**4.4**	**2.2**	**50.8%**
Total Life claims paid	**6,010.2**	**6,002.3**	**7.9**	**0.1%**
Total	**6,075.0**	**6,040.0**	**35.0**	**0.6%**

Total claims paid on Non-life policies amount to € 64.8 million, including settlement and direct costs of € 5.2 million, up 71.8% on the figure for the same period in 2020 (€ 37.7 million), mainly due to claim trends in the Illness and Injury segments.

With reference to life, the item amounts to € 6,010.2 million, substantially in line with the amounts recognised in the same period in 2020 (€ 6,002.3 million) and refer to: i) periodic maturities (including coupons) for € 2,484.1 million, down by € 1,193.4 million with respect to the figures for the first half of 2020; ii) claims for € 1,510.8 million, up by € +755.3 million with respect to the figure for the same period in 2020; iii) surrenders of € 2,008.8 million, up by +28.4% with respect to the figure recorded at the end of June 2020 and with an impact on initial provisions of 3%, up with respect to June 2020 when the figure was 2.5% and iv) settlement costs of € 6.6 million (€ 4.4 million in the first six months of 2020).

The **change in technical provisions**, totalling € 5,186.3 million, increased significantly with respect to the € 1,660.8 million recognised in the first six months of 2020. This mainly refers to a corresponding increase in insurance liabilities, reflecting the aforementioned operating and financial trends.

With regard to the mathematical provisions for class I, IV and V products, the 98.4% increase compared to the figure for the same period of 2020 is mainly due to the increase in net revenue recorded for the period. The amount also includes the change in the DPL provision associated with measurement of securities in Separately Managed Accounts and classified in the FVTPL category, which was positive for € 154.5 million during the period thanks to favourable trends on the financial markets, going against trend with respect to the negative change of 584 million recorded in the first half of 2020 due to the start of the pandemic. With regard to the mathematical provisions relating to class III products, the change recorded during the period (positive for € 1,197.7 million) showed strong growth with respect to the € 308.5 million in 2020, attributable to the effects of positive net revenue. In addition, the change in technical provisions relating to Non-life business amounts to € 11.5 million compared with € 10.9 million recorded during the same period of 2020.

Change in technical provisions (€m)	30/06/21	30/06/20	Increase/(decrease)	
Non-life technical provisions	**11.5**	**10.9**	**0.6**	**5.6%**
Class I, IV and V mathematical provisions	3,821.4	1,925.7	1,895.8	98.4%
Class III mathematical provisions	1,197.5	308.5	889.0	288.2%
DPL provisions	154.5	(584.0)	738.5	(126.5%)
Other technical provisions	1.3	(0.2)	1.5	n.s.
Total Life technical provisions	**5,174.8**	**1,649.9**	**3,524.9**	**213.6%**
Total	**5,186.3**	**1,660.8**	**3,525.5**	**212.3%**

With reference to outward reinsurance premiums, **claims expenses**, including changes in technical provisions, came to € 9.4 million during the period, an increase of € 3.2 million with respect to the € 6.2 million recorded during the same period of 2020:

Claims expenses attributable to reinsurers (€m)	30/06/21	30/06/20	Increase/(decrease)	
Non-life business				
Claims paid	7.3	4.5	2.8	61.4%
Costs for settling claims	0.2	0.1	0.1	56.2%
Total paid	**7.5**	**4.6**	**2.8**	**61.3%**
Change in technical provisions	(2.9)	(1.0)	(2.0)	210.1%
Total Non-life	**4.5**	**3.7**	**0.8**	**22.8%**
Life business				
Claims paid	3.3	2.2	1.1	47.8%
Costs for settling claims	0.0	0.0	(0.0)	0.0%
Total paid	**3.3**	**2.2**	**1.1**	**47.5%**
Change in technical provisions	1.6	0.3	1.3	n.s.
Total Life	**4.8**	**2.5**	**2.3**	**93.7%**
Total	**9.4**	**6.2**	**3.2**	**51.5%**

Distribution

To place its products, the Poste Vita Group makes use of the Post Offices of the ultimate parent Poste Italiane SpA - Sole shareholder company- BancoPosta Ring-Fenced capital, duly registered under letter D of the single register of insurance brokers, pursuant to ISVAP Regulation 5 of 16 October 2006. The sales network of Poste Italiane SpA 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 regulations.

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

The Parent Company, Poste Italiane SpA, received a total of € 192.6 million in commissions for distribution and collection, recognised on an accruals basis for € 196.4 million (€ 148.3 million in the first half of 2020), reflecting the amortisation of pre-counted commissions paid for the placement of pension policies.

The Poste Vita Group avails itself of brokers to sell collective policies, to which it paid sales commissions of € 6.6 million during the period (€ 3.7 million at 30 June 2020). Additionally, during the first half of 2021, the parent company was paid maintenance commissions totalling € 84.3 million (€ 61.8 million during the same period in 2020).

Reinsurance strategy

Life business

For the Life business, the effects of existing treaties, entered into with leading reinsurers, relating to Term Life Insurance policies and reinsurance coverage with regard to LTC (Long-Term Care) and CPI insurance continued during the period. Outward reinsurance premiums amount to € 4.9 million (equal to the amount at 30 June 2020). The share of claims expenses attributable to reinsurers, after technical provisions, amounts to € 4.8 million (€ 2.5 million in the same period of 2020). In relation to this, **outward policies**, including commissions received from reinsurers amounting to € 0.6 million (€ 0.7 million during the same period of 2020) showed a positive balance of € 0.5 million, an improvement with respect to the € -1.7 million recognised at the end of June 2020.

Non-life business

With regard to the **Non-life business**, the reinsurance strategy adopted by the Poste Vita Group is increasingly oriented towards a non-proportional approach, thus allowing it to:

- mitigate risks, stabilising the variability of insurance business results and ensuring the technical balance of the portfolio;
- mitigate risks arising from peak exposures or catastrophic events;
- strengthen financial soundness, if possible and/or necessary, optimising costs in terms of capital allocation and optimisation.

The reinsurance structure applied in 2021 provides:

- for the Accident and Illness segments, including the Credit Protection line, a non-proportional excess of loss agreement per risk and/event, aimed at protecting against peak exposures and catastrophic events. Quota share treaties continue to be valid in relation to the main Accident risks insured prior to 2013, with risk attaching coverage; the excess-of-loss treaty covers the retained share;
- for the Fire, AB and General Civil Liability classes, including the Professional Civil Liability component, adoption of a non-proportional excess-of-loss agreement for the accident, fire, ADB and general civil liability lines of business in the retail risk area, aimed at protecting large losses, including catastrophic risks (e.g. Earthquake);
- for certain specific retail illness risk modules, adoption of a quota share proportional agreement, with fixed reinsurance commission and profit sharing on a loss occurring basis;
- for Illness risk relative to the Healthcare Fund for the personnel of Poste Italiane Group member companies, proportional treatment, on a loss occurring transfer basis and with reinsurance commissions in favour of the company;
- for risks relative to legal expenses, proportional transfer. Reinsurance structure in quota share, with fixed reinsurance commission and profit sharing on a loss occurring coverage basis;
- use of optional and/or special acceptance reinsurance treaties, primarily in cases where the risk is not covered by the existing reinsurance treaty. In particular, this principle is valid for underwriting risks that do not meet the qualitative and quantitative criteria provided for in existing reinsurance treaties, but which however fall within Poste Vita Group underwriting philosophy. 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 Group's remaining exposure to claims following outward reinsurance, is equal to 94.1% (92.4% in the same period of 2020).

The ratio of outward premiums at the end of the period to gross premium revenue is 8.7%, higher than the 30 June 2020 figure (7.5%).

Given the sales trends and effects of the reinsurance policy described above, the **balance of outward policies** for Non-life business comes to € -3.3 million at the end of the period in question, worse than the € -2.4 million recorded during the previous period.

Complaints

During the period, the parent company Poste Vita SpA received 1,510 new initial complaints, while those relative to the first half of 2020 totalled 1,404. The average time taken to respond to complaints in the first six month of 2020 was around 29 days (19 days in the corresponding period of 2020).

Relative to the PIP product, the Company received 259 complaints during the first six months of 2021, compared to 592 complaints received in the same period of 2020. The average time taken to respond to complaints was around 27 days (17 days in the first six months of 2020).

During the first half of 2021, the subsidiary Poste Assicura SpA received 1,357 new complaints, against 676 received during the same period of 2020. The average time taken to respond to complaints during the first half of 2021 was approximately 32 days (13 days in the same period in 2020), in any case lower than the maximum response time of 45 days set by IVASS.

4. Financial review

Below is a reclassified statement of financial position at 30 June 2021 with a comparison with the figures at the end of 2020:

ASSETS (€m)	30/06/21	31/12/20	Increase/(decrease)	
Financial Investments	**157,952.7**	**156,060.0**	**1,892.7**	**1.2%**
Investments in subsidiaries, associates and joint ventures	108.3	107.4	0.9	0.8%
Financial assets measured at amortised cost	2,044.5	2,052.7	(8.2)	(0.4%)
Financial assets measured at fair value through other comprehensive income	113,186.1	113,556.8	(370.7)	(0.3%)
Financial assets measured at fair value through profit or loss	42,613.8	40,343.0	2,270.8	5.6%
Cash and cash equivalents	**1,935.8**	**962.8**	**973.0**	**101.1%**
Tangible and intangible assets	**39.9**	**44.1**	**(4.1)**	**(9.3%)**
Receivables and other assets	**3,163.3**	**3,157.5**	**5.8**	**0.2%**
Total assets	**163,091.8**	**160,224.4**	**2,867.4**	**1.8%**
LIABILITIES				
Equity	**5,312.9**	**5,272.7**	**40.2**	**0.8%**
Technical provisions	**156,484.0**	**153,794.7**	**2,689.2**	**1.7%**
Provision for risks	**17.0**	**15.9**	**1.1**	**6.8%**
Payables and other liabilities	**1,278.0**	**1,141.1**	**136.9**	**12.0%**
Total Liabilities	**163,091.8**	**160,224.4**	**2,867.4**	**1.8%**

Financial investments

At 30 June 2021, financial investments totalled € 157,952.7 million (€ 156,060 million at the end of 2020).

(€m)	30/06/21	31/12/20	Increase/(decrease)	
Investments in associates	108.3	107.4	0.9	0.8%
Financial assets measured at amortised cost	2,044.5	2,052.7	(8.2)	(0.4%)
Financial assets measured at fair value through other comprehensive income	113,186.1	113,556.8	(370.7)	(0.3%)
Financial assets at fair value through profit or loss	42,613.8	40,343.0	2,270.8	5.6%
Total Investments	**157,952.7**	**156,060.0**	**1,892.7**	**1.2%**

The item **equity investments**, at € 108.3 million, refers to the investment in the associated company EGI, measured using the equity method, for € 108.3 million, with the remaining € 36.9 thousand relative to the cost of the equity investment in "Consorzio Logistica Pacchi Scpa" acquired on 30 June 2020 from the subsidiary Poste Assicura SpA, representing 5% of share capital.

Relative to EGI, the Company, owned by Poste Italiane SpA and Poste Italiane SpA with 45% and 55% equity interests, operates primarily in the real estate sector, managing and developing real estate assets no longer used by the parent company. The amounts for the first six months of 2021 show equity of € 240.6 million and net profit for the year of € 1.9 million, up with respect to the figure reported in the corresponding period of 2020 of € 0.6 million.

Relative to the Consorzio, this mainly provides sorting, tracking and delivery services for the Packages service which the parent company Poste Italiane SpA has undertaken to provide. The Company ended the present period with equity of € 787.9 thousand.

Financial instruments measured at amortised cost, or securities held to collect cash flows represented solely by payment of principal and interest (SPPI) amounted to € 2,044.5 million at 30 June 2021 (substantially in line with the figure of € 2,052.7 million at the end of 2020) and mainly refer to Free Capital. Relative to this category, net latent capital gains were recognised at the end of the period totalling € 270 million, down with respect to the € 332.1 million at the end of 2020.

(€m)	30/06/21	31/12/20	Increase/(decrease)	
Equity instruments				
Debt securities	1,878.9	1,857.9	21.0	1.1%
of which: *government bonds*	1,859.9	1,838.9	21.0	1.1%
corporate bonds	19.0	19.0	0.0	0.2%
UCITS units				
Receivables and loans	165.6	194.8	(29.3)	(15.0%)
Total	**2,044.5**	**2,052.7**	**(8.2)**	**(0.4%)**

Receivables recorded in this category (amounting to € 165.6 million at the end of June 2021) mainly refer to: i) € 144.4 million (€ 173.8 million at 31 December 2020) for the balance of the current account with the parent company Poste Italiane; ii) receivables from funds for coupons to be collected for € 1.6 million (€ 5.1 million at the end of December 2020) and iii) receivables for commissions on internal funds of € 18.6 million (€ 15.3 million at the end of 2020). The impairment at 30 June 2021 regarding loans and financial receivables measured at amortised cost, recognised as a direct adjustment to the carrying amounts of the same, amounts to € 191 thousand (€ 209 thousand at 31 December 2020).

Financial assets measured at FVTOCI amount to a total of around € 113,186.1 million (of which € 532.3 million for the security issued by Cassa Depositi e Prestiti as a private placement) down by € 370.3 million with respect to the € 113,556.8 million at the end of 2020) due to the fair value change recorded during the period.

These investments refer to securities assigned to Separately Managed Accounts for € 110,144.4 million and, secondarily, to the Company's Free Capital for around € 3,041.7 million.

(€m)	30/06/21	31/12/20	Increase/(decrease)	
Equity instruments				
Debt securities	113,186.1	113,556.8	(370.7)	(0.3%)
of which: *government bonds*	93,405.4	95,005.9	(1,600.5)	(1.7%)
corporate bonds	19,780.7	18,550.9	1,229.8	6.6%
UCITS units				
Total	**113,186.1**	**113,556.8**	**(370.7)**	**(0.3%)**

Relative to this category, financial market trends, although positive, were less favourable with respect to the end of the previous year, leading to a decrease in the fair value reserve for these instruments which at the end of the first half of 2021 came to € 13,802.4 million in net capital gains from measurement, compared to € 16,702.8 million at the end of 2020, of which: i) € 13,685.9 million net of the ECL component[3] (€ 16,571.2 million at the end of 2020) relative to financial instruments in Separately Managed Accounts and hence attributed to the policyholders using shadow accounting and ii) € 116.5 million (€ 131.6 million at the end of 2020) relative to net capital gains on FVOCI securities in the Company's "free capital" and hence attributed to a specific equity reserve (equal to € +81.5 million net of the relative tax effect and ECL against € +92.1 million recognised at the end of the previous period).

3. For financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, a provision must be established to cover expected credit losses, determined using the Expected Credit Losses (ECL) model. In particular, the new impairment method based on the new Expected Losses model takes a forward looking view of credit losses throughout the life of the financial instrument, requiring immediate recognition rather than when a trigger event occurs.

Financial assets measured at fair value through profit or loss (FVTPL) total € 42,613.8 (of which € 22.9 million relative to the security issued by Cassa Depositi e Prestiti as a private placement and saw growth (+5.6%) with respect to the € 40,343 million at the end of 2020.

(€m)	30/06/21	31/12/20	Increase/(decrease)	
Equity instruments	202.6	199.7	2.9	1.5%
Debt securities	2,453.9	2,013.7	440.2	21.9%
of which: *government bonds*	15.6	50.1	(34.5)	(68.8%)
corporate bonds	2,438.3	1,963.6	474.7	24.2%
UCITS units	39,921.8	38,114.6	1,807.2	4.7%
Derivative assets				
Receivables	35.5	15.0	20.5	137.3%
Total	**42,613.8**	**40,343.0**	**2,270.8**	**5.6%**

The item refers to:

- investments in Separately Managed Accounts for € 36,477 million, mainly relative to: i) € 32,325.7 million for equity and bond funds (mainly open-ended multi-asset harmonised UCITS) and ii) € 2,069.8 million for real estate funds;
- financial instruments backing unit-linked products for € 6,010 million;
- financial instruments included in the Company's free capital for € 91.3 million;
- financial receivables for € 35.5 million, regarding underwriting and capital calls on mutual investment funds for which the corresponding units have not yet been issued.

Trends on financial markets, which saw significant improvement with respect to the first half of 2020 (impacted by the health emergency) led to the recognition of net capital gains from measurement totalling € 428.7 million compared to the net capital losses from measurement of € 601.7 million recognised in the first six months of 2020, when the pandemic was in its initial stages.

The net capital gains from measurement recognised during the period refer to: i) € 148.9 million in investments in Separately Managed Accounts and hence entirely attributed to policyholders through shadow accounting; ii) € 280.3 million in assets covering unit-linked products which, therefore, are substantially offset by the corresponding remeasurement of the reserves and iii) for € 0.5 million to securities in free capital.

Gains/losses FVTPL , (€m)	30/06/21 Net gains/losses	30/06/20 Net gains/losses	Delta
Separately Managed Accounts	148.9	(570.0)	718.9
Unit linked hedging assets	280.3	(29.8)	310.0
Free Capital	(0.5)	(1.9)	1.4
Total	**428.7**	**(601.7)**	**1,030.4**

With reference to **derivatives**, the Poste Vita Group makes use of the option provided for by IFRS 9 to value them in accordance with IAS 39.

Relative to derivative operations, at 30 June 2021 there were three forward sale transactions designated as fair value hedges for the Government Bond "BTPS 2.1 07/15/26" to preserve latent capital gains in government securities in the Posta ValorePiù Separately Managed Account, classified in the Current segment, following unexpected changes In interest rates and/or credit risk. These Forward Sales reach maturity in the November 2021.

These derivatives, with a total nominal value of € 700 million (there were five forward positions at the end of 2020 with a nominal value of € 1,260 million) saw a negative change in fair value during the period of around € 0.8 million (€ -9.8 million at the end of 2020), attributed to policyholders through shadow accounting, as they refer to financial instruments in Separately Managed Accounts. These derivatives are recognised in the financial statements under the item other liabilities, commented on below.

At 30 June 2021, the effectiveness tests on the instruments in question were in the range of 80-125%, as required by IAS 39.

The composition of the financial investments portfolio according to issuing country is in line with the situation in 2020, being marked by a strong prevalence of securities issued by Italian issuers, accounting for 63.7% of the total (65.1% at the end of 2020).

Country (€m)	FVTPL	FVTOCI	CA	TOTAL	weight %
DUTCH ANTILLES	28	230	-	258	0.2%
AUSTRIA	117	339	-	456	0.3%
BELGIUM	13	441	-	454	0.3%
BERMUDA	-	6	-	6	0.0%
CANADA	0	110	-	111	0.1%
SWITZERLAND	5	300	-	305	0.2%
CZECH REPUBLIC	-	121	-	121	0.1%
GERMANY	554	1,287	-	1,840	1.2%
DENMARK	42	180	-	222	0.1%
SPAIN	112	3,364	8	3,484	2.2%
EUROPE	-	149	-	149	0.1%
FINLAND	50	312	-	362	0.2%
FRANCE	1,732	3,351	4	5,087	3.2%
UNITED KINGDOM	873	2,008	-	2,881	1.8%
GREECE	-	30	-	30	0.0%
IRELAND	2,858	322	-	3,179	2.0%
ISLE OF MAN	-	22	-	22	0.0%
ITALY	**5,272**	**93,330**	**1,865**	**100,468**	**63.7%**
JERSEY	-	3	-	3	0.0%
JAPAN	3	385	-	388	0.2%
CAYMAN ISLANDS	-	20	-	20	0.0%
LUXEMBOURG	30,133	576	-	30,709	19.5%
MEXICO	69	57	-	125	0.1%
HOLLAND	508	2,386	2	2,896	1.8%
NORWAY	-	113	-	113	0.1%
NEW ZEALAND	-	50	-	50	0.0%
POLAND	-	9	-	9	0.0%
PORTUGAL	0	136	-	137	0.1%
SWEDEN	67	832	-	899	0.6%
SINGAPORE	-	21	-	21	0.0%
USA	142	2,612	-	2,754	1.7%
VENEZUELA	-	86	-	86	0.1%
	42,578	**113,186**	**1,879**	**157,643**	**100.0%**

The distribution of the financial investment portfolio at 30 June 2021 by duration class is shown below, indicating that the portfolio is heavily weighted towards securities with durations of 1-10 years (72%).

Remaining duration (€m)	FVTPL	FVTOCI	CA	TOTAL
up to 1	34,619	5,683	145	40,447
1 to 3	371	15,718	187	16,276
3 to 5	493	18,970	222	19,685
5 to 7	1,468	15,305	254	17,027
7 to 10	2,491	16,893	315	19,699
10 to 15	493	14,455	403	15,351
15 to 20	1,488	9,391	278	11,158
20 to 30	292	12,956	75	13,323
more than 30	864	3,813	-	4,677
Overall total	**42,578**	**113,186**	**1,879**	**157,643**

Returns for Separately Managed Accounts during the period in question (1 January 2021 to 30 June 2021) came to 2.31% (2.16% at the end of 2020) for Posta ValorePiù and 2.71% (2.82% at the end of 2020) for Posta Pensione.

	30/06/21		31/12/20	
	Gross Return	Average Invested Capital	Gross Return	Average Invested Capital
Separately Managed Accounts	rates %	€m	rates %	€m
Posta ValorePiù	2.31%	122,572	2.16%	117,929
Posta Pensione	2.71%	9,186	2.82%	8,415

Cash and cash equivalents at the end of the period in question amounted to € 1,935.8 million (€ 962.8 million at the end of 2020). This refers to temporarily available amounts, mainly deriving from Separately Managed Accounts, which during 2021 will be invested in relation to market developments.

Tangible and intangible assets total € 39.9 million (€ 44.1 million at 31 December 2020) and refer; i) to goodwill totalling € 17.8 million, arising from the difference between the cost of the equity investment in Poste Welfare Servizi and the corresponding fraction of equity following acquisition by Posta Vita; ii) rights of use for assets associated with contracts to which IFRS 16 applies (in effect as of 1 January 2019) for € 20.3 million (€ 24 million at the end of 2020), representing the current value of periodic rent contractually required to utilise the assets which are the subject of the contracts; iii) the unamortised portion of capital assets used in operations for € 1.8 million (€ 2.2 million at the end of 2020).

Equity and solvency margin

Equity, at 30 June 2021, amounts to € 5,312.9 million, up by just € 40.2 million with respect to the end of 2020, when the amount was € 5,272.7 million. The increase seen during the year is mainly due to profit for the period of € 479.6 million, almost entirely offset by the payment made to the parent company Poste Italiane SpA of € 428.9 million (of which € 238.2 million through the partial distribution of the "Provision for retained profit and losses" and € 190.7 million through distribution of a dividend on profit at 31 December 2020), as resolved by the Company's Shareholders' Meeting on 28 April 2021, and the negative change of € 10.6 million in the reserve deriving from measurement of securities in the FVOTCI category (net of the tax effect and the ECL component). Changes in equity during the period are shown below:

Equity

(€k)	31/12/20	allocation of 2020 profit	distribution of prior profit	dividends	ECL Reserve	FVOCI Reserve	Other gains or losses recognised directly through equity	Profit 06 2021	31/12/2021
Share capital	**1,216,608**								**1,216,608**
Revenue reserve and other equity reserves:	**3,182,923**	**781,183**	**(238,195)**				**3**	**-**	**3,725,914**
Legal reserve	218,944	23,700							242,644
Extraordinary reserve	648								648
Organisation fund	2,582								2,582
Consolidation reserve	426								426
Other provisions	8								8
Retained earnings	**2,960,315**	**757,483**	**(238,195)**				**3**		**3,479,605**
of which retained earnings	2,960,315	757,483	(238,195)				3		3,479,606
Reserve for FVOCI securities	**92,147**				**(264)**	**(10,330)**			**81,553**
of which - AFS/FVOCI Reserve	90,649					(10,330)			80,320
of which ECL Reserve	1,498				(264)				1,234
Other gains/losses recognised directly through equity	**(176)**						**96**		**(80)**
Net profit for the period	**781,183**	**(781,183)**		**(190,725)**				**479,590**	**288,864**
Total	**5,272,685**	**-**	**(238,195)**	**(190,725)**	**(264)**	**(10,330)**	**99**	**479,590**	**5,312,860**

Below is a schedule reconciling equity and net profit for the year during the period:

Italian GAAP financial statements

(€k)	Patrimonio Netto 31/12/19	Risultato 31/12/20	Variazioni patrimoniali 31/12/20	Patrimonio Netto 31/12/20	Risultato 30/06/21	Variazioni patrimoniali 30/06/21	Patrimonio Netto 30/06/21
Italian GAAP financial statements	**3,916,884**	**762,901**	**0**	**4,679,785**	**446,836**	**(428,921)**	**4,697,701**
Valuation of financial assets	342,519	(20,745)	0	321,774	13,627	0	335,401
Measurement of FVTOCI financial assets less deferred policyholder liabilities	37,831	-	47,237	85,068	-	(9,833)	75,235
Actuarial gains/(losses) on employee benefits	(141)	-	(3)	(144)	-	19	(125)
Adjustments for deferred acquisition costs	-	-	-	-	-	-	-
Other minor adjustments	48	(1,826)	-	92	15	-	107
Parent Company's IAS/IFRS financial statements	**4,297,035**	**740,198**	**47,234**	**5,086,336**	**460,444**	**(438,734)**	**5,108,046**
Consolidated subsidiary's undistributable retained earnings	172,825	40,866	254	213,954	18,365	70	232,397
Balance of subsidiary's FVTOCI reserve	3,478	-	3,601	7,079	-	(761)	6,318
Measurement of investment using the equity method	(34,819)	100	(3)	(34,722)	797	1	(33,924)
Elimination of effects of intercompany transactions	20	19	-	39	(17)	-	23
IAS/IFRS consolidated financial statements	**4,438,538**	**781,183**	**51,086**	**5,272,685**	**479,590**	**(439,424)**	**5,312,860**

Additionally, at 30 June 2021, the subordinated loan issued by the parent company Poste Vita amounted to a total of € 250 million (in line with the figure at the end of 2020), referring solely to the loan subscribed by the parent company Poste Italiane with indefinite maturity.

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

With regard to the **solvency margin** of the Poste Vita Insurance Group at 30 June 2021, own funds qualifying for inclusion amount to € 13,316 million, an increase of € 2,122 million compared with € 11,194 million at the end of 2020. Moreover, capital requirements increased during the year by approximately € 468 million (from € 3,740 million at the end of 2020 to € 4,208 million at 30 June 2021).

As a result of the above trends, the Group's solvency ratio increase by about 17 percentage points compared to 31 December 2020 (from 299.3% at the end of 2020 to 316.4% in June 2021), whilst remaining above the regulatory requirement.

SCR coverage (€m)	30/06/21	31/12/20	Delta
EOF with SCR coverage	13,316	11,194	2,122
SCR	4,208	3,740	468
Solvency Ratio	**316.4%**	**299.3%**	**17.1%**

The increase in SCR provisions was mainly due to the increase in the value of financial instruments, in the face of a Technical Provisions value which remained in line with 31 December 2020.

With reference to the Capital Requirement, note an increase of around € 468 million with respect to 31 December 2020, mainly due to the increase in SCRs for subscription, operating, counterparty and market risk.

Technical provisions

As a result of the above operating and financial performance (positive net revenue), technical provisions amounted to € 156,484 million, up with respect to the € 153,794.7 million at the end of 2020, broken down as follows:

Technical provisions (€m)	30/06/21	31/12/20	Increase/(decrease)	
Non-life business:				
Premium reserve	124.1	104.1	20.0	19.2%
Outstanding claims provisions	144.6	133.0	11.7	8.8%
Other technical provisions	0.0	0.1	(0.1)	(56.4%)
Total Non-life business	**268.8**	**237.2**	**31.6**	**13.3%**
Life business:				
Mathematical provisions	133,595.1	129,795.7	3,799.4	2.9%
Class III technical provisions	6,172.3	4,974.8	1,197.5	24.1%
Outstanding claims provisions	1,190.8	800.7	390.1	48.7%
DPL provisions	15,185.3	17,916.1	(2,730.8)	(15.2%)
Other technical provisions	71.7	70.3	1.5	2.1%
Total Life	**156,215.2**	**153,557.5**	**2,657.7**	**1.7%**
Total	**156,484.0**	**153,794.7**	**2,689.2**	**1.7%**

Technical provisions relating to the Non-life business, gross of outward reinsurance, amount to € 268.8 million at the end of the period (€ 237.2 million at the end of 2020), and consist of: the premium reserve of € 124.1 million and the claims reserve of € 144.6 million. Claims reserve for claims incurred but not reported (IBNR) amount to € 44.9 million.

Provisions for the Life classes came to a total of € 156,215.2 million (€ 153,557.5 million at the end of 2020) and were established to comply with all commitments relative to policyholders, including the mathematical provisions (€ 133,595.1 million), technical provisions established against unit-linked products (€ 6,172.3 million), the provision for outstanding claims (€ 1,190.8 million), the Deferred Policyholder Liability reserve (DPL), established in application of the shadow accounting criteria for € 15,185.3 million, as well as sundry other technical provisions (€ 71.7 million). The latter includes only the reserve for future expenses.

The Deferred Policyholder Liability (DPL) reserve, the amount of which is correlated with net capital gains from measurement of financial instruments covering insurance liabilities in Separately Managed Accounts, amounted to € 15,185.3 million at the end of the first half of 2021, down with respect to the € 17,916.1 million at the end of 2020, due less favourable trends on financial markets.

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.

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 the LAT - Liability Adequacy Test required 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 financial statements at the end of the period were fully adequate.

The provision for risks and charges at 30 June 2021, amounts to € 17 million (€ 15.9 million at the end of 2020) and includes the amounts allocated to cover any liabilities in the year and/or in the quantum. The breakdown of this item and a comparison with the figures recorded at the end of the previous period are shown below:

Composition (€m)	30/06/21	31/12/20	Delta
Legal disputes	5.5	5.1	0.4
Tax disputes		0.1	(0.1)
Other liabilities	11.5	10.7	0.8
Total	**17.0**	**15.9**	**1.1**

Below is a breakdown of the provision for risks at the end of the period:

- legal disputes for € 5.5 million, of which most part relative to dormant policies;
- other liabilities totalling € 11.4 million relative to:
  - € 5.2 million allocated as a function of Intesa San Paolo's intention to charge the parent company Poste Vita for VAT paid following the facilitated settlement of pending litigation regarding the higher VAT assessed by the tax authorities for the 2003 and 2004 periods, due to the collaboration relation (failure to invoice the direct cost of personnel seconded to the parent company Poste Vita) and the co-insurance contract (failure to invoice the commissions on proxies and waivers) entered into in September 1999 between Sanpaolo Vita (later Eurizon and now Intesa San Paolo Vita) and Poste Vita;
  - € 3.2 million for certain cases of fraud involving the settlement of life insurance policies accompanied by falsified documentation sent directly to the parent company Poste Vita (of which € 1.2 million relative to fraud carried out by post office employees), as a result of which insurance payments were made to parties found not to be legitimate for a total value of € 4.5 million. At the time of this report, the parent company Poste Vita had already reactivated positions for a total of € 1.3 million. Hence, for the remaining positions a provision of € 3.2 million was established which will be progressively removed when the position of the customer concerned is reactivated;
  - € 0.4 million relative to the allocation made following by the extension granted by INPS to the subsidiary Poste Welfare Servizi regarding application of the regulation on contributions for family allowance loan (CUAF), relative to which more information can be found in the section "Other Information";
  - € 2.6 million for other provisions.

The increase of € 1.1 million seen during the period is mainly due, for € 1.3 million to the allocation made during the period by the parent company Poste Vita for internal fraud and for € 0.5 million for the allocation made for ongoing legal disputes. These increases were only partially offset by the full utilisation (due to cancellation of the position) of the provision established following the extension granted by INPS to the parent company Poste Vita regarding application of the family allowance loan regulation (CUAF) for € 0.6 million.

Receivables and other assets

The item *receivables and other assets* amounting to € 3,163.3 million at the end of June 2021 (€ 3,157.5 million at the end of 2020) mainly refers to:

- amounts due from tax authorities for advances pursuant to Law 202/2002, for € 2,214 million (€ 2,262.4 at 31 December 2020) representing the advance on withholdings and the substitute tax on capital gains for life policies;
- deferred tax assets of € 455.8 million (€ 438.1 million at 31 December 2020). The amount recorded in the financial statements at 31 December 2020 mainly refers to the receivable recognised with reference to the non-deductible portion of the change in the mathematical provisions;
- current tax receivables for € 180 million at the end of June 2021 (of which € 176.2 million at the end of the previous year);
- amounts due from policyholders for stamp duty on Class III and Class V policies amounting to € 83.3 million (€ 84.7 million at the end of 2020);
- amounts due from policyholders relating to premiums for the period not yet collected at 30 June 2021 amounting to € 58.8 million (€ 38.6 million at the end of 2020);
- technical provisions transferred to reinsurers amounting to € 51.7 million (€ 53.5 million at the end of 2020);

- the portion not yet amortised of € 45.2 million (€ 48.9 million at 31 December 2020) of the expenses relating to the pre-counted acquisition commissions of the FIP product (Individual Pension Schemes);
- receivables due from brokers for premiums collected but not yet paid to companies for € 32.7 million (€ 10.5 million at the end of December 2020);
- amounts due from reinsurers of € 7.7 million (€ 4.9 million at the end of 2020) relating to recoveries to be obtained from reinsurers for claims and commissions;
- amounts due from tax authorities for advances on insurance for € 5.9 million (€ 13.3 million at the end of the previous year);
- receivables due from Mirto S.rl. for the amount paid to the lessor as a deposit to lease the registered offices, of € 3.5 million (€ 3.5 million at the end of 2020).

Payables and other liabilities

The item *payables and other liabilities* came to € 1,278 million at the end of June 2021 (€ 1,141.1 million at 31 December 2020) and mainly refers to:

- financial liabilities measured at amortised cost of € 272.2 million at 30 June 2021 (€ 276.2 million at the end of 2020) mainly relate to: i) € 251.3 million relating to the subordinated loan with indefinite maturity, taken out entirely by the parent company Poste Vita from the ultimate parent Poste Italiane, inclusive of accrued interest expense and ii) € 20.2 million in financial liabilities arising from the application of IFRS 16, representing the remainder of the fees to be settled at the end of the period;
- payables due to tax authorities for the advance on the mathematical provisions tax accruing during the period for € 225.9 million (€ 250 million at the end of the previous year);
- current tax payables of € 251.8 million (not measured at the end of the previous year as they were entirely offset by the corresponding current tax receivables);
- amounts due to brokers relating to commissions accrued for the placement of insurance products and the maintenance of the portfolio during the year amounting to € 175.7 million (€ 227.1 million at the end of 2020);
- deferred tax liabilities for € 196.7 million (€ 194.9 million at the end of 2020), mainly attributable to the change in finance income between international accounting standards and statutory standards, as well as the change in the reserve deriving from measurement of securities in the FVTOCI category during the period;
- amounts due to suppliers and Group companies for services received during the period totalling € 82.7 million (€ 87.5 million at the end of the previous year);
- the amount due to the tax authorities for stamp duty on life insurance policies in class III and V of € 21.7 million (€ 21.7 million at the end of 2020);
- liabilities for fee and commission expenses on internal funds for € 18.5 million (€ 15.2 million at the end of 2020);
- payables for units of funds acquired for € 10.8 million (€ 1.5 million at the end of 2020);
- payable for withholding and substitute taxes on capital paid on life insurance policies for € 8.2 million (€ 9.5 million at the end of the previous year);
- payables to MEF, for € 1.8 million (€ 33 thousand at the end of 2020), refer to sums to the be paid to the Fund established by the MEF and relative to policies signed after 28 October 2008, the date on which Law 166/2008 took effect, introducing regulations regarding “dormant policies”;
- hedging derivatives of € 0.8 million, for which details can be found in the paragraph “derivatives” (equal to € 9.8 million at the end of 2020).

5. Operating results

The reclassified statement of profit or loss by type of business for the year ended 30 June 2021 is shown below, compared with the same period of 2020.

The schedule for **Life Business**, commented on below, includes solely the figures for the parent company Poste Vita SpA, excluding the portion relative to Non-life business.

RECLASSIFIED INCOME STATEMENT (€m)	Life business			
	30/06/21	30/06/20	Increase/(decrease)	
Net premium revenue	**10,162.3**	**7,612.5**	**2,549.8**	**33%**
Gross premium revenue	*10,167.1*	*7,617.4*	*2,549.7*	*33%*
Outward reinsurance premiums	*(4.9)*	*(4.9)*	*0.1*	*(1%)*
Fee and commission income	**35.1**	**26.1**	**9.0**	**34%**
Net finance income on securities related to traditional products	**1,683.8**	**776.1**	**907.7**	**117%**
Income	*1,451.2*	*1,319.8*	*131.4*	*10%*
Realised gains/losses	*83.6*	*26.4*	*57.3*	*217%*
Unrealised gains/losses	*148.9*	*(570.0)*	*718.9*	*(126%)*
Net financial income on unit-linked hedging securities	**288.9**	**(95.4)**	**384.3**	**(403%)**
Net claims expenses	**(11,180.2)**	**(7,649.8)**	**(3,530.4)**	**46%**
Claims paid	*(6,010.2)*	*(6,002.3)*	*(7.9)*	*0%*
Change in technical provisions	*(5,174.8)*	*(1,649.9)*	*(3,524.9)*	*214%*
Share attributable to reinsurers	*4.8*	*2.5*	*2.3*	*94%*
Investment management expenses	**(28.6)**	**(23.5)**	**(5.1)**	**22%**
Operating expenses	**(315.7)**	**(242.8)**	**(72.8)**	**30%**
Net commissions	*(260.5)*	*(193.2)*	*(67.3)*	*35%*
Operating costs	*(55.2)*	*(49.7)*	*(5.6)*	*11%*
Other net revenue / costs	**(20.8)**	**(11.0)**	**(9.8)**	**90%**
GROSS OPERATING PROFIT	**624.7**	**392.2**	**232.5**	**59%**
Net finance income from investment in free capital	50.3	38.9	11.4	29%
Interest and commission expense	(22.8)	(23.8)	1.0	(4%)
PROFIT BEFORE TAX	**652.2**	**407.3**	**244.9**	**60%**
Tax	**(196.8)**	**(122.4)**	**(74.4)**	**61%**
NET PROFIT	**455.4**	**284.9**	**170.4**	**60%**

During the first half of 20201, **premium revenue**, net of outward reinsurance premiums, amounts to € 10,162.3 million, up +33% compared with the € 7,612.5 million recorded in the same period of 2020 (impacted by the pandemic).

Fee and commission income from the management of internal funds related to unit-linked products amounts to € 35.1 million, up € 9 million compared with the figure for the same period of 2020 (€ 26.1 million) as a result of the increase in assets under management.

Relative to investment management, **net financial income on securities related to traditional products** achieved during the period was positive at € 1,683.8 million, a significant improvement with respect to the result achieved during the same period in 2020 (€ 776.1 million), the latter affected by the negative market trends associated with the initial stages of the Covid-19 epidemic, which in the first half of 2020 led to the recognition of net capital losses from measurement of € 570 million, compared to net capital gains from measurement of € 148.9 million in the first six months of 2021. These are, however, net gains on investments included in Separately Managed Accounts and therefore almost entirely attributable to policyholders through the shadow accounting method.

Relative to **investments hedging unit-linked products**, given the positive effects deriving from market volatility, financial income achieved during the period was positive at € 288.9 million, compared to the negative € 95.4 million (associated with the well-known impacts of the health emergency) seen at the end of the first half of 2020. This amount is almost entirely matched by a corresponding change in technical provisions.

Insurance **settlements** paid to customers during the period, totalling € 6,010.2 million, were substantially in line with the values recognised during the same period of 2020 and refer to: i) maturities (including coupons) of € 2,484.1 million, down by € 1,193.4 million with respect to the figure in the first half of 2020; ii) claims of € 1,510.8 million which grew by € +755.3 million with respect to the figure during the same period of 2020 of € 755.5 million; ii) surrenders of € 2,008.8 million, up by +28.4% with respect to the figure at the end of June 2020 and accounting for 3% of initial provisions, up with respect to the 2.5% in 2020, but always much lower than the market average[4] and iv) settlement costs of € 6.6 million.

As a result of the aforementioned commercial and financial trends, the corresponding **change in technical provisions for life business** amounts to € 5,174.8 million at the end of June 2021, compared with € 1,649.9 million recognised in the first six months of 2020.

After taking into account the aforementioned settlements and the reinsurers' share, amounting to € 4.8 million, **net claims expenses** amount to € 11,180.2 million at the end of the period, compared to € 7,649.8 million at the end of the same period in 2020.

Total **commissions** paid for distribution, collection and portfolio maintenance amount to approximately € 257.3 million; on an accruals basis, the amount totals € 261.1 million (€ 193.7 million in the first half of 2020), reflecting the amortisation of pre-counted commissions on the sale of pension products and with an incidence of around 2.6% on earned premiums (2.5% at the end of the previous period). After the commissions received from reinsurers, the figure is € 260.5 million, compared with € 193.2 million at 30 June 2020.

Operating costs[5] during the first six months of 2021 totalled € 55.2 million, up by € +5.6 million with respect to the € 49.7 million recognised in the same period of 2020, mainly due to greater costs for printing and shipping and IT fees to support business growth.

This means that costs with respect to earned premiums and reserves remain in line with best market practices, respectively at 0.6% and 0.1% (0.8% and 0.1% in the same period of 2020).

Other net revenue (costs) at the end of the period amount to € -20.8 million (€ -11 million at the end of June 2020) and mainly refer to: i) the reversal of premiums relating to previous years for € -15.3 million; ii) charges on dormant policies of € -1.6 million.

In relation to the above trends, **EBITDA** at the end of the period amounts to € 624.7 million, up sharply (€ +232.5 million) with respect to the € 392.2 million recognised during the same period In 2020.

Net financial income relative to investment of Free Capital mainly referring to ordinary amounts, gave rise to a positive result of € 50.3 million, up by € +11.4 million with respect to the figure in the same period of 2020, mainly due to: i) the recording of greater ordinary income (€ +7.1 million) and ii) the recording of net capital gains from measurement, including ECL, of € 2.8 million in the first half of 2020.

Free Capital Income (€m)	**30/06/21**	**30/06/20**	**Delta**	**Delta%**
Ordinary income	49.4	42.3	7.1	16.7%
Realised gains/losses	2.1	(0.0)	2.2	n.s.
Unrealised gains/losses	(0.5)	(1.9)	1.4	(75.3%)
ECL securities PL (FVOCI+AC)	0.5	(0.9)	1.4	(153.9%)
Other not securities	(1.3)	(0.7)	(0.6)	88.6%
Total	**50.3**	**38.9**	**11.4**	**29.3%**

4. Source: Ania.
5. Overheads allocated to acquisition costs and administrative expenses.

Interest and commission expense which came to € 22.8 million at the end of the period in question (€ 23.8 million in the first half of 2020) refers to: i) commission expense on the ancillary fund paid to the parent company Poste Italiane SpA for € 19.7 million and ii) interest expense on the subordinated loan subscribed with the same parent for € 3.1 million.

Interest and commission expense (€m)	30/06/21	30/06/20	Delta	Delta%
Commissions on Ancillary Fund	19.7	19.8	(0.1)	(0.6%)
Interest on Poste Italiane subordinated loan	3.1	3.4	(0.3)	(8.3%)
Other		0.6	(0.6)	(100.0%)
Total	**22.8**	**23.8**	**(1.0)**	**(4.1%)**

Due to the aforementioned trends, **gross profit for the period** comes to € 652.2 million, compared to € 407.3 million in the first half of 2020. Considering the tax load, the period ended with **net profit** of € 455.4 million, up by € 170.4 million with respect to the € 284.9 million recorded during the same period in 2020.

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The reclassified Income Statement schedule relative to **Non-life Business,** commented on below, includes amounts for the subsidiaries Poste Assicura, Poste Welfare Servizi and Poste Insurance Broker, as well as amounts from the Non-life segment of the parent company Poste Vita.

RECLASSIFIED INCOME STATEMENT (€m)	Non-life business			
	30/06/21	30/06/20	Increase/(decrease)	
Net premium revenue	**130.4**	**108.1**	**22.3**	**21%**
Gross premium revenue	*143.6*	*118.0*	*25.6*	*22%*
Outward reinsurance premiums	*(13.3)*	*(9.9)*	*(3.4)*	*34%*
Net finance income on securities related to traditional products	**4.2**	**3.2**	**1.0**	**31%**
Income	*4.1*	*3.3*	*0.8*	*24%*
Realised gains/losses	*0.1*	*0.0*	*0.1*	*n.s.*
Unrealised gains/losses	*0.0*	*(0.1)*	*0.1*	*(121%)*
Net claims expenses	**(71.7)**	**(44.9)**	**(26.9)**	**60%**
Claims paid	*(64.8)*	*(37.7)*	*(27.1)*	*72%*
change in technical provisions	*(11.5)*	*(10.9)*	*(0.6)*	*6%*
Share attributable to reinsurers	*4.5*	*3.7*	*0.8*	*23%*
Investment management expenses	**(0.5)**	**(0.3)**	**(0.2)**	**83%**
Operating expenses	**(31.9)**	**(27.7)**	**(4.2)**	**15%**
Net commissions	*(20.7)*	*(16.0)*	*(4.7)*	*30%*
Operating costs	*(11.2)*	*(11.7)*	*0.6*	*(5%)*
Other net revenue/costs	**1.5**	**2.8**	**(1.3)**	**(48%)**
PROFIT BEFORE TAX	**32.0**	**41.3**	**(9.3)**	**(23%)**
Tax	(7.7)	(10.0)	2.3	(23%)
NET PROFIT	**24.2**	**31.3**	**(7.0)**	**(23%)**

Gross premiums earned on Non-life business and on policies placed during the period total € 143.6 million (+22% compared with the same period of 2020), above all due to the increase in earnings relative to modular offers and employee benefits business; taking into account outward reinsurance, **net premiums earned** amount to € 130.4 million compared with € 108.1 million in the same period of 2020.

Prudent **financial management** aimed at preserving the company's financial solidity generated net financial income during the period for € 4.2 million,up compared to the amount recognised in the same period in 2020 (€ 3.2 million), mainly due to the € +0.8 million increase in ordinary income associated with portfolio growth.

During the period, **amounts paid** including liquidation costs and direct expenses total € 64.8 million, up sharply from the € 37.7 million recognised during the first six months of 2020. The **change in technical provisions**, including the provision for late claims, amounts to € 11.5 million during the period, compared with € 10.9 million in the same period of 2020.

After taking into account the reinsurers' share, amounting to € 4.5 million, **net claims expenses** amount to € 71.7 million at the end of the period, compared to € 44.9 million at the end of the same period in 2020, mainly due to the increase in Health class in the Corporate segment and in the Injury segment.

For distribution and collection activities, **commissions** total approximately € 26.2 million, which, net of commissions received from reinsurers, amount to € 20.7 million, up with respect to the € 16 million recognised at 30 June 2020, mainly due to growth in gross inflows. The impact of commissions (gross of the component received from reinsurers) with respect to gross premium revenue was 18.2%, up with respect to the figure recognised during the same period in 2020 (16.8%), due to the different mix in the portfolio.

Operating costs which total € 11.2 million mainly refer to personnel expense, commercial costs/publicity expenses, costs for IT services and professional consulting/services. They are done slightly (-5%) with respect to the figure recognised for the same period the previous year. The impact of these on gross premium revenue fell with respect to 2020, from 9.9% to the current 7.8%.

The item **other net revenue (costs)**, amounting to € 1.5 million at the end of the period (€ 2.8 million in the same period of 2020) consists primarily of: i) core revenue of € 4.6 million generated by the subsidiary Poste Welfare Servizi, ii) reversals of premiums issued in previous years for € -3.5 million, and iii) reversals relative to commissions from previous years for € 0.6 million.

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Due to the aforementioned trends, **gross profit for the period** for Non-life business comes to € 32 million, compared to the € 41.3 million recorded at 30 June 2020. Considering the tax load, the period ended with **net profit** of € 24.2 million, down by € 7 million with respect to the € 31.3 million recorded during the same period in 2020.

6. Organisation of the Poste Vita Group

Corporate Governance

This section also serves as the Corporate Governance Report required pursuant to article 123-*bis* of Legislative Decree 58/1998 (Consolidated Law on Finance).

Note that the parent company Poste Vita SpA made use of the ability, recognised under this article for companies without shares listed on regulated markets, to provide solely the information required under article 123-*bis*, paragraph 2, letter b.

The governance model adopted by the Parent Company, Poste Vita SpA, is “traditional”, i.e. characterised by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.

The Board of Directors, appointed by the General Meeting of Shareholders held on 19 May 2020, has a term of office of three years, which will expire on the date of approval of the financial statements for 2022. The Board has 7 members, 2 of which are independent.

The Board of Directors, as described above, 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 regulations. It represents the main governing body of the Company and is vested with the widest possible powers to manage the company in the pursuit and implementation of the corporate purpose, which it exercises within the scope of the functions, duties and powers set out in current laws and regulations and in the By-laws.

The Board of Directors has ultimate responsibility for the corporate governance system, defines its strategic guidelines and ensures its constant completeness, functionality and effectiveness, also with reference to outsourced activities. It also ensures that the corporate governance system is suitable to achieve the objectives of efficiency and effectiveness of business processes, identification, assessment, including prospective assessment, management and adequate risk control, in line with the strategic guidelines and risk appetite of the company also in a medium-long term perspective, timeliness of the reporting system of corporate information, as well as reliability and integrity of accounting and management information, protection of assets also in a medium-long term perspective and compliance of the company’s activities with current regulations, directives and company’s procedures.

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

The Chair of the Board of Directors has the role of guiding and overseeing the work of the Board of Directors. In addition to the authority provided for by law and in the By-laws with regard to the activities of corporate bodies and legal representation of the Company, including the power to sign on the Company’s behalf and to represent it before the courts, the Chairman, without prejudice to their non-executive position and without any management function, was granted by the Board of Directors powers in the following areas: Communications with Fundamental Functions (Internal Auditing, Compliance, Risk Management and Actuarial) and Institutional Relations.

The Board of Directors also, in accordance with art. 2381 of the Italian Civil Code, granted the Chief Executive Officer all the powers necessary for the administration of the Company, unless otherwise provided for by law, the Company’s Bylaws and the resolution appointing to the position. The Chief Executive Officer is also the Company’s legal representative within the scope of the powers delegated.

The General Manager is also an established position, to which is granted specific powers within the company, in line with the scope of responsibility assigned.

Finally, in line with the provisions of IVASS Regulation no. 38/2018, the Board of Directors has established specific internal committees, composed of non-executive directors, the majority of which independent, with investigative, consultative and propositional tasks, in order to increase the efficiency and effectiveness of its work and to facilitate decision-making in areas of operations where there is a high risk of conflict of interest.

Specifically, the Board of Directors is supported by the following committees:

a. Internal Control and Risks and Related Party Transactions Committee;

b. Remuneration Committee.

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

Additionally, consistent with the results of the process for self-assessment of complexity/risk levels, carried out in June 2020 by the subsidiary Poste Assicura SpA and in line with the option granted in the IVASS letter of 5 July 2018 to companies adopting an “ordinary”governance model, the Poste Vita Internal Control and Risks and Related Party Transactions Committee, as the ultimate Italian parent company, carried out the tasks and functions assigned to it in relation to the requirements of the subsidiary Poste Assicura SpA.

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

The Board of Statutory Auditors, elected by the General Meeting of Shareholders held on 19 May 2020, is made up of 3 standing members and 2 alternates. Pursuant to art. 2403 of the Italian Civil Code, the Board of Statutory Auditors monitors compliance with the law and the bylaws and with good practices and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its functionality.

Audit activities required under articles 14 and 16 of Legislative Decree 39/2010 are provided by Deloitte & Touche SpA, the Group’s auditing firm, selected after a single call for tenders issued by Poste Italiane SpA, in compliance with the provisions of Regulation (EU) 573 of 16 April 2014 and Italian Legislative Decree 39 of 17 January 2010, as amended by Legislative Decree 135/2016.

The parent company Poste Vita also has a system of technical and conduct procedural rules designed to 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.

Lastly, to ensure compliance with the more advanced governance models and in accordance with the Company’s by-laws, a financial reporting manager has been appointed.

After outsourcing of the IT systems to the ultimate parent Poste Italiane SpA, since March 2020 a two committee governance model has been contractually established:

- Operating Committee, responsible for monitoring service levels;
- Governance Committee, responsible for issues of a strategic nature.

Internal control system

Within the Corporate Governance System of the Parent Company, Poste Vita, the Internal Control System (SCI) and the Risk Management System (SGR) are the set of instruments, organisational structures, rules and regulations designed to ensure that the Company is managed in a sound, correct and consistent manner with corporate objectives. To be effective, the control system must be integrated, which presupposes that its components are coordinated and interdependent, and that the entire system be an integral part of the general organisational, administrative, and accounting structure of the Company and the Group. Consistently with these principles, the parent company Poste Vita has identified a structured corporate governance model in line with the Group's one, which is applied operationally at company level on the basis of the role of the parties involved in internal controls and risk management and in proportion to the nature, scale and complexity of the business. The model provides for the definition of "levels of control" organised, in general, as set out below:

- **Governance**: defines, implements, maintains and monitors the Corporate Governance System (and in this context, the SCI and the SGR). It consists of the Administrative Body (duly supported by the Board Committees) and Senior Management. Specifically:
  - the Board of Directors is the ultimate guarantor and responsible for the Corporate Governance System and, to this end, it does not limit itself to defining its strategic guidelines, but monitors its results and ensures its constant completeness, functionality and effectiveness, also with reference to outsourced activities, consistently with the provisions of the relevant regulations;
  - Senior Management is responsible for the implementation, maintenance and monitoring of the Corporate Governance System and the promotion of the internal control culture in accordance with the instructions issued by the Board of Directors and in compliance with the relevant regulations;
- **First level of control**: identifies, assesses, manages, and monitors those risks for which it is responsible for monitoring, and in respect of which it identifies and implements specific protocols aimed at ensuring operational compliance. It is made up of all the control activities that the individual business and staff organisational units in the Company (Operating Functions) perform on their own processes as an integral part of each business process. The Operating Functions are, therefore, primarily responsible for the internal control and risk management process (as established by the Board of Directors and Senior Management) as they are called upon, in the course of day-to-day operations, to identify, measure, assess, monitor, mitigate and report risks arising from ordinary business activities in accordance with the risk management process and applicable internal procedures;
- **Second level of control**: monitors company risks, proposes guidelines on all related control systems, and verifies the sufficiency of the same in order to ensure the efficiency and efficacy of the operations, sufficient risk control, prudent business practices, reliability of all disclosures, legal compliance, and adherence to internal rules and procedures. The functions to whom such controls are delegated are autonomous, independent, and distinct from operational functions. Specifically:
  - **the risk management function** has the task of controlling and maintaining the entire SGR, whose effectiveness it helps to ensure also through support activities for the Board of Directors and the Company's Senior Management in defining and implementing the same;
  - **the Compliance function** continuously identifies the applicable standards and assesses their impact on processes and procedures. In this perspective, it verifies the adequacy of the organisational measures adopted to prevent the risk of non-compliance with the rules and proposes organisational and procedural changes aimed at ensuring adequate risk management;
  - **the actuarial function** contributes to the application of the Risk Management System through the performance of specific tasks relating to technical provisions, underwriting policies and reinsurance agreements;
  - **the Anti-money laundering function** continuously monitors the Company's exposure to the risk of money laundering and terrorist financing and supports the Board of Directors in defining policies to govern such risk;
- **Third level of control**: the Internal Auditing function is responsible for monitoring and evaluating the effectiveness and efficiency of the SCI and the other components of the corporate governance system and the need to adapt it (through independent assurance and any consulting activities to other corporate functions).

Pursuant to article 30 of Legislative Decree 209/2005 - Private Insurance Code, the Risk Management, Compliance, Actuarial and Internal Audit functions are defined as **fundamental Functions**.

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

In addition, with specific reference to the Parent Company, Poste Vita, the Board Committees (the Remuneration Committee and the Internal Control and Risks and Related Party Transactions Committee of the Poste Vita Group) take part in the model, as well as other functions and persons responsible for corporate control, such as: the financial reporting manager pursuant to Law no. 262/2005, the Supervisory Board pursuant to Legislative Decree 231/01, the Suspect Transactions Reporting Manager, the Tax Manager and the Tax Risk function, the Data Governance Officer and the Single Contact Person for Statistical Reports.

Additionally, the establishment of an Information Security function is called for, in line with the indications contained in the INVASS Letter to the Market of 3 June 2021 and recent EIOPA guidelines on security and information technology governance.

Poste Vita has established an Organisational Model pursuant to Legislative Decree 231/01, with the objective of preventing the commission of the various types of crime provided for in the legislation, and has also appointed an Oversight Committee.

Adoption of the 231 Organisation Model and the rules of conduct contained therein combine with the "Poste Italiane Group's Code of Ethics" adopted by the companies in the Group, in keeping with similar code put in place by the Parent Company, Poste Italiane.

The activities carried out during the year by the key functions and control functions contribute, as far as they are concerned, to the assessment of the corporate governance system of the Parent Company, Poste Vita, and the Poste Vita Insurance Group, pursuant to art. 215-*bis* of the Private Insurance Code (Legislative Decree 209/2005 and subsequent additions and amendments).

Organisational structure and personnel

In line with previous years, with a view to exploiting potential synergies within the Poste Italiane Group, and with the aim of ensuring an increasingly effective response to the needs of the business and its main market, during the year, the Company continues to redesign and streamline its operating model in order to optimise its organisational model. Therefore, as has already been done for other company functions (Communication, Purchasing, Anti-Money Laundering, IT Systems, for administrative/accounting activities and activities to manage tenders in the context of insurance products offered), in the first half of 2021 the process was outlined to centralise human resources activities within the parent company. Additionally, with an eye to strengthening and supporting Non-life, auto and non-auto business, the process of re-internalising management planning and control activities within the subsidiary Poste Assicura began. These had previously been provided as services by Poste Vita in favour of the subsidiary Poste Assicura and, additionally, a specific function dedicated to Auto business was established.

New personnel hired mainly were selected to strengthen technical/insurance skills specifically with reference to personnel in the Risk Office area, with a team dedicated to developing the Internal Model used to evaluate risk, as well as in the context of the Investment management function. Additionally, with reference to the Non-life area, new hires joined the company to directly support business, both in the collective policies and auto and non-auto retail area, with particular attention paid to the selection of resources with skills associated with salary-backed loans and claims. Other new staff came through hiring initiatives internal to the Poste Italiane Group (job postings), as in previous years and with an eye to developing human capital within the larger Poste Italiane Group.

Following these actions, the number of direct employees at 30 June 2021 was 484 units (483 at the end of the previous year). Below is a breakdown of staff, divided by contract type:

Workforce Breakdown expressed in FTE expressed in FTE	30/06/21	31/12/20	Change
Executives	33	32	1
Middle managers	224	198	26
Operational staff	224	251	(25)
Personnel on fixed-term contracts	3	3	0
Direct employees	**484**	**483**	**1**

With regards to training, the continuation of the health emergency did not allow for a return to on-site training. Therefore, training initiatives were offered in "virtual" classrooms (webinars) and using e-learning methods.

Training initiatives mainly involved the following areas: Anti-Money Laundering, Legislative Decree 231, GDPR, Corruption Prevention, IT Security, Occupational Health and Safety, Diversity & Inclusion, technical/specialist issues for the insurance sector (e.g. IFRS 17), the Knowledge Sharing project still in progress, known as "Know Oneself to Learn", as well as managerial training mainly focussed on the development of soft skills (effective communication, problem solving, time management, teamworking). Further, special attention was paid to the EST project - "Evidence, Sensemaking and Timeliness" provided with the support of the primary Business School and intended to help Middle Management develop a culture of data-based decisions.

7. Information on international accounting standards

Share-based payments - IFRS 2

Goods and services acquired and liabilities taken on for which share-based payments are established, settled with cash, equity instruments or other financial instruments, are recognised at their fair value. If the payment is made in cash, the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in the income statement, until the amount is extinguished. In the case of employee benefits, the expense is recognised in personnel expenses over the period in which the employee renders the relevant service.

Financial Risks Disclosure - IFRS 7

Information on financial risk management at 30 June 2021 is provided below, in accordance with the requirements of the international financial reporting standard, IFRS 7 - Financial Instruments: Disclosures.

The financial instruments held by the **parent company Poste Vita** mainly refer to investments made to cover contractual requirements taken on relative to policyholders, for traditional revalued life policies and for index and unit-linked products. Additional investments in financial instruments refer to utilisation of the Company's free capital.

With reference to traditional life policies (Class I and V), fair value profits and losses on investments covering contractual requirements are entirely returned to policyholders and recognised in specific technical provisions using shadow accounting.

The economic impact of financial risks on investments may be fully or partially absorbed by insurance liabilities. In particular, this absorption is generally a function of the level and structure of the guaranteed minimum returns (for newly issued policies a guaranteed minimum return is not foreseen) and the profit-sharing mechanisms of the "separate portfolio" for the policyholder. The parent company Poste Vita determines the sustainability of minimum returns through periodic analyses using an internal financial-actuarial (Asset and Liability Management) model which simulates, for each separate portfolio, the change in value of the financial assets and the expected returns under a "central scenario" (based on current financial and commercial assumptions) and under stress and other scenarios based on different sets of assumptions. This model makes it possible to manage the risks assumed by Poste Vita SpA on a quantitative basis, thereby fostering reduced earnings volatility and optimal allocation of financial resources.

Unit-linked products, relating to Class III insurance products, regard policies where the premium is invested in mutual investment funds. The parent company Poste Vita constantly monitors developments in the risk profiles of individual products.

The investment policies of the subsidiary Poste Assicura SpA are intended to preserve the company's equity solidity, as outlined in the framework resolution approved by the Board of Directors. Periodically analysis is carried out with regards to the macroeconomic situation, market trends in various asset classes and on the relative consequences of integrated asset/liability management which for Non-life business does not take into account the cited constraints regarding minimum returns, but instead is aimed at optimising management of liquidity to deal with indemnity requests.

In the above context, the objectives of balanced financial management and monitoring of the main risk/return profiles are guaranteed by organisational structures inspired by the criteria of functional separation and autonomy, as well as by specific processes which govern the assumption, management and control of financial risks, including through the progressive implementation of appropriate IT tools.

Below is a description of the main financial risks and their effects on the portfolio held by the Poste Vita Group at the end of the first half of 2021.

Price risk

This is the risk that the value of a financial Instrument will fluctuate as a result of changes in market prices, when the changes derive both from specific factors of the individual instrument or its issuer, and from factors that affect all the instruments traded on the market.

The analysis below refers to financial asset items classified under the categories “fair value in other comprehensive income” or “fair value through profit and loss”, as well as financial derivatives for which changes in value are recognised in the income statement.

(€k)	Exposure
Financial assets	-
Investments at FVTOCI	-
Shares at FVTOCI	
Other investments at FVTOCI	
Structured bonds at FVTOCI	
Financial instruments at fair value through profit or loss	**38,517,624**
Structured bonds at FVTPL	
Other investments at FVTPL	38,315,004
Shares at FVTPL	202,620
Derivative financial instruments	
Fair value through profit or loss	-
FVTPL liabilities	-
Variability at end of period	**38,517,624**

Financial assets measured at fair value through profit or loss refer to:

- investments relative to units of mutual funds held by Gruppo Poste Vita SpA investments relative to units of mutual funds held by Poste Vita SpA, for which the fair value amounts to € 38,3156 million, of which around € 32,789 million hedging Class I policies, around € 5,521 million hedging Class III policies and the remaining part relative to free capital;
- shares held by the parent company Poste Vita SpA for € 203 million again Class I products connected to Separately Managed Accounts and for Class III.

Price risk does not involve fixed-income financial instruments (debt securities), because for the risk in question only stock market volatility is considered.

Currency risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates.

Relative to the Poste Vita Group, the risk in question refers to units of certain alternative funds held at the end of June 2021, with a total value of $ 91 million (€ 77 million).

(€k)	Position in CURRENCY/000	Position in Euro/000
Financial assets		
Investments at FVTOCI		
Shares at FVTOCI		
Fixed income securities at FVTOCI		
Other investments at FVTOCI		
Investments at FVTPL	91,122	76,676
Shares at FVTPL		
Other investments at FVTPL	91,122	76,676
Variability at end of period	**91,122**	**76,676**

6. Funds which mainly consist of bonds totalling € 1,607 million are not subject to price risk and hence are not considered in the analysis.

Fair value interest rate risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

	Risk exposure	
(€k)	Nominal exposure	Fair value exposure
Financial assets	-	-
Investments at FVTOCI	**99,781,169**	**113,186,077**
Fixed income securities at FVTOCI	99,281,169	112,653,811
Other investments at FVTOCI	-	-
Structured bonds at FVTOCI	500,000	532,267
Financial instruments at fair value through profit or loss	**2,362,642**	**4,060,729**
Fixed income securities at FVTPL	2,322,296	2,431,041
Structured bonds at FVTPL	22,000	22,894
Other investments at FVTPL	18,345	1,606,794
Derivative assets	-	-
Cash flow hedges	-	-
Fair Value hedges	-	-
Financial liabilities	-	-
Derivative liabilities	**700,000**	**(781)**
FVTPL liabilities	700,000	(781)
Cash flow hedge liabilities	-	-
Variability at end of period	**102,843,811**	**117,246,025**

In terms of **financial assets recognised at fair value through other comprehensive income**, the risk in question primarily relates to:

- fixed income government securities held by the parent company Poste Vita SpA, for a total fair value of € 93,177 million, almost entirely to cover Class I and V contractual commitments associated with Separately Managed Accounts;
- € 19,721 million total fair value in other non-government debt instruments held by Poste Vita SpA, used mainly to meet obligations towards policyholders;
- fixed-income government bonds held by the subsidiary Poste Assicura SpA for a total of € 228 million;
- other non-government debt securities in the Poste Assicura SpA portfolio for € 60 million.

Financial assets at fair value through profit or loss which carry the risk in question are held almost entirely by the parent company Poste Vita SpA, and mainly obtained to cover commitments taken on relative to policyholders. These mainly include a portion of the investments in fixed-income securities totalling € 2,428 million and a position under other investments mainly consisting of units of mutual funds for € 1,607 million. With reference to the subsidiary Poste Assicura SpA and relative to this category, only fixed-income securities totalling € 3 million are subject to the risk in question.

In terms of **Financial derivatives**, the risk in question mainly includes forward sales of a government bond for a nominal value of € 700 million, classified as a fair value hedge derivative, stipulated during the period by the parent company Poste Vita SpA.

On the other hand, relative to Class I and V policies issued by the parent company Poste Vita SpA, the duration of hedging assets is 7.34, while for liabilities it is 9.50.

Financial instruments covering the technical provisions for Class III have maturities which coincide with those of the liabilities.

Spread risk

This is the risk attributable to possible reductions in the prices of bonds held in the portfolio, due to deterioration of the market valuation of the credit quality of the issuer. The phenomenon is attributable to the significance assumed by the impact of the spread between rates of return of sovereign debts on the fair value of Euro-government and corporate securities, where the spread reflects the market perception of the creditworthiness of the issuing entities.

The sensitivity of the value of the portfolio of securities issued or guaranteed by the Italian government to the credit risk of the Italian Republic is greater than that relative only to changes in "risk free" interest rates. This situation is because a change in credit spread is not subject to hedging and involves the entire securities portfolio, meaning both the fixed and variable rate components. In fact, in the latter case fair value derivatives, which transform securities into variable rate instruments, cover only the risk free interest rate risk and not credit risk. Therefore, a change in the credit spread has an equal impact on both fixed rate and variable rate securities.

The first half of 2021 saw an increase in returns on Italian government securities, which saw the level of returns on Italian 10-year government securities come close to 0.8% at 30 June 2021. The BTP-Bund spread closed at around 103 bps at 30 June 2021, around 8 bps lower than at 31 December 2020.

Below are details on the effects seen in the Poste Vita Group's portfolio during the period in question:

	Risk exposure		Change in value		Effect on deferred liabilities		Profit before tax		Reserves before taxes	
(€k)	Nominal exposure	Fair value exposure	Delta val. +100 bps	Delta val. -100 bps	Effect on def. liab. +100 bps	Effect on def. liab. -100 bps	Res. before taxes +100 bps	Res. before taxes -100 bps	Res. gross Eq. +100 bps	Res. gross Eq. - 100 bps
Financial assets										
Investments at FVTOCI	**99,781,169**	**113,186,077**	**(9,160,841)**	**9,160,841**	**(9,049,319)**	**9,049,319**	**-**	**-**	**(111,522)**	**111,522**
Fixed income securities at FVTOCI	99,281,169	112,653,811	(9,148,067)	9,148,067	(9,036,545)	9,036,545	-	-	(111,522)	111,522
Other investments at FVTOCI	-	-	-	-	-	-	-	-	-	-
Structured bonds at FVTOCI	500,000	532,267	(12,774)	12,774	(12,774)	12,774	-	-	-	-
Financial instruments at fair value through profit or loss	**2,362,642**	**4,060,729**	**(372,934)**	**372,934**	**(369,095)**	**369,095**	**(3,839)**	**3,839**	**-**	**-**
Structured bonds at FVTPL	22,000	22,894	(1,284)	1,284	(1,284)	1,284	-	-	-	-
Fixed income securities at FVTPL	2,322,296	2,431,041	(131,634)	131,634	(127,795)	127,795	(3,839)	3,839	-	-
Other investments at FVTPL	18,345	1,606,794	(240,016)	240,016	(240,016)	240,016	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Fair Value hedges	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
Derivative liabilities	**700,000**	**(781)**	**33,460**	**(33,460)**	**33,460**	**(33,460)**	**-**	**-**	**-**	**-**
FVTPL liabilities	700,000	(781)	33,460	(33,460)	33,460	(33,460)	-	-	-	-
Cash flow hedge liabilities	-	-	-	-	-	-	-	-	-	-
Variability at end of period	**102,843,811**	**117,246,025**	**(9,500,316)**	**9,500,316**	**(9,384,954)**	**9,384,954**	**(3,839)**	**3,839**	**(111,522)**	**111,522**

With reference to the Poste Vita Group, the portfolio exposed to the risk in question amounts to € 117,246 million in fair value at 30 June 2021, consisting of € 113,186 million in financial assets measured at fair value through other comprehensive income, with the remaining € 4,060 million in financial assets measured at fair value through profit and loss. Sensitivity analysis carried out on the overall portfolio shows that a 100 bps increase in the spread would generate a negative change in fair value of around € 9,500 million. Of this amount, € 9,385 million would be attributed to deferred liabilities relative to policyholders through shadow accounting, € 111 million would impact the fair value reserve for securities associated with free capital and € 4 million would be recognised in the income statement.

Cash flow interest rate risk

This is defined as the uncertainty related to the achievement of future cash flows following fluctuations of interest rates on the market. This may derive from misalignment - in terms of interest rate types, index-methods and maturities - of financial asset and liability items which tend to be held until their contractual and/or expected maturity (banking book) which, as such, generate economic effects in terms of net interest income, reflected in the revenue results of future periods.

The schedule below shows the portfolio held by Gruppo Poste Vita SpA (including bank deposits of € 1,498 million), subject to the risk in question for a total nominal amount of € 9,095 million:

	Risk exposure
(€k)	**Nominal exposure**
Total financial assets	**9,095,287**
Investments at FVTOCI	**7,524,837**
Fixed income securities at FVTOCI	7,024,837
Other investments at FVTOCI	-
Structured bonds at FVTOCI	500,000
Financial instruments at fair value through profit or loss	**72,625**
Other investments at FVTPL	-
Structured bonds at FVTPL	22,000
Fixed income securities at FVTPL	50,625
Cash and deposits attributable to BancoPosta	-
Bank deposits	-
Cash and cash equivalents	**1,497,825**
Bank deposits and deposits with Italian treasury	**1,497,825**
Deposits with MEF	-

Credit risk

This is the risk of default of the counterparties with which receivable positions exist, with the exception of investments in equities and mutual fund units.

For financial assets subject to the risk in question and for which provisions on impairment apply, below is an analysis of exposure to credit risk at 30 June 2021, in reference to financial assets measured at amortised cost and at fair value through other comprehensive income, for which the general deterioration model was used. The analysis shows exposure by class of financial assets, broken down by stages. The amounts refer to the gross (amortised cost before ECL), if not otherwise indicated, and do not consider guarantees or other instruments which attenuate credit risk.

Credit risk - Internal ratings

	AAA to AA-			A+ to BBB-			BB+ to C						Total			Not rated (carrying amount)	Total carrying amount
	Stage 1			Stage 1			Stage 1			Stage 2							
Description (€k)	Amortised cost before ECL (GCA)	Fair value	ECL provision	Amortised cost before ECL (GCA)	Fair value	ECL provision	Amortised cost before ECL (GCA)	Fair value	ECL provision	Amortised cost before ECL (GCA)	Fair value	ECL provision	Amortised cost before ECL (GCA)	Fair value	ECL provision		
Financial assets at amortised cost																	
Loans	-	-	-	144,505	-	(101)	-	-	-	-	-	-	144,505	-	(101)	-	144,403
Receivables	-	-	-	21,251	-	(89)	-	-	-	-	-	-	21,251	-	(89)	-	21,162
Fixed income securities	-	-	-	1,879,632	-	(727)	-	-	-	-	-	-	1,879,632	-	(727)	-	1,878,905
Other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**2,045,388**	**-**	**(918)**	**-**	**-**	**-**	**-**	**-**	**-**	**2,045,388**	**-**	**(918)**	**-**	**2,044,470**
Financial assets at FVTOCI																	
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed income securities	2,062,560	2,165,288	(126,270)	94,428,366	107,995,178	(37,476)	2,237,187	2,276,643	(9,584)	210,825	216,702	(8,242)	98,938,937	112,653,811	(55,428)	-	112,653,811
Other investments	-	-	-	500,405	532,267	(255)	-	-	-	-	-	-	500,405	532,267	(255)	-	532,267
Total	**2,062,560**	**2,165,288**	**(126,270)**	**94,928,771**	**108,527,445**	**(37,731)**	**2,237,187**	**2,276,643**	**(9,584)**	**210,825**	**216,702**	**(8,242)**	**99,439,342**	**113,186,077**	**(55,684)**	**-**	**113,186,077**

Cash flow inflation rate risk

This is defined as the uncertainty related to the achievement of future cash flows following fluctuations of inflation rates on the market.

At 30 June 2021, cash flow inflation risk relates to inflation-linked government securities not subject to cash flow hedges or fair value hedges. With reference to the Poste Vita Group, in terms of nominal value there are securities for € 9,862 million (of which € 9,825 million held by the parent company Poste Vita) and in terms of fair value positions for € 11,910 million (of which € 11,869 million held by the parent company Poste Vita).

Disclosure of interests in other entities - IFRS 12

Adopted with Regulation (EU) 1254/2012, IFRS 12 combines, strengthens and replaces disclosure requirements regarding subsidiaries, joint control agreements, associated companies and unconsolidated structured entities. This standard summarises all the information an entity must provide in order to allow financial statement users to assess the nature of and risks deriving from their investments in other entities, as well as the effects of these investments on the equity/financial situation, economic results and cash flows. A structured entity is an entity configured so that voting or similar rights are not the deciding factor in establishing control over the entity, as in the case in which voting rights refer solely to administrative activities and the relative operating activities are guided through contractual agreements.

At 30 June 2021, this definition includes the investments held by Poste Vita in the funds described below.

As required under the provisions of IFRS 12 paragraphs 24 - 31, supported by paragraphs B25 - B26, the disclosure in the Poste Vita financial statements must provide information able to allow financial statement users to assess, for each unconsolidated structured entity:

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

The required information is below.

Nature of the interest in the unconsolidated structured entity (IFRS26 12.26)

With reference to the first point, we provide qualitative and quantitative information regarding the nature, extent, size and business of the unconsolidated structured entity, as well as its financing methods.

For each Fund shown below, the Company holds an interest of more than 50%. Quantitative information relative to these investments is provided in the following tables, together with the other funds. The parent company Poste Vita's interests in these funds were not subject to consolidation as it does not meet the "control" requirements of IFRS 10, but nonetheless fall under the scope of IFRS 12 as they are unconsolidated structured entities. The purpose of these investments is to diversify the financial instruments portfolio used to cover Class I products (Separately Managed Accounts), with the objective of mitigating exposure to Italian government bonds and corporate bonds denominated in euros.

Below is a table containing the information required under IFRS 12.26:

ISIN (€k)	Name	Nature of entity	Fund activity	% investment	NAV Ref. date	NAV Amount
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	6,027,555
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	4,335,183
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	573,534
LU1193254122	MULTIFLEX-GLB MA INC-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	4,187,863
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	5,105,772
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	897,653
LU1808839242	MULTIFLEX-OLYMP INSURN MA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	919,419
LU1500341166	MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	313,382
LU1808838863	MULTIFLEX-OLYMPIUM OPT MA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	621,291
LU2051218035	MULTIFLEX-OLYMPIUM SEV-CMEUR	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	490,050
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	30/06/21	4,903,634
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Closed-end non-harmonised fund of funds	Investment in energy companies to achieve capital appreciation and, realise relevant gains after exit.	86.2%	31/03/21	15,770

ISIN (€k)	Name	Nature of entity	Fund activity	% investment	NAV Ref. date	NAV Amount
QU0006746865	ALC Prima European Private Credit Feeder Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/03/21	195,429
LU1581282842	Indaco SICAV SIF - Indaco CIFC US Loan	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds, loans and equities).	100%	31/05/21	81,808
QU0006738854	PrimA Credit Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/05/21	146,481
QU0006738052	Prima EU Private Debt Opportunity Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/03/21	364,820
QU0006744795	Prima European Direct Lending 1 Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/03/21	388,477
QU0006742476	PRIMA GLOBAL EQUITY PRTNERS FUND	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100%	31/03/21	136,895
IE00BK1KDS71	Prima Hedge 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%	31/05/21	468,364
IT0005247819	DIAMOND CORE	Italian registered, closed-end alternative real estate investment fund	Investment in real estate assets and real property rights, including those deriving from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	31/12/20	277,745
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	Italian registered, alternative real estate investment funds	Investment in core and core plus real estate for retail use, located in the Eurozone and euro-denominated.	100%	31/03/21	97,690
IT0005210593	DIAMOND OTHER SECTORS ITALIA	Italian registered, alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in real estate companies and the professional management and development of the fund's assets.	100%	31/12/20	106,249
IT0005215113	CBRE DIAMOND FUND	Italian registered, alternative real estate investment funds	Investment in real estate assets and real property rights, including those deriving from real estate lease contracts, in any case, without any particular constraints on geographical location but, in any case, in Italy; may be used of the following purposes: logistics, retirement homes, residential, hotel, mixed-use, office or commercial use.	100%	31/03/21	165,929
IT0005174450	DIAMOND EUROZONE OFFICE UBS FUND	Italian registered, alternative real estate investment funds	Investment in core and core plus real estate for office use, located in the Eurozone and euro-denominated.	100%	31/03/21	389,454
IT0005212193	DIAMOND ITALIAN PROPERTIES FUND	Italian registered, alternative real estate investment funds	Investment in real estate assets and real property rights, including those deriving from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	31/12/20	158,250
IT0005386666	i3-Dante Fund Comparto Convivio	Italian registered, closed-end, alternative multi-segment real estate investment fund	Investment in core and core plus income generating properties, located in the central areas of the main Italian cities, especially Rome and Milan.	100%	31/12/20	258,521
QU0006745081	Prima Real Estate Fund I	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities).	100.0%	31/03/21	172,590
LU1081427665	SHOPPING PROPERTY FUND 2	Harmonised closed-end fund	Invests in the Shopping Property Fund 2: master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt.	64.9%	31/03/21	67,029

Nature of the risk (IFRS 12.29 - 31)

With reference to the second point, below we provide:

- the carrying amount of the assets and liabilities recognised in the financial statements relative to the unconsolidated structured entity;
- the account (macro-account) in which these assets and liabilities are classified;
- maximum exposure to losses deriving from the interest in the unconsolidated structured entity and the method used to calculate the amount;
- a comparison of the carrying amount of the entity's assets and liabilities and the maximum exposure amount.

The table below provides the information required for each unconsolidated structured entity:

ISIN (€k)	Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure
LU1379774190	MULTIFLEX-DIVERSIFIED DIS-CM	FVTPL	6,027,555	931,054	5,096,501	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407711800	MULTIFLEX-DYN MLT/AST FD-CM	FVTPL	4,335,183	659,606	3,675,578	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341752	MULTIFLEX-DYNAMIC LT M/A-CM	FVTPL	573,534	69,585	503,950	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1193254122	MULTIFLEX-GLB MA INC-CM	FVTPL	4,187,863	595,185	3,592,678	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712014	MULTIFLEX-GLB OPT M/A FD-CM	FVTPL	5,105,772	729,412	4,376,360	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341240	MULTIFLEX-LT OPTIMAL M/A-CM	FVTPL	897,653	202,653	695,000	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808839242	MULTIFLEX-OLYMP INSURN MA-CM	FVTPL	919,419	187,514	731,906	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341166	MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	FVTPL	313,382	29,790	283,592	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808838863	MULTIFLEX-OLYMPIUM OPT MA-CM	FVTPL	621,291	140,529	480,762	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU2051218035	MULTIFLEX-OLYMPIUM SEV-CMEUR	FVTPL	490,050	69,791	420,259	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712287	MULTIFLEX-STRAT INS DIST-CM	FVTPL	4,903,634	911,998	3,991,635	Annual VaR at 99.5% over 5 years and a half-life of 1 year
IT0004597396	ADVANCE CAPITAL ENERGY FUND	FVTPL	13,595	7,909	5,686	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006746865	ALC PRIMA EUROPEAN PRIVATE CREDIT FEEDER FUND	FVTPL	195,429	26,675	168,755	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
LU1581282842	INDACO SICAV SIF - INDACO CIFC US LOAN	FVTPL	81,808	29,688	52,120	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006738854	PRIMA CREDIT OPPORTUNITY FUND	FVTPL	146,481	67,425	79,056	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006738052	PRIMA EU PRIVATE DEBT OPPORTUNITY FUND	FVTPL	364,820	48,957	315,863	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006744795	PRIMA EUROPEAN DIRECT LENDING 1 FUND	FVTPL	388,477	93,778	294,700	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006742476	PRIMA GLOBAL EQUITY PRTNERS FUND	FVTPL	136,895	83,830	53,064	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IE00BK1KDS71	PRIMA HEDGE PLATINUM GROWTH	FVTPL	468,364	57,187	411,177	99% VaR provided by the manager
IT0005247819	DIAMOND CORE	FVTPL	277,745	90,805	186,940	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005210387	DIAMOND EUROZONE RETAIL PROPERTY FUND	FVTPL	97,690	34,940	62,750	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005210593	DIAMOND OTHER SECTORS ITALIA	FVTPL	106,249	33,321	72,928	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market

ISIN (€k)	Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure
IT0005215113	CBRE DIAMOND FUND	FVTPL	165,929	60,094	105,835	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005174450	DIAMOND EUROZONE OFFICE UBS FUND	FVTPL	389,454	171,474	217,979	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005212193	DIAMOND ITALIAN PROPERTIES FUND	FVTPL	158,250	47,645	110,605	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
IT0005386666	I3-DANTE FUND COMPARTO CONVIVIO	FVTPL	258,521	64,732	193,788	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
QU0006745081	PRIMA REAL ESTATE FUND I	FVTPL	172,590	78,618	93,971	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market
LU1081427665	SHOPPING PROPERTY FUND 2	FVTPL	43,521	19,963	23,558	VaR at 99.5% over a time horizon of 1 year, calculated from SII sensitivity market

Fair value changes during the period for the mentioned Funds have been assigned to the policyholders through shadow accounting, as they refer to financial instruments in Separately Managed Accounts.

Below are schedules providing details about the funds in question, by asset class and reference market as at 30 June 2021:

ASSET CLASS (€k)	Fair Value
Financial Instruments	**32,092,794**
Share	1,715,686
Government bonds	8,632,433
Corporate bonds	15,251,995
Cash and cash equivalents	2,744,438
Other investments	3,748,242
Financial Derivatives	**(225,956)**
Forward	(85,837)
Future	(151,581)
Swap	11,463
Total	**31,866,838**

REFERENCE MARKET (€k)	Fair Value
Dublin	1,988,833
Luxembourg	277,702
Singapore	869,790
London	2,127,284
Eurotlx	381,290
Euromtf	394,432
Euronext	1,360,647
Germany	4,747,729
Trace	4,420,600
New York	3,150,050
Hong Kong	358,214
Paris	463,921
Tokyo	906,471
Others	7,911,601
Funds	2,508,275
Total	**31,866,838**

Fair Value Measurement - IFRS 13

The Poste Vita Group has adopted a Policy on fair value defined at the Poste Italiane Group level to regulate the principles and general rules that govern the process of determining the fair value for the purposes of preparing the Financial Statements, to serve risk management assessments and in support of the activities carried out on the market by the finance units of the different Group entities. The general principles for fair value measurement of financial instruments have not changed since 31 December 2020, with the exception of the addition of models supporting measurement of unlisted shares described below, which were identified in compliance with the indications found in the main accounting standards of reference and issued by the various Regulators (banking and insurance), guaranteeing consistency in the measurement techniques adopted within the Group. The detailed methodologies were updated, when necessary, to take into account changes in operations and market practices seen during the year.

In compliance with **IFRS 13** - *Fair Value Measurement*, below we described the fair value measurement techniques used within the Group.

The assets and liabilities involved (specifically, assets and liabilities recognised at fair value and assets and liabilities recognised at cost or at amortised cost, for which the fair value is provided in the notes to the statements) are classified on the basis of a hierarchical scale that reflects the significance of the sources used in making the measurements.

The hierarchical scale is made up of the 3 levels presented below.

Level 1: this level consists of fair value measurements made using prices quoted (unadjusted) in active markets for identical assets or liabilities which the entity can access at the measurement date.

Level 2: this level consists of measurements made using inputs different from the quoted prices included in Level 1 and observable directly or indirectly for the asset or liability. Considering the characteristics of Poste Italiane Group business, observable input data used to determine the fair value of individual technical categories, include return and inflation curves, exchange rates provided by the European Central Bank, surface volatility on interest rates, premiums on inflation options, interest rate swap spreads or credit default spreads representing the credit standing of specific counterparts, and possible liquidity adjustments listed by major market counterparts.

Level 3: this level consists of fair value measurements made using as well as the level 2 inputs also inputs not observable for the asset or liability.

Fair value hierarchy

The following table provides analysis of financial instruments measured at fair value at 30 June 2021, broken down by fair value hierarchy level.

Financial assets (€k)	Level 1	Level 2	Level 3	FV hierarchy
Financial assets at FVTOCI	**103,499,810**	**9,686,268**	**-**	**113,186,077**
Shares at FVTOCI	-	-	-	-
Fixed income securities at FVTOCI	103,499,810	9,154,001	-	112,653,811
Other investments at FVTOCI	-	-	-	-
Structured bonds at FVTOCI	-	532,267	-	532,267
Loans at FVTOCI	-	-	-	-
Loans at FVTOCI GRP	-	-	-	-
Receivables at FVTOCI	-	-	-	-
Receivables at FVTOCI GRP	-	-	-	-
Financial instruments at fair value through profit or loss	**5,422,949**	**32,049,225**	**5,141,675**	**42,613,849**
Structured bonds at FVTPL	-	22,894	-	22,894
Fixed income securities at FVTPL	2,343,754	87,287	-	2,431,041
Other investments at FVTPL	2,876,872	31,939,044	5,105,882	39,921,798
Shares at FVTPL	202,323	-	297	202,620
Receivables at FVTPL	-	-	35,497	35,497
Derivative assets	-	-	-	-
TOTAL FAIR VALUE ASSETS	**108,922,758**	**41,735,493**	**5,141,675**	**155,799,927**
Financial liabilities	-	-	-	-
Financial liabilities at FV	-	-	-	-
Derivative liabilities	-	(781)	-	(781)
TOTAL FAIR VALUE LIABILITIES	**-**	**(781)**	**-**	**(781)**

Below are transfers between level 1 and 2 of the fair value hierarchy that occurred during the first half of 2021:

(€k)	from level 1	to level 2	to level 1	from level 2
Financial assets at FVTOCI	**(32,886)**	**32,886**	**540,631**	**(540,631)**
Shares at FVTOCI	-	-	-	-
Fixed income securities at FVTOCI	(32,886)	32,886	540,631	(540,631)
Other investments at FVTOCI	-	-	-	-
Structured bonds at FVTOCI	-	-	-	-
Loans at FVTOCI	-	-	-	-
Loans at FVTOCI GRP	-	-	-	-
Receivables at FVTOCI	-	-	-	-
Receivables at FVTOCI GRP	-	-	-	-
Financial instruments at fair value through profit or loss	**(511)**	**511**	**84,129**	**(84,129)**
Structured bonds at FVTPL	-	-	-	-
Fixed income securities at FVTPL	(511)	511	84,129	(84,129)
Fixed income securities AC	-	-	-	-
Other investments at FVTPL	-	-	-	
Shares at FVTPL	-	-	-	-
Receivables at FVTPL	-	-	-	-
Derivative assets	**-**	**-**	**-**	**-**
Financial liabilities at FV	-	-	-	-
Derivative liabilities	-	-	-	-
Net transfers between level 1 and level 2	**(33,397)**	**33,397**	**624,760**	**(624,760)**

Reclassifications from level 1 to level 2 for € 33.4 million refer to financial instruments for which the value, at 30 June 2021, cannot be determined on a liquid and active market, based on the parameters established in the Group's Fair Value Policy. On the other hand, reclassifications from level 2 to level 1 for € 624.8 million refer to financial instruments for which the value, at 30 June 2021, could be observed on a liquid and active market.

Below are **level 3 changes** occurring during the first six months of 2021:

(€k)	Financial assets at FVTOCI	Financial assets at fair value through profit or loss	Derivative assets
Opening balance		**4,646,370**	
Purchases/issues		531,778	
Sales		(123,433)	
Redemptions			
Chg. FV through profit or loss		86,961	
Chg. FV vs Eq. from measurement			
Transfers to profit or loss			
Effects of sales on profit or loss			
Transfers to level 3			
Transfers to other levels			
Amortised cost			
Impairment			
Other changes			
Closing balance		**5,141,675**	

Level 3 instruments generally refer to funds which mainly invest in unlisted instruments, for which fair value measurement is done on the basis of the most recently available Net Asset Value communicated by the fund manager, updated with regards to calls and redemptions communicated by managers during the period between the last official NAV measurement and the measurement date. These financial instruments are mainly private equity and private debt investments or investments in real estate funds, entirely to cover Class I products associated with Separately Managed Accounts. The changes involve the acquisition of new investments, redemptions of units of unlisted closed-end funds, as well as fair value changes which occurred during the period.

8. 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.

Relations with the parent company Poste Italiane SpA, which holds all the shares, are governed by written contracts, settled by market conditions and regard mainly:

- the sale and distribution of insurance products at Post Offices and related activities;
- Post Office current accounts;
- partial seconding 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;
- services from the procurement, communication, anti-money laundering, IT, administration and accounting functions and organisation and human resources activities;

Additionally, at 30 June 2021, the ultimate parent Poste Italiane SpA had subscribed subordinate loans issued by the parent company Poste Vita for a total of € 250 million, remunerated at market conditions reflecting the credit standing of the insurance company.

These assets at 30 June 2021 include the value of the 45% interest held by the parent company Poste Vita in the associated company Europa Gestioni Immobiliare SpA (EGI) for € 108.3 million and the 5% stake held by the subsidiary Poste Assicura in Consorzio Logistica Pacchi Scpa.

In addition to relations with the ultimate parent Poste Italiane SpA, the companies of the Poste Vita Group also have operating relations with other Poste Italiane Group companies, in particular:

- management of the Company's free capital and part of the investments in the portfolio of the Separately Managed Account (BancoPosta Fondi SGR, Anima SGR);
- printing, enveloping and delivery of mail via information systems, management of incoming mail, dematerialisation and archiving of paper documents (Postel);
- shipping services (SDA Express Courier);
- mobile phone and software rental services (PostePay);
- term life insurance policies (Poste Air Cargo);
- policies in the Accident class (BancoPosta Fondi SGR) and All Risks policies (Consorzio Logistica Pacchi and EGI);
- E-procurement services including forms, consumables, stationery and connected services (Consorzio Logistica Pacchi);
- services related to electricity utility (EGI).

These types of transactions are also regulated on an arm's length basis.

9. Other information

Information on treasury shares and/or shares of the Parent Company held, purchased or sold in the period

The companies of the Poste Vita Insurance Group do not own or have purchased or sold treasury shares or those of the Parent Company.

Related party transactions

Related parties, in addition to the Poste Italiane Group companies whose transactions are described in the previous paragraph, include, in accordance with IAS 24 (paragraph 9), the MEF, Cassa Depositi e Prestiti SpA, the entities under the control of the MEF and the Company's Key Management Personnel. The State and public entities other than the MEF and its subsidiaries are not considered related parties; moreover, transactions with related parties do not include those generated by financial assets and liabilities represented by financial instruments, with the exception of those issued by companies belonging to the Cassa Depositi e Prestiti Group.

In particular, at 31 December 2020, the Poste Vita Group held bonds issued by Cassa Depositi e Prestiti as private placements for a total market value of € 522 million and a total market value of € 546.6 million.

Research and Development Activities

The Poste Vita Insurance Group did not incur any research and development costs during the period, with the exception of costs relating to the definition of new products and those relating to the capitalisation of direct costs incurred for the development of internally produced software.

Legal disputes

Pending civil lawsuits against the Parent Company, Poste Vita, primarily relate to issues directly or indirectly underlying insurance contracts.

With regards to the disputes established relative to Poste Vita, most refer to problems inherent to dormant policies, while the remaining disputes, in general, concern issues relating to non-payment of policies due to incomplete liquidation practice, conflicts between beneficiaries in succession or issues relating to liquidations.

In relation to events involving "dormant policies", note that in recent years the Ministry of Economic Development has published various specifications for the reimbursement of sums relative to policies subject to statutes of limitations in favour of beneficiaries, relative to which Poste Vita denied payment in that, pursuant to Law 166/2008, it is required to pay these amounts to the Indemnity Fund for Investors Victimised by Financial Fraud, established by the Ministry of Economy and Finance and managed by CONSAP SpA.

At present, ministerial initiatives call for partial reimbursement by CONSAP SpA to customers of sums paid to the Fund for policies subject to statutes of limitations prior to 1 January 2012 (with the most recent specifications, the VIII, CONSAP SpA will assess reimbursement requests presented between 15 June 2020 and 15 September 2020).

There has also been a constant increase in bankruptcy proceedings against employers for non-payment of voluntary and compulsory contributions (TFR) in favour of members of the "Postaprevidenza Valore" Individual Pension Plan and in relation to which Poste Vita was set up in order to proceed with the recovery of the related sums, incurring the related costs.

Lastly, there is a growing number of enforcement procedures involving the Company as a third party foreclosed also in relation to sums due to policyholders.

Criminal proceedings begun by the parent company Poste Vita, as a general rule, involve cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.

We note here several cases of fraud which occurred between 2019 and 2021 involving the settlement of life insurance policies accompanied by falsified documentation sent directly to the Company, as a result of which insurance payments were made to parties found not to be legitimate for a total value of € 4.5 million. For the purposes of this report, the Company has already reactivated a large portion of the positions in question, for a total of € 1.3 million.

Finally, another recent series of frauds identified in the area of Palermo should be noted. It was discovered after certain checks carried out by the Palermo Questura in regards to several requests for liquidation of term life insurance policies with claims that all featured similar suspicious aspects. The Company has filed various complaints.

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The disputes initiated against the subsidiary Poste Assicura SpA to date mainly concern disputes for the settlement of insurance benefits relating in most cases to Household, Accident and Condominium Policies and mostly concerning reasons for the non-operational nature of the insurance guarantee for TPL cases (both private and professional) in which the liability of the policyholder is not proven and there are financial claims exceeding the estimated value of the damage suffered, as well as claims deemed dubious.

The probable outcomes of disputes were taken into account when determining the claims reserve.

The positions of a criminal nature concern, as a general rule, cases of crime integrated by unlawful conduct generically referred to falsification of insurance documentation carried out by third parties and in any case by persons not employed by the Company.

In addition, there have been a number of serial claims involving fraud relating to accident and home-family policies, for which the Company has already taken appropriate action. A recent series of suspected false claims identified in the areas of Locri, Matera and Barcellona Pozzo di Gotto should also be noted, relative to which the Company has taken action, filing an official complaint with the judicial authorities.

Finally, note the appeal filed with the Council of State by Poste Assicura, together with its co-insurers AXA and HDI, regarding the call for tender issued by the Italian Red Cross to provide insurance coverage for "volunteer personnel accidents" between 2019-2021 (the amount of the tender presented by the temporary association of Poste Assicura/AXA/HDI was around € 7 million), was resolved with a ruling in favour, with full payment of court costs.

More specifically, the Council of State judges, accepting the arguments put forward in the favour of the Company, recognised the ambiguity and lack of clarity in the tender documents issued by the Italian Red Cross Association, accepting Poste Assicura's requests in the context of the temporary association.

Based on this, the Italian Red Cross, as the issuer of the tender, should have immediately carried out an emergency investigation in favour of the Company and its co-insurers AXA and HDI.

Therefore, given that the above ruling by the Council of State was not spontaneously complied with, the Company and its co-insurers have requested a enforcement judgement in order to ensure the provisions in question are carried out. The case is still pending.

Principal proceedings pending and relations with the Authorities

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

On 19 February 2020, IVASS presented the parent company Poste Vita with three notifications of penalties regarding an asserted delay in the liquidation of life policies. The Company filed its defence briefs, the filing deadline for which, set at 60 days from the date of notification, was suspended from 23 February to 15 April 2020 and further extended to 15 May 2020 due to the entry into force of Law Decree no. 23 of 8 April 2020, published in the Official Journal no. 94 of 8 April 2020. Subsequently, on 14 April 2021, IVASS notified Poste Vita of its decision to settle the proceedings and impose a minimum fine of € 30,030.70 on the company; Poste Vita paid this amount by the deadline, closing the issue.

On 25 August 2020 and 24 February 2021, IVASS notified Poste Vita of two further complaints, both regarding alleged delays in the payment of life insurance policies. The Company filed its defence briefs in connection with these two proceedings before the deadline, which at 30 June 2021 are the sole ones still pending.

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On 4 May 2021, IVASS sent the parent company Poste Vita a communication requesting the presentation of an action plan within 60 days, containing the initiatives the companies intend to adopt to improve processes relative to management of dormant policies.

The relative action plan, containing the initiatives the companies intend to adopt, together with assessments of the Compliance and Internal Audit reports, was approved by the Board of Directors at its meeting on 24 June 2021 and sent to the Authorities on 2 July 2021.

IVASS Inspections

On 14 December 2020, IVASS launched an ordinary inspection regarding aspects of governance, management and control of investments and financial risks.

The inspection was completed during the first half of 2021 and the results were brought to the attention of the Board of Directors at their meeting on 26 July 2021.

The results of the inspection included findings, some of which had already been anticipated during the inspection and in relation to which on 12 April, the Company's Board of Directors had already approved a targeted Action Plan aimed at overcoming them. The aforementioned Action Plan is subject to periodic monitoring by the Company's control functions and may be subject to amendments and additions in view of recent inspection findings.

With regard to some of the aforesaid findings, IVASS identified violations of articles 30-*bis*, 30-*ter*, 37-*ter* and 183 of Italian Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. The Company will provide, within the time limits envisaged by the regulations, defence briefs in support of the correctness of its actions.

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"Poste Domani per te" Product Initiative

Based on certain instructions received from IVASS during the first half of the year, the Company has definitively ceased sales of the Poste Domani per Te product and, for the second half of 2021, has planned a review of its offers relative to Class I and multi-class products.

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On 1 March 2021 IVASS began an ordinary audit regarding anti-money laundering activities at both the Company and the intermediary BancoPosta.

The results of the audit will likely be presented to the Company in September. In any case, the Company is also assessing the adoption of certain initiatives, taking into consideration the indications received from the Authority during the inspection.

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On 25 August 2020, IVASS presented the subsidiary Poste Assicura SpA with a notification of penalties regarding an asserted delay in the response to a complaint. The Company filed its defensive briefs by the deadline. Based on the above, this is the sole pending proceeding as at 30 June 2021.

b. Bank of Italy - UIF

The Bank of Italy's Financial Intelligence Unit (UIF) conducted a number of inspections of the parent company Poste Vita in 2015 and 2016, in relation to anti-money laundering as per art. 47 and art. 53, paragraph 4, of Legislative Decree 231 of 2007. On 8 July 2016, the UIF sent Poste Vita a notice of assessment and violation, alleging the company's failure to promptly report suspect transactions (regarding transactions relating to a single policy) pursuant to art. 41 of Italian Legislative Decree no. 231/2007.

As a result of the related proceedings and having examined the defence papers duly filed by the parent company Poste Vita, on 29 May 2019, the Ministry of the Economy and Finance notified the Company of the decree by which it ordered Poste Vita to pay a fine of € 101,400, equal to 10% of the amount of the violation.

The Company carried out its assessment of the case and filed opposition to said decree within the terms of the law. The proceeding is still pending.

COVIP Inspection

On 27 May 2021, the Commissione di Vigilanza sui Fondi Pensione (COVIP) (pension fund supervisory authority) launched an ordinary inspection of the parent company Poste Vita regarding the Postaprevidenza Valore pension fund, which is still in progress.

Dispute with INPS

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

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

That being established, during the current and previous period the Poste Vita Group has honoured the amounts due to the Institution for the entire period and, therefore, released the relative provision allocated at 31 December 2019 (€ 5 million). With reference to the same issue, an allocation of € 0.4 million was made during 2020 by the subsidiary Poste Welfare Servizi Srl which is still in place.

Regulatory developments

During the period and in any case by the date of presentation of the report, there have been the following regulatory amendments, which impact or could impact the activity/sector in which the Poste Vita Group operates.

- **Amendments to IFRS 4** - Insurance Contracts which provide for an extension to 1 January 2023 for the temporary exemption to the application of IFRS 9 by insurance companies and financial conglomerates that perform mainly insurance activity. Entities that have decided to avail themselves of this exemption can therefore continue to apply IAS 39 instead of IFRS 9 up to this date (coinciding with the presumed date of entry into force of the new standard IFRS 17 on insurance contracts).
- **Amendments to certain accounting standards following the reform of interbank rates.** The planned amendments, the purpose of which is to take account of the consequences of effectively replacing the existing interest rate reference indices with alternative reference rates, relate to the following standards:
  - IFRS 9 - Financial instruments introduces a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated, in order to allow the effective interest rate to be adjusted, thus avoiding changes to the carrying amount;
  - IAS 39 - Financial Instruments: Recognition and Measurement envisages exemptions relating to the termination of hedging that may occur as a result of the reform;
  - IFRS 7 - Financial Instruments: Disclosures requires additional disclosures to enable readers of the financial statements to better understand the effect of the reform on benchmark interest rates, financial instruments and an entity's risk management strategy;
  - IFRS 4 - Insurance Contracts allows insurance companies that chose to postpone the adoption of IFRS 9 to apply the amendments to IAS 39 necessary to comply with the rate reform;
  - IFRS 16 - Leases allows leases that specifically refer to an IBOR rate to be amended to refer to an alternative rate resulting from rate reform.

Accounting standards and interpretations soon to be effective

As of the reporting date, the IASB has issued certain financial reporting standards, amendments and interpretations not yet endorsed by the European Commission:

- Amendments to IAS 1 - *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: *Disclosure of Accounting policies*;
- Amendments to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates;
- Amendments to IAS 12 - *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 16 - *Property, Plant and Equipment*; Proceeds before Intended Use;
- Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*; Onerous Contracts-Cost of Fulfilling a Contract;
- Amendments to IFRS 3 - Business Combinations; Reference to the Conceptual Framework;
- Amendments to IFRS 16 *Leases*: Covid-19-Related Rent Concessions beyond 30 June 2021;
- IFRS 17 - Insurance Contracts;
- Annual Improvements 2018-2020 which call for amendments to the following standards:
- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 9 Financial Instruments;
- IAS 41 Agriculture;
- Illustrative Examples of IFRS 16 Leases.

The reflections that these standards, amendments and interpretations soon to be applied may have on the Company's financial disclosure are still being studied and assessed. With special reference to IFRS 17, in the context of the Poste Vita Group, a project was begun the previous year with the aim of assessing impacts associated with future application of the new standard.

Additionally, also with reference to accounting standard IFRS 17, on 16 July 2021 the Accounting Regulation Committee approved the proposal that calls for endorsement of IFRS 17 at the European level and allows exemption of intergenerationally-mutualised and cash-flow matched contracts, as defined under paragraph 2, letters a) and b) of the stated regulation, from application of annual cohort requirement pursuant to IFRS 17.

Note that companies will apply this amendment at the latest as of the first day of the first financial year starting on or after 1 January 2023 and, additionally, companies are required to indicate in the Notes to the Financial Statements, in line with international accounting standard IAS 1, the use of this exemption as a relevant accounting standard, providing other explanatory information, for example indicating the portfolios to which the exemption was applied.

The endorsement process for the stated provisions now calls for the involvement of the European Parliament and Council.

Extension of IVASS Covid-19 recommendations - distribution of dividends and remuneration policy - 29 December 2020

In again supporting the renewal of the ESRB recommendations (which request extreme prudence in the distribution of dividends, repurchase of own shares and payment of variable remuneration components, at least until September 2021), IVASS invited companies which intend to undertake any of these actions, whether with reference to financial year 2019 or 2020, to assess the impacts with attention and a sense of responsibility, contacting the Institute beforehand to verify compatibility with the objectives of the recommendation.

IVASS measure no. 107 of 12 January 2021 - Amendments to ISVAP Regulation 14 of 18 February 2018 concerning the definition of procedures for the approval of changes to the business plan, authorisation of portfolio transfers and mergers and demergers pursuant to Title XIV of Legislative Decree 209 of 7 September 2005 - Private Insurance Code. Essentially, this provision amends article 2, paragraph 1, letter f) of the stated Regulation, eliminating the specific prohibition on transferring portfolios consisting solely of claims, expressly excluded in the original formulation. As a result of this amendment, it is therefore possible to transfer, between insurance undertakings, also portfolios consisting only of obligations arising from insurance or reinsurance contracts.

IVASS measure 108 of 27 January 2021 - Amendments to IVASS Regulation 43 of 12 February 2019 implementing the provisions established in the Ministry of Economy and Finance Decree of 17 July 2020, extending to financial year 2020 the provisions on the option involving temporary suspension of temporary capital losses on securities in statutory financial statements using local GAAP. This option does not include permanent capital losses.

IVASS measure no. 109 of 27 January 2021 - Amendments to ISVAP Regulation no. 7 of 13 July 2007 concerning the financial statements of insurance and reinsurance companies that are required to adopt the international accounting standards. This measure contains the amendments necessary to align the terms provided in Regulation 7/2007 with the extension of the exemption from the application of IFRS 9 at 1 January 2023.

IVASS Regulation 47 of 27 April 2021 - This Regulation dictates detailed provisions regarding the content of restoration and financing plans, individual and group, implementing the provisions of article 223-*ter* of the Private Insurance Code. The Regulation also governs implementation aspects involving the process of preparing and implementing the stated plans.

Letter to the Market of 29 April 2021- After issuing IVASS provision 72 of 16 April 2018, containing identification criteria and development rules for merit classes for the universal conversion pursuant to article 3 of IVASS Regulation 9 of 19 May 2015, certain uncertainties arose regarding application with the necessary clarifications provided through this letter, in order to support uniform application by insurance companies and their intermediaries during the phase for taking on Auto liability insurance policies.

Letter to the Market of 3 June 2021 – On 6 April 2021, the European Insurance and Occupational Pensions Authority (EIOPA) issued guidelines on information and communications technology security and governance ("guidelines"). They apply from 1 July

2021 and provide guidance on governance provided for in the Solvency II Directive and Commission Delegated Regulation (EU) 2015/35 to be applied in the context of information and communication technology (ICT) security and governance. While awaiting a more profound revision of the secondary regulations, IVASS expects companies and their ultimate parent companies to take into account all that is stated in this letter in order to take steps to ensure the highest level of compliance with the guidelines.

IVASS Regulation 48 of 13 July 2021 - containing provisions on capital add-ons pursuant to title iii, article 47-*sexies* and title xv, article 216-*septies* of Legislative Decree 209 of 7 September 2005, Private Insurance Code. This Regulation governs implementation aspects for the process of adopting capital add-ons pursuant to articles 47-*sexies* and 216-*septies* of the Private Insurance Code. The objective of these capital add-on measures guarantees that regulatory capital requirements adequately reflect the overall risk profile of the insurance or reinsurance company, or the group to which they belong.

Letter to the Market of 14 July 2021 - Measurement and prudential treatment of investments in complex and/or illiquid financial instruments. With this document, the Institution intends to make reference to regulatory provisions and reference regulations, also through the use of concrete examples, as well as the criteria to be used by Companies in identifying risk factors, classifying and measuring these financial instruments, to calculate capital requirements when making use of the standard formula.

Letter to the Market of 28 July 2021 - EIOPA opinion on risk mitigation techniques. With this intervention, IVASS means to draw attention to the EIOPA Opinion of 12 July 2021, through which the European regulatory authority sets itself the goal of raising awareness among the insurance industry around the correct use of risk mitigation techniques (such as reinsurance) while underlining the need to ensure consistency between the reduction in capital requirement and the effective transfer of the risk entailed by the use of such techniques.

Letter to the Market of 28 July 2021 - EIOPA Recommendations on ORSA during the Covid-19 pandemic. IVASS, through this communication to the market, means to draw attention to the recommendations issued last 19 July by the EIOPA with which the European regulatory authority invites Companies to consider, in order to improve the ORSA process, the effects that the exceptional Covid-19 epidemic has had and/or could have on their assets, products, risks and organisational structures.

Regulatory changes relative to taxes

Decree Law 34 of 19 May 2020 (Relaunch Decree): The Decree, in the context of urgent measures on health, support for labour and economy and social policies associated with the Covid-19 epidemiological emergency, introduced new provisions regarding the detraction of expenses incurred between 1 July 2020 and 31 December 2021 (subsequently extended to 30 June 2022), increasing them to 110 percent and divided into 5 annual portions of the same amount, against specific projects to improve energy efficiency, earthquake resistance, to install photovoltaic systems and infrastructure for charging electric vehicles in buildings (Superbonus).

This same Decree introduced the possibility of opting, in place of directly using the detraction, for a contribution provided in advance in the form of a discount provided by the supplier of the goods or services (“discount in the invoice”) or, alternatively, the granting of credit in an amount equal to the deduction due. This can be arranged in favour of the supplier of the goods or services necessary to achieve the projects, of other entities (real persons, or independent workers, companies and entities), or in favour of credit institutions and financial intermediaries.

Law 178 of 30 December 2020 (2021 Budget Law) In paragraphs 631-633, the 2021 Budget Law called for the suppression, as of 1 January 2021, of the 26 percent withholding on profits perceived by foreign UCITS established in EU member states and in countries participating in the European Economic Area agreement, in compliance with European regulations, for which the manager is subject to supervision in the foreign country in which the UCITS was established.

It also established that capital gains and losses realised through the transfer of qualified investments for pay by the same entities is not included when calculating income.

This amendment was necessary to avoid discrimination in the tax treatment of foreign investments funds with respect to domestic ones, in relation to the cited proceeds. In fact, Italian UCITS are excluded from application of income taxes (article 73, paragraph 5-*quinquies* TUIR), therefore, withholdings pursuant to article 27 of Italian Presidential Decree 600/1973 are not applied to dividends distributed by Italian companies in favour of regulated funds established in Italy. Therefore, the 2021 Budget Law aligns the tax treatment of dividends and capital gains for foreign UCITS established in EU and EEA countries that allow for adequate exchanges of information, to the tax treatment of dividends and capital gains for UCITS established in Italy, extending the tax exclusions already established for equity investment gains and capital gains realised by UCITS established in Italy deriving from qualified equity investments in Italian companies.

Decree Law 73 of 25 May 2021 (Support Decree-*bis*): This Decree involves the ACE regulations (contained in Decree Law 201/2011, amended multiple times over the years) in order to strengthen the subsidy solely for the year 2021 (article 19, paragraphs 2-7, Decree Law 73/2021, known as Innovative ACE or Super ACE). In particular for increases in shareholders' equity carried out during the tax period subsequent to that in progress at 31 December 2020 (2021, for those using the standard calendar):

- the notional return is determined by applying 15% (in place of the normal 1.3%) to own capital increases up to € 5 million, regardless of the amount of shareholders' equity indicated in the financial statements;
- increases in 2021 are identified in any case as of 1 January 2021;
- the amount derived by applying the greater rate to the net increase in own capital (net of the limit of € 5 million) represents the amount of the subsidy, to be deducted from comprehensive income.

10. Significant events after year-end

On 26 July 2021, the parent company Poste Vita completed the issue of a Restricted Tier 1 subordinate bond in Euro, perpetual, non-convertible and with a fixed rate, for a nominal amount of € 300 million, subscribed by the ultimate parent Poste Italiane SpA.

The instrument can be recalled after the tenth year and after each interest payment date. The fixed-rate security is issued at par with an annual coupon of 5.00%, deferred half-yearly payment (26 July and 26 January). The positive impact on the Solvency Ratio, not considered in the June report, is estimated as 6 percentage points.

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As reported in the section "Composition of the Corporate and Control Bodies of the Parent Company", following the resignation of Director Monica Biccari and the resignation of Vladimiro Ceci solely from his position as Chairman of the Board of Directors, the Company's administrative body acted on 7 September to replace Ms. Biccari, appointing, pursuant to article 2386, paragraph 1 of the Civil Code, Saverio Capolupo as both the new Director and the new Chairman of the Board of Directors.

Following the resignation of Monica Biccari also from her position as Chair of the Internal Control and Risks and Related Party Transactions Committee, the Board of Directors appointed a new member of the Committee, identifying Vladimiro Ceci as the Chair.

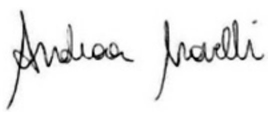
11. Business outlook

During the second half of 2021 and consistent with its strategic plan, the Poste Vita Group in its life business will continue to offer innovative and effective insurance solutions to customers, integrating savings and protection products into simple and highly professional solutions. The objective is to strengthen its leadership in the life market through a rebalancing towards products which, while prioritising the needs and characteristics of customers, also have greater added value (multi-class) in terms of lower capital absorption, and at the same time are characterised by a rather moderate risk/return profile but potentially with more attractive returns on investments for customers;

In the Non-life segment, it will continue to develop modular offerings, consisting of personalised protection, assistance and services solutions for personal, property and investment options, supported by various sales initiatives to help create incentives for new business. Additionally, Poste Assicura SpA will be involved in developing the Welfare and non-auto Non-life segment, taking advantage of the untapped potential and development of vehicle insurance through the subsidiary Poste Insurance Broker Srl.

Rome, 30 September 2021

The Board of Directors



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02.
CONSOLIDATED ACCOUNTING SCHEDULES

02.

CONSOLIDATED ACCOUNTING SCHEDULES

Contents

1. Income Statement

Statement of Profit and Loss

Income statement

(€K)		30/06/21	30/06/20
1.1	Net premium revenue	10,292,622	7,720,572
1.1.1	Gross premium revenue	10,310,761	7,735,389
1.1.2	Outward reinsurance premiums	(18,139)	(14,818)
1.2	Fee and commission income	35,133	26,139
1.3	Income (expenses) from financial instruments at fair value through profit or loss	543,009	(508,780)
1.3-*bis*	Reclassification in accordance with overlay approach (*)		
1.4	Income from investments in subsidiaries, associates and joint ventures	855	260
1.5	Income from other financial instruments and investment property	1,489,265	1,301,028
1.5.1	Interest income	1,397,891	1,235,399
1.5.2	Other income		
1.5.3	Realised gains	87,378	65,629
1.5.4	Unrealised gains	3,996	0
1.6	Other revenue	7,259	6,461
1	**TOTAL REVENUE AND INCOME**	**12,368,143**	**8,545,680**
2.1	Net claims expenses	(11,251,934)	(7,694,667)
2.1.1	Claims paid and change in technical provisions	(11,261,290)	(7,700,836)
2.1.2	Share attributable to reinsurers	9,356.5	6,169
2.2	Fee and commission expenses	(527)	(461)
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures		
2.4	Expenses arising from other financial instruments and investment property	(29,118)	(94,173)
2.4.1	Interest expense	(25,114)	(24,310)
2.4.2	Other expenses	(1,774)	(3,370)
2.4.3	Realised losses	(2,231)	(46,703)
2.4.4	Unrealised losses		(19,789)
2.5	Operating expenses	(291,814)	(232,088)
2.5.1	Commissions and other acquisition costs	(217,262)	(164,047)
2.5.2	Investment management expenses	(28,564)	(23,273)
2.5.3	Other administrative expenses	(45,987)	(44,767)
2.6	Other costs	(110,643)	(75,727)
2	**TOTAL COSTS AND EXPENSES**	**(11,684,035)**	**(8,097,116)**
	PROFIT/(LOSS) BEFORE TAX	**684,108**	**448,564**
3	Taxes	**(204,519)**	**(132,377)**
	PROFIT (LOSS) FOR THE YEAR AFTER TAX	479,590	316,187
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
	CONSOLIDATED NET PROFIT/(LOSS)	**479,590**	**316,187**
	of which attributable to owners of the Parent	479,590	316,187
	of which attributable to non-controlling interests		

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2. Annexes

Income Statement by operating segment

		Non-life business			
		Total at 30/06/2021		Total at 30/06/2020	
1.1	Net premium revenue	1	132,211	21	108,099
1.1.1	*Gross premium revenue*	2	145,476	22	117,984
1.1.2	*Outward reinsurance premiums*	3	(13,265)	23	(9,884)
1.2	Fee and commission income	4	-	24	-
1.3	Income (expenses) from financial instruments at fair value through profit or loss	5	(1)	25	(10)
1.4	Income from investments in subsidiaries, associates and joint ventures	6	-	26	-
1.5	Income from other financial instruments and investment property	7	4,244	27	3,480
1.6	Other revenue	8	7,937	28	7,263
1	**TOTAL REVENUE AND INCOME**	9	**144,391**	29	**118,832**
2.1	Net claims expenses	10	(71,744)	30	(44,884)
2.1.1	*Claims paid and change in technical provisions*	11	(76,256)	31	(48,558)
2.1.2	*Share attributable to reinsurers*	12	4,512	32	3,674
2.2	Fee and commission expenses	13	-	33	-
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	14	-	34	-
2.4	Expenses arising from other financial instruments and investment property	15	25	35	(206)
2.5	Operating expenses	16	(42,631)	36	(37,816)
2.6	Other costs	17	(3,966)	37	(2,566)
2	**TOTAL COSTS AND EXPENSES**	18	**(118,316)**	38	**(85,472)**
	PROFIT/(LOSS) BEFORE TAX	19	**26,075**	39	**33,360**

€k

	Life business			Intersegment eliminations		Total			
	Total at 30/06/2021		Total at 30/06/2020	Total at 30/06/2021	Total at 30/06/2020		Total at 30/06/2021		Total at 30/06/2020
1	10,162,269	21	7,612,473		-	1	10,292,622	21	7,720,572
2	10,167,143	22	7,617,406	(1,859)	-	2	10,310,761	22	7,735,389
3	(4,874)	23	(4,933)		0	3	(18,139)	23	(14,818)
4	35,133	24	26,139		-	4	35,133	24	26,139
5	543,010	25	(508,770)		-	5	543,009	25	(508,780)
6	855	26	260		-	6	855	26	260
7	1,485,021	27	1,297,548		-	7	1,489,265	27	1,301,028
8	4,850	28	4,521	(5,527)	(5,324)	8	7,259	28	6,461
9	**12,231,138**	**29**	**8,432,171**	**(7,386)**	**(5,324)**	9	**12,368,143**	29	**8,545,680**
10	(11,180,190)	30	(7,649,783)		0	10	(11,251,934)	30	(7,694,667)
11	(11,185,034)	31	(7,652,278)		0	11	(11,261,290)	31	(7,700,836)
12	4,844	32	2,495		0	12	9,356	32	6,169
13	(527)	33	-		-	13	(527)	33	-
14	-	34	-		-	14	-	34	-
15	(29,144)	35	(93,967)		0	15	(29,118)	35	(94,173)
16	(256,549)	36	(199,326)	7,366	5,054	16	(291,814)	36	(232,088)
17	(106,679)	37	(73,189)		28	17	(110,643)	37	(75,728)
18	**(11,573,088)**	**38**	**(8,016,726)**	**7,369**	**5,082**	18	**(11,684,035)**	38	**(8,097,116)**
19	**658,049**	**39**	**415,445**	**(17)**	**(242)**	19	**684,108**	39	**448,564**

Statement of comprehensive income

		Total at 30/06/2021		Total at 30/06/2020
CONSOLIDATED NET PROFIT/(LOSS)	1	**479,590**	21	**479,590**
Other components of comprehensive income after tax not to be reclassified to profit or loss	41	**99**	61	**105**
Change in equity of investees	42	-	62	-
Change revaluation reserve for intangible assets	43	-	63	-
Change revaluation reserve for tangible assets	44	-	64	-
Profits and losses for non-current assets or disposal groups held for sale	45	-	65	-
Actuarial gains/(losses) and adjustments to defined benefit plans	46	99	66	105
Gains or losses on equity instruments designated at fair value through other comprehensive income		-		-
Change in own credit rating for financial liabilities measured at fair value		-		-
Other items	47	-	67	-
Other comprehensive income after tax to be reclassified to profit or loss	48	**(10,594)**	68	**(3,542)**
Change in reserve for currency translation differences	2	-	22	-
Gains or losses on financial assets (other than equity instruments) measured at fair value through other comprehensive income	3	(10,594)	23	(3,542)
Gains or losses on cash flow hedges	4	-	24	-
Gains or losses on hedges of net investments in foreign operations	5	-	25	-
Change in equity of investees	6	-	26	-
Profits and losses for non-current assets or disposal groups held for sale	9	-	27	-
Reclassification in accordance with overlay approach (*)		-	28	-
Other items	11	-	29	-
TOTAL OTHER COMPREHENSIVE INCOME	12	**(10,495)**	30	**(3,437)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	13	**469,095**	33	**476,152**
of which attributable to owners of the Parent	14	**469,095**	34	**476,152**
of which attributable to non-controlling interests		**-**		**-**

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Details of other components of other comprehensive income

	Appropriations		Adjustments due to reclassification to Profit or Loss	
	Total at 30/06/2021	Total at 30/06/2020	Total at 30/06/2021	Total at 30/06/2020
Other income components that will not be reclassified to profit or loss	99	105	-	-
Reserve for changes in subsidiaries' equity	-	-	-	-
Revaluation reserve for intangible assets	-	-	-	-
Revaluation reserve for tangible assets	-	-	-	-
Profits and losses for non-current assets or disposal groups held for sale	-	-	-	-
Actuarial gains/(losses) and adjustments to defined benefit plans	99	105	-	-
Gains or losses on equity instruments designated at fair value through other comprehensive income	-	-	-	-
Reserve for change in own credit rating for financial liabilities designated at fair value	-	-	-	-
Other items	-	-	-	-
Other income components that may be reclassified to profit or loss	(8,545)	(1,844)	(2,049)	(1,698)
Reserve for currency translation differences	-	-	-	-
Gains or losses on financial assets available for sale	(8,545)	(1,844)	(2,049)	(1,698)
Gains or losses on cash flow hedges	-	-	-	-
Gains or losses on hedges of net investments in foreign operations	-	-	-	-
Reserve for changes in subsidiaries' equity	-	-	-	-
Profits and losses for non-current assets or disposal groups held for sale	-	-	-	-
Reclassification in accordance with overlay approach (*)	-	-	-	-
Other items	-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**(8,445)**	**(1,739)**	**(2,049)**	**(1,698)**

€k

Other changes		Total changes		Taxes		Balance	
Total at 30/06/2021	**Total at 30/06/2020**	**Total at 30/06/2021**	**Total at 30/06/2020**	**Total at 30/06/2021**	**Total at 30/06/2020**	**Total at 30/06/2021**	**Total at 30/06/2020**
-	-	99	105	-	-	(77)	(176)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	99	105	-	-	(77)	(176)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(10,594)	(3,542)	(4,505)	(1,706)	81,553	92,147
-	-	-	-	-	-	-	-
-	-	(10,594)	(3,542)	(4,505)	(1,706)	81,553	92,147
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	**-**	**(10,495)**	**(3,437)**	**(4,505)**	**(1,706)**	**81,476**	**91,971**

Details of underwriting business

€k

		30/06/21					30/06/20				
			Gross amount		share attributable to reinsurers	Net amount		Gross amount		share attributable to reinsurers	Net amount
Non-life business											
NET PREMIUM REVENUE		1	145,476	2	(13,265)	132,211	41	117,984	42	(9,884)	108,099
a	Premium revenue	3	167,953	4	(14,277)	153,676	43	128,370	44	(9,573)	118,798
b	Change in premium reserve	5	(22,477)	6	1,012	(21,465)	45	(10,387)	46	(312)	(10,699)
NET CLAIMS EXPENSE		7	(76,256)	8	4,512	(71,744)	47	(48,558)	48	3,674	(44,884)
a	Claims paid	9	(64,798)	10	7,462	(57,336)	49	(37,708)	50	4,625	(33,082)
b	Change in outstanding claims provisions	11	(11,672)	12	(2,949)	(14,621)	51	(10,985)	52	(951)	(10,034)
c	Change in recoveries	13	159	14	0	159	53	68	54	0	68
d	Change in other technical provisions	15	55	16	0	55	55	67	56	0	67
Life business											
NET PREMIUM REVENUE		17	10,167,143	18	(4,874)	10,162,269	57	7,617,406	58	(4,933)	7,612,473
NET CLAIMS EXPENSE		19	(11,185,034)	20	4,844	(11,180,190)	59	(7,652,278)	60	2,495	(7,649,783)
a	Claims paid	21	(5,620,096)	22	3,289	(5,616,807)	61	(5,591,193)	62	2,226	(5,588,967)
b	Change in outstanding claims provisions	23	(390,126)	24	1,978	(388,147)	63	(411,144)	64	653	(410,491)
c	Change in mathematical provisions	25	(3,827,312)	26	(424)	(3,827,736)	65	(1,925,686)	66	(383)	(1,926,069)
d	Change in technical provisions when the investment risk is borne by policyholders and deriving from pension fund management	27	(1,197,543)	28	0	(1,197,543)	67	(308,494)	68	0	(308,494)
e	Change in other technical provisions	29	(149,957)	30	0	(149,957)	69	584,239	70	0	584,239

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Financial and investment income and expenses

			Interest		Other income		Other expense		Realised gains		Realised losses
Investment income and expenses		**1**	**1,435,143**	**2**	**81,922**	**3**	**(36,994)**	**4**	**126,328**	**5**	**(9,807)**
a	From investment property	14	-	15	-	16	-	17	-	18	-
b	From investments in subsidiaries, associates and joint ventures	27	-	28	-	29	-	30	-	31	-
c	From financial assets measured at amortised cost	40	31,861	41	-	42	-	43	-	44	-
d	From financial assets measured at fair value through other comprehensive income	53	1,366,021	54	-	55	(1,774)	56	87,378	57	(2,231)
e	From financial assets held for trading	66	-	67	-	68	-	69	-	70	-
f	From financial assets designated at fair value	79	37,261	80	81,922	81	(35,220)	82	38,950	83	(7,577)
g	From financial assets measured at fair value	92	-	93	-	94	-	95	-	96	-
Income and expenses from sundry receivables		**105**	**-**	**106**	**-**	**107**	**-**	**108**	**-**	**109**	**-**
Income from cash and cash equivalents		**118**	**9**	**119**	**-**	**120**	**-**	**121**	**-**	**122**	**-**
Income and expenses from financial liabilities			**(25,114)**	**132**	**-**	**133**	**-**	**134**	**-**	**135**	**-**
a	From financial liabilities held for trading	144	-	145	-	146	-	147	-	148	-
b	From financial liabilities measured at fair value through profit or loss	157	-	158	-	159	-	160	-	161	-
c	From financial liabilities measured at amortised cost	170	(25,114)	171	-	172	-	173	-	174	-
Income and expenses from payables		**183**	**-**	**184**	**-**	**185**	**-**	**186**	**-**	**187**	**-**
Total		**196**	**1,410,039**	**197**	**81,922**	**198**	**(36,994)**	**199**	**126,328**	**200**	**(9,807)**

€k

	Net realised gains/(losses)		Fair value gains				Unrealised losses				Net unrealised gains/(losses)		Total income and expenses 30/06/2021		Total income and expenses 30/06/2020
			Unrealised gains		Write-backs		Unrealised losses		Impairments						
6	**1,596,593**	**7**	**571,829**	**8**	**-**	**9**	**(143,301)**	**10**	**-**	**11**	**428,528**	**12**	**2,025,120**	**13**	**722,646**
19	-	20	-	21	-	22	-	23	-	24	-	25	-	26	-
32	-	33	855	34	-	35	-	36	-	37	855	38	855	39	270
45	31,861	46	-	47	-	48	-	49	-	50	-	51	31,861	52	105,008
58	1,449,395	59		60	-	61	-	62	-	63	-	64	1,449,395	65	1,126,147
71		72	-	73	-	74	-	75	-	76	-	77	-	78	-
84	115,337	85	570,974	86	-	87	(143,301)	88	-	89	427,673	90	543,009	91	(508,780)
97	-	98	-	99	-	100	0	101	-	102	-	103	-	104	-
110	**-**	**111**	**-**	**112**	**-**	**113**	**-**	**114**	**-**	**115**	**-**	**116**	**-**	**117**	**-**
123	**9**	**124**	**3,996**	**125**	**-**	**126**	**-**	**127**	**-**	**128**	**3,996**	**129**	**4,005**	**130**	**9**
136	**(25,114)**	**137**	**-**	**138**	**-**	**139**	**-**	**140**	**-**	**141**	**-**	**142**	**(25,114)**	**143**	**(24,310)**
149	-	150	-	151	-	152	-	153	-	154	-	155	-	156	-
162	-	163	-	164	-	165	-	166	-	167	-	168	-	169	-
175	(25,114)	176	-	177	-	178	-	179	-	180	-	181	(25,114)	182	(24,310)
188	**-**	**189**	**-**	**190**	**-**	**191**	**-**	**192**	**-**	**193**	**-**	**194**	**-**	**195**	**-**
201	**1,571,488**	**202**	**575,825**	**203**	**-**	**204**	**(143,301)**	**205**	**-**	**206**	**432,523**	**207**	**2,004,011**	**208**	**698,346**

Details of underwriting expenses

€k

			Non-life business				Life business			
			30/06/21		30/06/20		30/06/21		30/06/20	
Gross commissions and other acquisition costs net of provisions and share of profits received from reinsurers		1	(30,873)	21	(21,032)	11	(192,510)	31	(147,600)
a	Acquisition commissions	2	(26,195)	22	(19,796)	12	(172,115)	32	(129,702)
b	Other acquisition costs	3	(4,678)	23	(1,236)	13	(15,748)	33	(15,384)
c	Change in deferred acquisition costs	4	0	24	0	14	(3,748)	34	(1,625)
d	Collection fees	5	0	25	0	15	(899)	35	(890)
Commissions and share of profits received from reinsurers		6	5,483	26	3,812	16	637	36	772
Investment management expenses		7	(459)	27	(250)	17	(28,106)	37	(23,023)
Other administrative expenses		8	(16,783)	28	(20,345)	18	(36,570)	38	(29,476)
Total			**(42,631)**		**(37,816)**		**(256,549)**		**(199,326)**

Scope of consolidation

€k

Name	Country, registered office	Country, operating office	Method (1)	Business (2)	% Direct interest	% Total interest (3)	% ordinary voting rights (4)	% consolidated
Poste Assicura SpA	086	086	G	1	100	100	100	100
Poste Welfare Servizi Srl	086	086	G		100	100	100	100
Poste Insurance Broker Srl	086	086	G		100	100	100	100

(1) Consolidation method: Line by line = G, Proportionate = P, Line by line due to coordinated management = U.

(2) 1 = Italian ins.; 2 = EU ins.; 3 = Non-EU ins.; 4 = ins. holding; 4.1 = mixed holding company; 5 = EU reins.; 6 = Non-EU reins.; 7 = bank; 8 = asset mng. 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 direct or indirect equity interest held.

(5) This disclosure is required only if the country of operation is different from the country of registration.


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3.
REPORTS AND ATTESTATIONS

03.
REPORTS AND ATTESTATIONS

Contents

Certification of the Consolidated Half-Yearly Report pursuant to article 154-bis, paragraph 5 of Italian Legislative Decree 58 of 24 February 1998 and article 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended

1. I, the undersigned, Andrea Novelli, as the Chief Executive Officer, and Massimo Molinari, as the Financial Reporting Manager of Poste Vita S.p.A., also taking into account that established in article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998, certify the adequacy, in relation to the characteristics of the company, and the effective application of administrative and accounting procedures to prepare this consolidated half-yearly report for the period from 1 January to 30 June 2021.

2. To that end, the following is stated:

2.1 as indicated in the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents the general reference framework accepted at the international level for internal control, expressly referenced by Confindustria in its *Guidelines on Financial Reporting Manager responsibilities pursuant to article 154-bis of the TUF*, an internal control system, however well conceived and implemented, can only provide reasonable and not absolute security about the achievement of company objectives, including the accuracy and truthfulness of financial reporting.

2.2 During the first half, the administrative and accounting procedures continued to be updated and verification was done with regards to the effective application of the aforementioned administrative and accounting procedures. To that end, no aspects worthy of note were identified.

3. It is also stated that:

3.1 the consolidated half-yearly report:

a. was prepared in compliance with the provisions of the Civil Code, Italian Legislative Decree 173/1997, Italian Legislative Decree 209/2005 and the applicable IVASS provisions, regulations and circulars;

Poste Vita S.p.A.
00144, Rome (RM), Italy, Viale Beethoven, 11 • Tel.: (+39) 06 549241 • Fax: (+39) 06 54924203 • PEC: postevita@pec.postevita.it • www.postevita.it
VAT no. 05927271006- Tax ID no. 07066630638 • Share Capital €1,216,607,898.00 fully paid up • Rome Business Register no. 07066630638, Economic and Administrative Index 934547 • Registered in Section I of the Italian Insurance Companies Register under no. 1.00133 • Authorised to carry on insurance business on the basis of ISVAP resolutions no. 1144/1999, 1735/2000, 2462/2006 and 2987/2012 • Parent company of the Poste Vita Insurance Group, registered in the Italian Insurance Groups Register under no. 043 • Company with sole shareholder, Poste Italiane S.p.A., subject to the management and coordination of the latter.

b. is consistent with the underlying accounting books and records;
c. gives a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 The consolidated half-yearly report is accompanied by comments prepared in compliance with the IVASS schedules and provisions, which contain:

a. information intended to illustrate economic performance between 1 January and 30 June 2021, as represented in the accounting schedules;
b. a description of any events occurring after the end of the half which could have a significant impact on the equity and financial situation and/or on the results for the period of the Poste Vita Group;
c. information on business trends which allow for a reasonable forecast with reference to the results for the period in course;
d. other complementary information useful for evaluating management of the company and the results for the period.

Rome, 30 September 2021

The Chief Executive Officer

Andrea Novelli

ANDREA NOVELLI
30 Sept 2021 16:53

The Manager Responsible for Financial Reporting

MASSIMO MOLINARI
15 Sept 2021 10:11

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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 Europa, 190, 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

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Poste Italiane SpA

September 2022

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