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Poste Italiane's Financial Statements

at 31 December 2024

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1.
Introduction

Poste Italiane SpA (the "Parent Company") is the company formed following conversion of the former Public Administration entity, "Poste Italiane", under Resolution 244 of 18 December 1997. Its registered office is at Viale Europa 190, Rome (Italy).

Poste Italiane's shares have been listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) since 27 October 2015. At 31 December 2024, the Company is 35% owned by CDP and 29.3% owned by the MEF, with the remaining shares held by institutional and retail investors. Poste Italiane SpA continues to be under the control of the MEF. At 31 December 2024, the Parent Company holds 11,492,604 of its treasury shares (equal to about 0.880% of the share capital).

The **Poste Italiane Group** (the "Group") provides a universal postal service in Italy as well as integrated communication, logistics, financial and insurance products and services throughout the country via its national network of approximately 13,000 post offices.

The Group's business is assessed and presented on the basis of four operating segments: (i) Mail, Parcels and Distribution, (ii) Postepay Services, (iii) Financial Services and (iv) Insurance Services.

The Mail, Parcels and Distribution Services Sector includes, in addition to the mail, parcel and logistics activities, also those related to the network of sellers, Post Offices and corporate functions of Poste Italiane SpA that operate for the benefit of the other sectors in which the Group operates. The sector also includes the provision of welfare services.

The Postepay Services Sector includes the management of payments and e-money services, also carried out through the network of LIS sales points, as well as mobile and fixed telephone services and Energy sales services (electricity and gas) to the end customer by the company PostePay SpA.

The Financial Services Sector refers to the placement and distribution activities of financial and insurance products and services by Bancoposta, such as current accounts, postal savings products (on behalf of Cassa Depositi e Prestiti), mutual funds, financing provided by banking institutions, insurance policies and the activities of BancoPosta Fondi SpA SGR.

The Insurance Services segment mainly relates to the activities of Poste Vita SpA, which operates in the Life insurance sector mainly in Ministerial Classes I and III, and its direct and indirect subsidiaries, such as Poste Assicura SpA and Net Insurance SpA, which operate in the P&C sector with the exclusion of the Motor Insurance business, and Net Insurance Life SpA, which mainly offers insurance coverage related and instrumental to the P&C products offered by its direct parent company Net Insurance SpA.

This section of the Annual Report for the year ended 31 December 2024 includes the consolidated financial statements of the Poste Italiane Group, the separate financial statements of Poste Italiane SpA and the BancoPosta RFC Separate Report. The Report has been prepared in Euro, the currency of the economy in which the Group operates.

The Group's consolidated financial statements consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements. All amounts in the financial statements and the notes are shown in millions of euro and rounded (without decimal figures), unless where stated otherwise. It follows that the sum of the rounded amounts may not coincide with the rounded totals.

The separate financial statements of Poste Italiane SpA consist of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes. Amounts in the financial statements are shown in euros (except for the statement of cash flows, which is shown in thousands of euro), whilst those in the notes are shown in millions of euro (without decimals) unless otherwise stated. It follows that the sum of the rounded amounts may not coincide with the rounded totals.

The consolidated and separate financial statements contain notes applicable to both sets of financial statements, providing information on matters common to both the Group and Poste Italiane SpA. The relevant matters specifically regard:

- the way the financial statements are presented and relevant information on accounting standards;
- significant events during the year.

The BancoPosta RFC Separate Report, which forms an integral part of Poste Italiane SpA financial statements, prepared in accordance with the specific financial reporting rules laid down by the applicable banking regulations, is dealt with separately in this Section.

The consolidated financial statements of the Poste Italiane Group and the separate financial statements of Poste Italiane SpA (including the separate statement of BancoPosta RFC) as at 31 December 2024 were approved by the Board of Directors on 26 March 2025, the date on which publication was authorised in accordance with IAS 10-Events after the reporting period.

2. Basis of preparation and significant accounting policies

2.1 Compliance with IAS/IFRS

The annual accounts are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and endorsed by the European Union ("EU") in EC Regulation 1606/2002 of 19 July 2002, and in accordance with Legislative Decree 38 of 28 February 2005, which introduced regulations governing the adoption of IFRS in Italian law.

The term IFRS includes all the International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC", previously known as the Standing Interpretations Committee or "SIC"), adopted by the European Union and contained in the EU Regulations in force at 31 December 2024, regarding which no derogations were made.

2.2 Basis of presentation

The accounting standards reflect the **full operations** of the Group and Poste Italiane SpA in the foreseeable future. The companies of the Poste Italiane Group, as operating entities, prepare the financial statements on the assumption of business continuity, also taking into account the Group's economic and financial prospects derived from the 2024-2028 Strategic Plan and updated with the 2025 Budget respectively approved on 19 March 2024 and 21 February 2025.

The statement of financial position has been prepared on the basis of the **"current/non-current distinction"**[242]. In the Statement of profit (loss) for the year, the **classification criterion based on the nature of the cost components** has been adopted; details of interest income calculated using the effective interest criterion, as well as gains and losses deriving from the derecognition of financial assets measured at amortised cost (as per IAS 1 - *Presentation of Financial Statements* paragraph 82) are provided in section 4.3 Notes to the Statement of profit or loss. The cash flow statement has been prepared under the **indirect method**[243].

The accounting standards and the recognition, measurement and classification criteria adopted in these annual accounts are the same as those used in the previous year's preparation, with the exception of what is stated in section 2.3 - *Newly applied accounting standards and interpretations.*

The information provided in these annual financial statements takes into account the guidelines and recommendations of Italian and European regulatory and supervisory bodies (including ESMA and CONSOB[244]) published during the year to provide guidance in the current macroeconomic context. The accounting implications of complying with these recommendations are described in section 2.7 - *Climate change and macroeconomic context*.

In preparing the annual accounts, the CONSOB regulations contained in Resolution 15519 of 27 July 2006 and in Ruling DEM/6064293 of 28 July 2006 have been taken into account.

242. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period (IAS 1, paragraph 68).
243. Under the indirect method, net cash from operating activities is determined by adjusting profit/(loss) for the year to reflect the impact of non-cash items, any deferment or provisions for previous or future operating inflows or outflows, and revenue or cost items linked to cash flows from investing or financing activities.
244. Public statement ESMA32-193237008-8369 of 24 October 2024 "*European common enforcement priorities for 2024 annual financial reports" and* **Attention Reminder No. 2/24 of 20 December 2024.**

In accordance with CONSOB Resolution 15519 of 27 July 2006, the statement of financial position, the statement of profit or loss and the statement of cash flows show **amounts deriving from related party transactions**. The statement of profit or loss also shows, where applicable and of significant amount, **income and expenses deriving from non-recurring transactions**, or transactions that occur infrequently in the normal course of business. Detailed information about non-recurring events and transactions, including their impact on the financial position, results of operations and cash flows of the company and/or the group, is provided in the section "*Material non-recurring events and/or transactions*".

The values shown in the financial statements are compared with the corresponding values for the same period of the previous year. In order to allow for a uniform comparison with the figures for 2024, certain figures relating to the comparison year have been reclassified.

Pursuant to article 2447-*septies* of the Italian Civil Code, following the creation of BancoPosta's ring-fenced capital in 2011, the assets and contractual rights included therein (hereafter: "BancoPosta RFC") are shown separately in Poste Italiane SpA's statement of financial position, in a specific supplementary statement, and in the notes to the financial statements.

With regard to the interpretation and application of newly published, or revised, international accounting standards, and to certain aspects of taxation[245], where the related interpretations are based on examples of best practice or case-law that cannot yet be regarded as exhaustive, the financial statements have been prepared on the basis of the relevant best practices and the guidelines agreed with the Tax Authorities as part of "cooperative compliance". Any future guidance or updated interpretations will be reflected in subsequent reporting periods, in accordance with the specific procedures provided for by the related standards.

Lastly, Directive 2004/109/EC (the TranSpArency Directive) and EU Delegated Regulation 2019/815 introduced the requirement for issuers of securities listed on regulated markets in the European Union to prepare their Annual Financial Report in a single electronic reporting format (European Single Electronic Format), approved by ESMA. In application of this standard, the Annual Financial Report was prepared in XHTML format, including the 'marking' of the Notes to the Consolidated Financial Statements, as well as that of the related financial statements, using the ESMA-IFRS taxonomy and the integrated computer language (iXBRL).

2.3 New accounting standards and interpretations and those soon to be effective

Accounting standards and interpretations applicable from 1 January 2024

- **Amendments to IFRS 16 - Leases: Lease liabilities in a sale and leaseback transaction.** The purpose of the amendment is to specify how the selling lessee is to measure the lease liability arising from a sale and leaseback transaction in such a way that it does not recognise income or loss in respect of the retained right of use;
- **Amendments to IAS 1 - Presentation of Financial Statements** aimed at providing clarification on how entities should classify payables and other liabilities between current and non-current; and to improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to covenants;
- **Amendments to IFRS 7 - Financial Instruments: Disclosures, and IAS 7 - Statement of Cash Flows Statement of Cash Flows**, aimed at introducing specific disclosure requirements that enable users of financial statements to effectively assess the effects of[246] supply financing arrangements on the company's liabilities, cash flows and exposure to liquidity risk.

The adoption of the above amendments did not significantly affect the financial reporting of these financial statements.

245. The tax authorities have issued regular official interpretations only in respect of certain of the tax-related effects of the measures contained in Legislative Decree 38 of 28 February 2005, Law 244 of 24 December 2007 (the 2008 Budget Law) and the Ministerial Decree of 1 April 2009, implementing the 2008 Budget Law, which introduced numerous changes to IRES and IRAP. The MEF Decree issued on 8 June 2011 contains instructions regarding the coordinated application of EU-endorsed international accounting standards coming into effect between 1 January 2009 and 31 December 2010, in addition to regulations governing determination of the tax bases for IRES and IRAP. In addition, the new standards are subject to the rules contained in the endorsement tax decrees issued by the Ministry of the Economy and Finance, in application of the provisions of Law no. 10 of 26 February 2011 (Decreto milleproroghe).
246. IAS 7, paragraph 44G, indicates that such arrangements "are characterised by the presence of one or more lenders who pay the amounts owed by the entity to its suppliers, while the entity agrees to pay [the lenders] in accordance with the terms and conditions of the arrangements, on or after the date on which the suppliers are paid" [•] The same paragraph also specifies that instruments such as letters of credit or the use of credit cards do not constitute supply financing arrangements.

Accounting standards and interpretations soon to be effective

The following are instead applicable from 1 January 2025:
- **Amendment to IAS 21 - Effects of changes in exchange rates** with the objective of establishing criteria for a consistent evaluation of the exchangeability of currencies and the determination of the exchange rate to be applied in cases where currencies are assessed as non-exchangeable. It also establishes the information to be provided in the notes to the financial statements as to how these evaluations were made.

As of the reporting date, the IASB has issued some financial reporting standards, amendments and interpretations not yet endorsed by the European Commission:
- *IFRS 18 Presentation and Disclosure in Financial Statements*;
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures;*
- *Annual Improvements Volume 11;*
- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);*
- *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*.

The potential impact on the Poste Italiane Group's financial reporting of the accounting standards, amendments and interpretations due to come into effect is currently being assessed. It should also be noted that the Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet in force.

2.4 Changes to accounting policies

The Poste Italiane Group has adopted, with retroactive effect from 1 January 2024, the provisions of *IFRS 9 - Financial instruments* for hedge accounting, replacing the provisions previously set out in IAS 39.

With reference to hedge accounting aspects, IFRS 9 rewrites the rules for designating a hedging relationship and verifying its effectiveness, with the aim of ensuring greater alignment between the accounting representation of hedges and the underlying risk management logic/activities.

In order to transition to the provisions of IFRS 9, a specific project was prepared, which involved the internal functions of Poste Italiane SpA and the Group companies with the aim of identifying the impacts deriving from the transition, also in reference to internal regulations (IFRS 9 Guidelines, corporate processes and procedures, including IFRS 9 hedging sheets[247]).

For hedging transactions in place at 1 January 2024[248], by virtue of the fact that the provisions of IFRS 9, in terms of accounting treatment and types of hedging transactions, do not differ in substance from the provisions of IAS 39, the adoption of IFRS 9 for hedge accounting did not have any transitional accounting impact.

247. The hedging sheets formally document the hedging relationship, indicating the risk management objectives and hedging strategy. Such documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements at the inception of the hedge and prospectively over the life of the hedge (including an analysis of the sources of hedge ineffectiveness and how it determines the hedge relationship).
248. The hedging report meets the eligibility criteria if:
- it consists of hedging instruments and eligible hedged items;
- there is a formal designation and documentation of the hedging relationship, risk management objectives and hedging strategy at the outset;
- coverage is expected to be effective.

For detailed information on the hedging transactions entered into by the Poste Italiane Group and jointly required by *IFRS 9-Financial Instruments* and *IFRS 7-Financial Instruments: Disclosures*, please refer to "*Note 4.8 - Hedging Trans*actions" and "*Note 5.8 - Hedging Transactions*" in the Consolidated and Separate Financial Statements of Poste Italiane SpA, respectively.

2.5 Material information on accounting standards

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

The following is the information on accounting standards considered **relevant**[249] by the Poste Italiane Group, as well as all other information considered by management to be useful for understanding the financial statement information.

Property, plant and equipment

The **Property, plant and equipment** item is stated at acquisition or construction cost, less accumulated depreciation and any accumulated impairment losses. If the case occurs, this cost is increased for charges directly related to the purchase or construction of the asset, including - where identifiable and measurable - that relating to employees involved in the planning and/or preparation for use phase. Interest expense incurred by the Group for loans specifically for the acquisition or construction of property, plant and equipment is capitalised together with the value of the asset; all other interest expense is recognised as finance costs in the Statement of profit or loss for the year in question. Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in profit or loss in the related year. The capitalisation of costs attributable to the extension, modernisation or improvement of assets owned by Group companies or held under lease is carried out to the extent that they qualify for separate recognition as an asset or as a component of an asset, applying the component approach, which requires each component with a different estimated useful life and value to be recognised and amortised separately.

The original cost is depreciated on a straight-line basis from the date the asset is available and ready for use, based on the asset's expected useful life. Land is not depreciated.

Property and any related fixed plant and machinery located on land held under concession or sub-concession, which is to be returned free of charge to the grantor at the end of the concession term, are accounted for, based on the nature of the asset, within property, plant and equipment and depreciated on a straight-line basis over the shorter of the useful life of the asset and the residual concession term.

At each reporting date, property, plant and equipment is analysed in order to identify the existence of any indicators of impairment (in accordance with IAS 36 - *Impairment of Assets*; please refer to the treatment of impairment of assets).

249. Information on accounting standards is defined as material if, taken together with other information that can be inferred from the financial statements, it is believed to affect the decisions made by the primary users of the financial statements. Within the Poste Italiane Group, materiality of information is defined in relation to the nature of the transactions that give rise to it, as well as the nature of the other events or conditions associated with them.

Gains and losses deriving from the disposal or retirement of an asset are calculated as the difference between the disposal proceeds and the net carrying amount of the asset retired or sold, and are recognised in profit or loss in the period in which the transaction occurs.

The Poste Italiane Group's **investment property** relates to properties held for the purpose of earning rents or achieving capital appreciation, or both, and therefore generates cash flows largely independent of other activities. The same accounting standard and criteria is applied to investment property as to property, plant and equipment.

Please refer to Note 2.6 – *Use of estimates* for details on the useful life of the Group's main classes of Tangible assets.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, which is controllable and capable of generating future economic benefits. The initial carrying amount is adjusted for accumulated amortisation, where an amortisation process is involved, and for any impairment losses.

In particular, **Industrial patents, intellectual property rights**, licences and similar rights are initially valued at purchase cost. This cost is increased for charges directly related to the purchase or preparation for use of the asset. Interest expense that the Group may incur for loans specifically for the purchase of industrial patents, intellectual property rights, licenses and similar rights are capitalised together with the value of the asset; all other interest expense is recognised as finance costs in the Statement of profit or loss for the year. Amortisation starts once the asset is available for use. Amortisation is applied on a straight-line basis, in order to distribute the purchase cost over the shorter of the expected useful life of the asset and any related contract terms, from the date the entity has the right to use the asset.

Industrial patents, intellectual property rights, licenses and similar rights include costs directly associated with the internal production of unique and identifiable software products. Direct costs include - where identifiable and measurable - the charge related to employees involved in software development. Costs incurred for the maintenance of internally developed software products are charged to profit or loss for the year in question. Amortisation begins when the asset is available for use and extends, systematically and on a straight-line basis, over its estimated useful life. Any research costs are not capitalised.

Among the Group's intangible assets, **Goodwill** represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the company or business acquired, at the date of acquisition. Goodwill attributable to investments accounted for using the equity method is included in the carrying amount of the equity investment. Goodwill is not amortised on a systematic basis, but is tested periodically for impairment in accordance with IAS 36. This test is performed with reference to the cash generating unit ("CGU") to which the goodwill is attributable. The method applied in conducting impairment tests and the impact on the accounts of any impairment losses are described in the paragraph, "Impairment of assets".

Lastly, it should be noted that following the Purchase Price Allocation activity related to the acquisition of the Net Group, the value of the "Net Insurance" **brand** was recognised among the Group's intangible assets. In analogy to goodwill, this brand, considered to have indefinite useful life, is not subject to systematic amortisation but to the provisions of IAS 36 on impairment.

Lease arrangements

The Group assesses whether a contract is or contains a lease at the time of its initial recognition; during the contractual life, the initial assessment is revised only in the event of changes in the conditions of the contract (specifically, contractual duration or instalments due).

On the contract commencement date, a right to use the leased asset is recorded, equal to the initial value of the corresponding lease liability, plus payments due before or at the same time as the contract commencement date (e.g. agency fees). Subsequently, said right of use is measured less accumulated depreciation and any accumulated impairment losses. Depreciation starts on the commencement date of the lease and extends over the shorter of the lease term and the useful life of the underlying asset. If events or changes in circumstances indicate that the carrying amount of the right of use cannot be recovered, this asset is tested for impairment in accordance with the provisions of IAS 36 - *Impairment of Assets*.

The lease liability is initially recorded at the present value of the lease instalments not paid on the date the contract commences[250], discounted using the incremental borrowing rate, defined by loan period and for each Group company. The lease liability is subsequently reduced to reflect the lease payments made and increased to reflect interest on the remaining amount.

The lease liability is restated (resulting in a right-of-use adjustment) in the event of a change in:
- the lease term (for example, in the case of early termination of the contract or an extension of the lease);
- the assessment of a purchase option for the underlying asset; in these cases, lease payments due are reviewed on the basis of the revised lease term and to take account of the change in the amounts payable in view of the purchase option;
- future lease payments deriving from a change in the index or rate used to determine the payments (e.g. ISTAT), or as a result of a renegotiation of the financial conditions.

In the event of a significant change in the lease term or future lease payments, the residual value of the lease liability is restated by reference to the marginal lending rate in effect at the date of the change.

The Group avails itself of the option granted by the standard to apply a simplified accounting regime to short-term contracts for certain specific classes of assets (with a duration of no more than 12 months), to contracts where the individual underlying asset is of low value (up to €5,000) and to contracts where the individual underlying asset is an intangible asset: for these contracts, lease payments are recognised in the Statement of profit or loss as a balancing entry to short-term trade payables.

Impairment of assets

At the end of each reporting period, property, plant, equipment and intangible assets with finite lives are analysed to assess whether there is any indication that an asset may be impaired. If these indicators are present, the recoverable amount of the assets concerned is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use, represented by the present value of the future cash flows expected to be derived from the asset. In calculating value in use, future cash flow estimates are discounted using a rate that reflects current market assessments of the time value of money, the period of the investment and the risks specific to the asset. The realisable value of assets that do not generate separate cash flows is determined with reference to the cash generating unit (CGU) to which the asset belongs.

Regardless of any impairment indicator, the assets listed below are tested for impairment every year:
- intangible assets with indefinite useful life or that are not yet available; the impairment test can take place at any time during the year, provided that it is performed at the same time in each of the following years;
- goodwill acquired in a business combination.

An impairment loss is recognised in profit or loss for the amount by which the net carrying amount of the asset, or the CGU to which it belongs, exceeds its recoverable amount. In particular, if the impairment loss regards goodwill and is higher than the related carrying amount, the remaining amount is allocated to the assets included in the CGU to which the goodwill has been allocated, in proportion to their carrying amount[251]. Except in the case of goodwill, if the impairment indicators no longer exist, the carrying amount of the asset or CGU is reinstated and the reversal recognised in profit or loss. The reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognised and depreciation or amortisation been charged.

250. The payments included in the initial measurement of the lease liability include:
- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. ISTAT indexes);
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Variable lease payments that do not depend on an index or a rate are, in contrast, not included in the initial measurement of the lease liability. These payments are recognised as a cost in the statement of profit or loss in the period in which the event or the condition giving rise to the obligation occurs.

251. If the amount of the impairment loss is greater than the carrying amount of the asset or CGU, in accordance with IAS 36, no liability is recognised, unless recognition of a liability is required by an international accounting standard other than IAS 36.

Investments

In the Poste Italiane Group's consolidated financial statements, investments in companies over which the Group exerts significant influence ("associates") and in joint ventures, are accounted for using the equity method. The investments in insignificant subsidiaries (individually and in aggregate) are valued using the equity method. See note 2.8 – *Basis of consolidation.*

In Poste Italiane SpA's separate financial statements, investments in subsidiaries and associates are accounted for at cost (including any directly attributable incidental expenses), after adjustment for any impairments. Investments in subsidiaries and associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment losses (or subsequent reversals of impairment losses) are recognised in the same way and to the same extent described with regard to property, plant and equipment and intangible assets in the paragraph, "Impairment of assets".

Financial instruments

On initial recognition, financial assets and liabilities are classified at fair value based on the business purpose for which they were acquired. The purchase and sale of financial instruments is recognised by category, either on the date on which the Group commits to purchase or sell the asset (the transaction date), or, in the case of insurance transactions and BancoPosta's operations, at the settlement date[252]. Any changes in fair value between the transaction date and the settlement date are recognised in the financial statements.

On the other hand, trade receivables are recognised at their transaction price, in accordance with IFRS 15 - *Revenue from Contracts with Customers*.

On initial recognition, **financial assets** are classified in one of the following categories, based on the business model adopted to manage them and the characteristics of their contractual cash flows:

- Financial assets measured at amortised cost
  This category reflects financial assets held to collect the contractual cash flows (the held to collect or HTC business model) representing solely payments of principal and interest (SPPI). These assets are measured at amortised cost, that is the value assigned to the financial asset or liability on initial recognition, net of any principal reimbursement, plus or minus the cumulative amortisation by using the effective interest rate method on the difference between the initial value and the value at maturity, after deducting any impairment. The business model on which the classification of financial assets is based permits the sale of such assets; if the sales are not occasional, and are not immaterial in terms of value, consistency with the HTC business model should be assessed;
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
  This category includes financial assets held both to collect the relevant contractual cash flows and for sale (the held to collect and sell or HTC&S business model), with the contractual cash flows representing solely payments of principal and interest.
  These financial assets are measured at fair value and, until they are derecognised or reclassified, gains or losses from valuation are recognised in other comprehensive income. Exceptions to this are gains and losses due to impairment and foreign exchange gains and losses recognised in the profit or loss in the year in question. If the financial asset is derecognised, the accumulated gains/(losses) recognised in OCI are recycled to profit or loss.
  This category also includes equity instruments that would otherwise be recognised through profit or loss, for which the irrevocable election was made to recognise changes in fair value through OCI (the FVTOCI option). This option entails the recognition of dividends alone through profit or loss;
- Financial assets measured at fair value through profit or loss
  This category includes: (a) financial assets primarily held for trading; (b) those that qualify for designation at fair value through profit or loss, exercising the fair value option; (c) financial assets that must be recognised at fair value through profit or loss; (d) derivative instruments, with the exception of the effective portion of those designated as cash flow hedges. Financial assets belonging to the category in question are measured at fair value and the related changes are recognised in profit or loss. Derivative instruments at fair value through profit or loss are recognised as assets or liabilities depending on whether the fair value is positive or negative.; positive and negative fair values deriving from transactions with the same counterparty are offset during the collateralisation phase, where contractually provided for.

252. This is possible for transactions carried out on organised markets (the "regular way").

The classification as "current" or "non-current" of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income depends on the contractual maturity of the instrument, since current assets are those whose realisation is expected within twelve months of the reporting date. Financial assets measured at fair value through profit or loss are, on the other hand, classified as "current" if held for trading and are expected to be sold within twelve months of the reporting date.

An expected credit loss (ECL) provision must be made for financial assets recognised at amortised cost and financial assets at fair value through OCI, as follows: (i) specific provisions for doubtful receivables are made for expected losses on financial assets measured at amortised cost; (ii) expected losses on financial assets measured at fair value through other comprehensive income are recognised in profit or loss, with a contra entry in the fair value reserve in equity. The method utilised is the "General impairment model", whereby:

- if on the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, a 12-month ECL is recognised (stage 1). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- if on the reporting date the credit risk of the financial instrument has increased significantly since initial recognition, a lifetime ECL is recognised (stage 2). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- if a financial instrument is already impaired on initial recognition or shows objective evidence of impairment as at the reporting date, lifetime expected losses are recognised. Interest is recognised at amortised cost (stage 3), i.e. on the basis of the exposure value – determined using the effective interest rate – adjusted for expected losses.

Detailed information on the inputs, assumptions and techniques for determining expected losses on financial assets is provided in *Note 2.6 - Use of Estimates*, to which reference is made for a full discussion.

Financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred. If the substantial transfer of risks and benefits cannot be ascertained, financial assets are derecognised when no control is retained over them. Finally, assets sold are derecognised if the contractual right to receive their cash flows is maintained. However, at the same time a contractual obligation is assumed to pay said flows to a third party, without delay and only to the extent of those received.

In addition, for impaired financial assets, derecognition may take place following write-off thereof, following the acknowledgement that there are no reasonable expectations of recovery (e.g. prescription).

Financial liabilities, including borrowings, trade payables and other payment obligations, are carried at amortised cost using the effective interest method. If there is a change in the expected cash flows and they can be reliably estimated, the value of borrowings is recalculated to reflect the change on the basis of the present value of estimated future cash flows and the internal rate of return initially applied. Financial liabilities are classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

When required by the applicable IFRS (e.g. in the case of derivative liabilities), or when the irrevocable fair value option is exercised, financial liabilities are recognised at fair value through profit or loss. In this case, changes in fair value attributable to changes in own credit risk are recognised directly in equity, unless this treatment creates or enhances an accounting asymmetry, whereby the residual amount of the changes in the fair value of liabilities is recognised through profit or loss.

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

With regard to **hedge accounting transactions**, as described above, as of 1 January 2024, the Poste Italiane Group adopts the provisions of IFRS 9, in accordance with which, at the date the contract is entered into, derivative instruments are recognised at fair value and, if they do not meet the requirements for recognition as hedging instruments, changes in fair value recognised after initial recognition are recognised separately in the income statement of the year.

If, however, the derivative instruments meet the requirements to be classified as hedging instruments, subsequent changes in fair value follow the rules set out in IFRS 9 – *Financial Instruments* indicated below.

For each derivative financial instrument that qualifies for recognition as a hedging instrument, its relationship to the hedged item is documented. This documentation provides, among other things, the following information: indications of the risk management strategy and its objective, a qualitative description of the hedging relationship and identification of the hedged risk, and a description of how the hedge effectiveness requirements will be assessed[253]. The fulfilment of the effectiveness criteria is checked at the beginning of the hedging relationship, as well as on an ongoing basis at each reporting date or in the presence of cases that may entail a significant change in the drivers affecting individual hedging relationships.

- Fair value hedge[254]
  When the hedge concerns assets or liabilities recognised in the financial statements, or concerns an unrecognised firm commitment, or a component of such item, both the change in fair value of the hedging instrument and the change in fair value of the hedged item are recognised in the income statement. The partial ineffectiveness of the hedge, equal to the difference between the aforementioned changes, represents an expense or income separately recognised among the components of the income statement of the period.

- Cash flow hedge[255]
  In the case of cash flow hedges, changes in the fair value of the derivative instrument recorded after the first recognition are charged, limited to the effective portion, to a specific equity reserve whose movement is represented in Other components of comprehensive income (Cash flow hedge reserve). The change in fair value of the hedging instrument attributable to the ineffective portion of the hedge is instead immediately recorded in the Income Statement of the period considered.
  Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affects profit or loss. In particular, in the case of hedges associated with a highly probable forecast transaction (such as the purchase of fixed income debt securities), the reserve is reclassified to profit or loss in the period or in the periods in which the asset or liability, subsequently accounted for and connected to the aforementioned transaction, will affect profit or loss (for example, an adjustment to the return on the security).
  If, during the life of the derivative, the forecast hedged transaction is no longer expected to occur, the related gains and losses accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss for the period. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the related gains and losses accumulated in the cash flow hedge reserve at that time remain in equity and are recognised in profit or loss at the same time as the original underlying.

For a description of the methods used by the Poste Italiane Group and Poste Italiane SpA to assess compliance with hedging effectiveness requirements, reference is made to "*Note 4.8 - Hedging Operations*" and "*Note 5.8 - Hedging Operations*" in the consolidated and separate financial statements of Poste Italiane SpA, respectively.

Embedded derivatives

An embedded derivative is a derivative included in a combined contract or hybrid instrument, also containing a non-derivative contract or host contract, which originates all or part of the cash flows of the combined contract. Embedded derivatives are separated from the host contract and recognised as a derivative when:
- the host contract is not a financial instrument measured at fair value recorded in the income statement;
- the economic risks and characteristics of the embedded derivative are not strictly correlated with those of the host contract;
- a separate contract with the same terms and conditions of the embedded derivative would meet the definition of a derivative.

Within the Group, contracts that may contain embedded derivatives are:
- contracts for the purchase of non-financial items entered into by PostePay SpA with clauses or options affecting the contract price, for which, however, the embedded derivatives are not separable from the host contract;
- the convertible bond held by PostePay SpA, for which the embedded derivative component is not separated as the host contract is a financial instrument measured at fair value through profit or loss.

253. The hedge effectiveness requirements that must be met at the inception of the hedging relationship and at each reporting date are as follows:
    - the existence of an economic relationship between the hedging instrument and the hedged item;
    - the effect of credit risk must not predominate over changes in value resulting from the economic relationship;
    - the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes.
254. Hedging of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of such items, that is attributable to a particular risk and could affect the income statement.
255. Hedging of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, or a component thereof, or to a highly probable planned transaction that could affect the Income Statement.

Repurchase agreements

Any securities received as part of a transaction entailing subsequent re-sale and the delivery of securities as part of a transaction entailing their subsequent repurchase are not either recognised or derecognised in these financial statements. Consequently, in the case of securities purchased under a resale agreement, the amount paid is recognised as an amount due from customers or banks under Financial assets measured at amortised cost; in the case of securities sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers under Financial liabilities measured at amortised cost. The transactions described are subject to offsetting if, and only if, they are carried out with the same counterparty, have the same maturity and offsetting is provided for in the contract.

Tax credits Law no. 77/2020

In order to identify the correct accounting treatment of the receivables purchased in reference to the Decreto Rilancio no. 34/2020 (later converted with Law no. 77 of 17 July 2020), since an accounting framework directly applicable to this case cannot be identified and in compliance with the provisions of IAS 8, an accounting policy suitable for providing relevant and reliable information aimed at ensuring a faithful representation of the financial, income and cash flow position and which reflects the economic substance and not the mere form of the transaction was defined. Based on the analyses carried out and the documents published by the main Italian supervisory bodies (Joint Document of the Bank of Italy, IVASS and CONSOB[256]), although the definition of financial activity in IAS 32 is not directly applicable to this case, an accounting model based on IFRS 9 was developed since:

- at inception, an asset as defined by the Conceptual Framework arises in the transferee's financial statements;
- they may be used to offset a payable that is usually settled in cash (tax payables), and exchanged for other financial assets on terms that may be potentially favourable to the entity;
- a business model can be identified (Hold to Collect, Hold to Collect and Sell or other business models).

At the date of purchase, these receivables are recognised at their fair value (coinciding with the price paid) and subsequently measured at amortised cost ("Hold to Collect" business model), as they were acquired to be used to offset tax or social security payables by Poste Italiane SpA, based on the provisions of the relevant regulations.

256. On 5 January 2021, the Bank of Italy, CONSOB and IVASS published Document No. 9 of the Coordination Table on the Application of IAS/IFRS "Accounting Treatment of Tax Credits Associated with the "Cura Italia" and "Relaunch" Law Decrees acquired as a result of disposal by direct beneficiaries or previous purchasers".

Classification of receivables and payables attributable to BancoPosta and IMEL RFC

Receivables and payables attributable to BancoPosta RFC are treated as financial assets and liabilities if related to BancoPosta's typical deposit-taking and lending activities, or services provided under authority from customers. The related operating expenses and income, if not settled or classifiable in accordance with Bank of Italy Circular 272 of 30 July 2008 – The Account Matrix, are accounted for in trade receivables and payables.

Receivables and payables of IMEL RFC are considered to have the nature of financial assets and liabilities if they relate to the characteristic activities of the Electronic Money Institutions, or to the services delegated by the customers. The related operating expenses and income, if not settled or classifiable in accordance with Bank of Italy Circular 217 of 5 August 1996 – The Account Matrix, are accounted for in trade receivables and payables.

Own use exemption

The standards establishing the principles for the recognition and measurement of financial instruments are also applied to derivative contracts to buy or sell non-financial items that are settled net in cash or in another financial instrument, with the exception of contracts entered into, and that continue to be held, for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (the own use exemption). This exception is applied in the recognition and measurement of forward purchase contracts for electricity and natural gas carried out by the subsidiary PostePay SpA if the following conditions are met:

- the contract does not provide for the possibility of balancing purchase and sale transactions by offsetting in cash or by means of financial instruments or exchange of financial instruments[257];
- the contract is concluded and maintained to meet the needs of the purchase, sale or use of the goods;
- the contract is intended for that purpose from the moment it is signed;
- the contract provides for the delivery of goods[258].

When the above conditions are met, the contract for the purchase or sale of non-financial items is classified as a 'normal contract of purchase and sale'.

In order to be able to adopt the own-use exemption regime, the company PostePay SpA has implemented a structured control framework that provides for ex-ante and ongoing monitoring of the applicability conditions set forth in the aforementioned accounting standard.

Taxes

Current income tax expense is based on the best estimate of taxable profit for the period and the related regulations, applying the rates in force. Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates that are expected to apply when the related deferred tax assets are realised or the deferred tax liabilities are settled. Deferred tax assets and liabilities are not recognised if the temporary differences derive from investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary difference is controlled by the Group or it is probable that the temporary difference will not reverse in the foreseeable future. In accordance with IAS 12, deferred tax liabilities are not recognised on goodwill deriving from a business combination.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, with the exception of taxes charged or credited directly to equity, in which case the tax effect is recognised directly in equity. Current and deferred tax assets and liabilities are offset when they

257. In the event that there is a net cash flow settlement clause, it is necessary to verify that this clause is not applied in substance.
258. If it is the practice for PostePay SpA to settle the transaction net on the basis of cash or other financial instruments, or to receive the contracted goods and then resell them in the short term, PostePay SpA, and consequently the Group, will not be able to apply the own use exemption, and will have to account for the contract as a derivative financial instrument.

are applied by the same tax authority to the same taxpaying entity, which has the legally exercisable right to offset the amounts recognised, and the entity has the intention of exercising this right. As a result, tax liabilities accruing in interim periods that are shorter than the tax year are not offset against related assets deriving from withholding tax or advances paid.

The Group's taxation and accounting standards take account of the effects of Poste Italiane SpA's participation in the national tax consolidation scheme, for which the option has been exercised in accordance with the law, together with the following subsidiaries: Poste Vita SpA, SDA Express Courier SpA, Poste Air Cargo Srl, Postel SpA, Europa Gestioni Immobiliari SpA, Poste Welfare Servizi Srl, Poste Assicura SpA, BancoPostaFondi SpA SGR, PostePay SpA, Poste Insurance Broker Srl, MLK Deliveries SpA, Indabox Srl, Nexive Network Srl, LIS Holding SpA, LIS PAY SpA, Address Software Srl, Consorzio Servizi Scpa, Logos Srl, Plurima SpA, Postego SpA, MLK Fresh Srl, Poste Logistics SpA, Sourcesense SpA, Bridge Technologies Srl and Agile Lab Srl. The tax consolidation arrangement is governed by Group regulations based on the principles of neutrality and equality of treatment, which are intended to ensure that the companies included in the tax consolidation are in no way penalised as a result. Following adoption of the tax consolidation arrangement, the Parent Company's tax expense is determined at consolidated level on the basis of the tax expense or tax losses for the period for each company included in the consolidation, taking account of any withholding tax or advances paid. Poste Italiane SpA posts its IRES tax expense to income taxes for the period, after adjustments to take account of the positive or negative impact of tax consolidation adjustments. Should the reductions or increases in tax expense deriving from such adjustments be attributable to the companies included in the tax consolidation, Poste Italiane SpA attributes such reductions or increases in tax expense to the companies in question. The economic benefits deriving from the offset of tax losses transferred to the consolidating entity by the companies participating in the tax consolidation arrangement are recognised in full by Poste Italiane SpA. Other taxes not related to income are included in "Other operating costs".

Furthermore, the information required by the reference standard (IAS 12 - Income Taxes) on the provisions of the OECD (Organisation for Economic Co-operation and Development) Pillar Two, introduced into the European Union regulatory framework with EU Directive 2022/2523 of the Council of 14 December 2022, in turn implemented in Italy with Legislative Decree 209 of 27 December 2023 (hereinafter also referred to as the "Decree"), is provided below. The objective of international tax reform is to ensure a minimum level of taxation, at the rate of 15%, of multinational corporations in each jurisdiction in which they operate.

During the year under review, the Poste Italiane Group continued, with the support of external experts, to work on the implementation of procedures aimed at managing the fulfilments relating to both the application phase of the simplified transitional regimes of an optional and temporary nature that have been envisaged as part of the OECD work on the global minimum tax (***Transitional CbCR Safe harbours***)[259], as well as of the "steady-state" legislation (***GloBE rules***).

With regard to the year covered by these disclosures, the Poste Italiane Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar II income taxes, as permitted by the aforementioned accounting standard.

Furthermore, in order to assess the impact of the new regulations for 2024,Transitional CbCR Safe harbours tests were performed for each of the jurisdictions in which the Poste Italiane Group operates (i.e. Italy, the UK, Hong Kong and China) using the reporting package data for the Consolidated Financial Statements.

The above analysis shows that at least one of the tests under the Transitional CbCR Safe Harbour has been passed for each jurisdiction[260] in which the Group operates, therefore no additional tax is currently due.

259. The general transitional regimes (Transitional Safe Harbour) provide for the reduction of any supplementary tax due for these jurisdictions to zero for the first three tax periods from the implementation of the legislation (2024-2026).
260. With regard to Italy, the test is passed for both group companies and the jointly controlled entity.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of interchangeable items and goods for resale is calculated using the weighted average cost method. In the case of non-interchangeable items, cost is measured on the basis of the specific cost of the item at the time of purchase. The value of the inventories is adjusted, if necessary, by provisions for obsolete or slow-moving stock. When the circumstances that previously led to recognition of the above provisions no longer exist, or when there is a clear indication of an increase in the net realisable value, the provisions are fully or partly reversed, so that the new carrying amount is the lower of cost and net realisable value at the end of the reporting period. Assets are not, however, recognised in the statement of financial position when the Group has incurred an expense that, based on the best information available at the date of preparation of the financial statements, is deemed unlikely to generate economic benefits for the Group after the end of the reporting period.

In the case of properties held for sale[261], if present, cost is represented by the fair value of each asset at the date of acquisition, plus any directly attributable transaction costs, whilst the net realisable value is based on the estimated sale price under normal market conditions, less direct costs to sell.

Long-term contract work is measured using the percentage of completion method, using cost to cost accounting[262].

Environmental certificates not used in the reporting period are recognised in inventories.

Environmental Certificates

Within the Poste Italiane Group, environmental certificates refer to:

- Emission allowances held by the company Poste Air Cargo Srl as an incentive to reduce greenhouse gas emissions[263] with the aim of achieving an improvement in technologies used in energy production and industrial processes,
- Guarantees of origin and carbon credits held by the company PostePay SpA; the former aimed at certifying the origin from renewable sources of the electricity sold; the latter aimed at fully offsetting CO_2 emissions from natural gas consumption.

Emission quotas

The European Emissions Trading System, which works on the basis of the cap and trade principle, has capped annual greenhouse gas emissions at European level. This corresponds to the issue, free of charge, of a set number of emission allowances by the competent national authorities. During the year, depending on the effective volume of greenhouse gas emissions produced with respect to the above cap, each company has the option of selling or purchasing emission allowances on the market.

The issue, free of charge, of emission allowances involves a commitment to produce, in the relevant year, a quantity of greenhouse gas emissions in proportion to the emission allowances received: this commitment is commensurate with the market value of the emission allowances at the time of allocation. At the end of the year, the commitment is reduced or derecognised in proportion to the greenhouse gas emissions effectively produced and any residual value is reported in the section, “Additional information”, in the Annual Report.

261. These are properties held by EGI SpA and not accounted for in “Investment property” as they were purchased for sale or subsequently reclassified as held for sale.
262. This method is based on the ratio of costs incurred as of a given date divided by the estimated total project cost. The resulting percentage is then applied to estimated total revenue, obtaining the value to be attributed to the contract work completed and accrued revenue at the given date.
263. Introduced into the Italian and European regulatory system by the Kyoto Protocol.

Guarantees of Origin and Carbon Credits

Guarantees of Origin are certifications attesting to the renewable origin of the sources used by IGO (Plants Guarantee of Origin) classified plants. For each MWh of renewable electricity fed into the grid by IGO-qualified plants, the GSE (Gestore Servizi Energetici) issues a GO certificate to the producer, in accordance with EU Directive 2018/2001. As of 1 January 2013, electricity sales companies are obliged to procure a quantity of GO certificates equal to the electricity sold as renewable. To do this, each company is required, by 31 March of the year following the year in which electricity was supplied to end customers, to cancel a quantity of GO equal to the electricity sold as renewable.

Carbon credits, on the other hand, represent a negotiable security that allows a company or organisation to offset the carbon dioxide (CO_2) emitted in the course of its activities (in the case of PostePay SpA, the CO_2 emissions of the gas marketed to end customers), by adhering to environmental sustainability projects aimed at pursuing a path of ecological transition and decarbonisation.

Offsetting of CO_2 emissions takes place through the acquisition of carbon credits for a value equivalent to the CO_2 emissions resulting from the gas consumption of the Company's end customers. Each carbon credit represents the offsetting of one tonne of CO_2.

The accounting treatment of emission allowances and, insofar as they are similar, guarantees of origin and carbon credits, in the absence of specific indications within the IAS/IFRS framework, is carried out in accordance with the provisions of OIC 8 "*Greenhouse Gas Emission Allowances*", as well as the reference best practice for the main IAS adopters. The purchase for consideration or the sales of environmental certificates are recognised in the Income Statement of the financial year in which they occur. At the end of the year, any surpluses arising from purchases for consideration are recognised in the closing inventories at the lower of cost and net realisable value[264]. In the event of a shortfall, the resulting charge and related liability are accounted for at the end of the year at fair value.

Business Combinations

Business combinations are recognised using the acquisition method. The consideration transferred in a business combination is equal to the sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred, and any interest issued by the acquirer. Costs directly attributable to the transaction are recognised in the Statement of profit or loss.

The amount transferred is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at the related fair values at the acquisition date.

Any positive difference between the carrying amount of the asset and its recoverable value is recognised as goodwill and recorded under intangible assets:
- the sum of the consideration transferred, measured at fair value at the acquisition date, the amount of any non-controlling interest, and, in the case of business combinations achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- the net value of the amounts, at the acquisition date, of the assets acquired and liabilities assumed that are identifiable in the acquiree measured at fair value.

In the event of a negative difference, this surplus represents the profit from a purchase on favourable terms and is recognised in the statement of profit or loss.

If at the time of preparing the financial statements the fair value of the assets, liabilities and contingent liabilities arising from the transaction can only be determined provisionally, the business combination is recognised using these provisional values. Any adjustments resulting from the completion of the valuation process are recognised retrospectively within twelve months of the acquisition date.

264. Any surplus emission allowances allocated free of charge are not accounted for in closing inventory.

In the case of a business combination achieved in stages, the interests previously held in the acquiree are remeasured at fair value at the new acquisition date and any difference (positive or negative) is recognised in the statement of profit or loss or in the statement of comprehensive income if appropriate.

Cash and deposits attributable to BancoPosta

Cash and securities held at post offices, and bank deposits attributable to the operations of BancoPosta RFC, are accounted for separately from cash and cash equivalents as they derive from deposits subject to investment restrictions, or from advances from the Italian Treasury to ensure that post offices can operate. This cash may only be used in settlement of these obligations.

Cash and cash equivalents

Cash and cash equivalents refer to cash in hand, deposits held at call with banks, amounts that at 31 December 2024 the Parent Company has temporarily deposited with the MEF and other highly liquid short-term investments with original maturities of ninety days or less. Current account overdrafts are accounted for in current liabilities.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets, disposal groups and discontinued operations are measured at the lower of their carrying amount and fair value, less costs to sell.

When it is highly probable that the carrying amount of a non-current asset, or a disposal group, will be recovered, in its present condition, principally through a sale transaction or other form of disposal, rather than through continuing use, and the transaction is likely to take place in the short term, the asset or disposal group is classified as held for sale or as a discontinuing operation in the statement of financial position. The transaction is deemed to be highly probable, when the Parent Company's Board of Directors, or, when so authorised, the board of directors of a subsidiary, has committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance.

Equity

Share capital

Share capital is represented by Poste Italiane SpA's subscribed and paid-up capital. Incremental costs directly attributable to the issue of new shares are recognised as a reduction of the share capital, net of any deferred tax effect.

Treasury shares

Treasury shares are recognised at cost and deducted from shareholders' equity. The effects of any subsequent sales are recognised in equity.

Hybrid bonds

Perpetual hybrid subordinated bonds are classified in the financial statements under comment as equity instruments, taking into account the circumstance that the issuing Company has the unconditional right to defer, until the date of its dissolution or liquidation, the repayment of the capital and the payment of coupons. Therefore, the amount received from the subscribers of these instruments, net of the related issue costs, is recognised as an increase in Group shareholders' equity; conversely, repayments of principal and payments of coupons due (at the time the related contractual obligation arises) are recognised as a decrease in shareholders' equity.

Reserves

Reserves include capital and revenue reserves. They include, among others, the Reserve for BancoPosta RFC that constitutes the initial and subsequent allocations of Bancoposta RFC legally independent, the Parent Company's legal reserve, the fair value reserve relating to items accounted for using this method with a balancing entry in Equity, and the cash flow hedge reserve relating to the recognition of the effective portion of hedges outstanding at the reporting date, the Reserve for insurance contracts issued and outward reinsurance held, which includes the reversal of the results achieved on financial assets measured at fair value with a balancing entry in shareholders' equity following the adoption of the OCI option provided for by IFRS 17, as well as the Translation reserve, which includes the exchange rate differences arising from the translation, in the presentation currency, of the financial statements of consolidated companies that operate in a functional currency other than the Euro.

Retained earnings/(Accumulated losses)

This relates to the portion of profit for the period and for previous periods which has not been distributed or taken to reserves or used to cover losses and actuarial gains and losses deriving from the calculation of the liability for employee termination benefits, and transfers from other equity reserves, when they have been released from the restrictions to which they were subjected. In the consolidated financial statements, the item also includes any effects arising from transactions with minority shareholders.

Insurance Contracts and Assets for outward reinsurance

They concern insurance contracts and investment contracts with discretionary participation elements issued by the Companies belonging to the Poste Vita Group, as well as the reinsurance contracts held by them. As regards contracts issued by other companies belonging to the Group other than insurance companies, no elements have been identified that can be traced back to the definition of insurance contract, or, even though they fall within this definition, the Group has opted to continue to apply IFRS 15 and/or IFRS 9 as permitted by IFRS 17.

The process of aggregating insurance contracts provides for an initial distinction between Life and P&C businesses and subsequently a distinction into different Portfolios of contracts and different Units of Account. The Portfolios include contracts with similar contractual and risk characteristics that are managed in a unitary manner. With regard to the Life business, groups of contracts are aggregated by product type (e.g. Pure Separately Managed Accounts, Multi-class, Temporary Death Benefits, etc.), while for the P&C business, the level of aggregation coincides with the lines of business (e.g. those defined for Solvency II reporting); in some cases they are further subdivided in order to comply with the characteristics of specific products. For business related to reinsurance contracts held, the Unit of Account is equivalent to the individual treaty with the counterparty.

The Contract portfolios can be further disaggregated according to the underwriting year of the policies (cohorts)[265] and the level of profitability. For this purpose, an onerousness test of the products is carried out to divide the Units of Account into:
- profitable;
- onerous;
- that at the time of initial recognition do not have a high probability of becoming onerous.

265. For Separately Managed Accounts and Multi-class insurance products, the exemption has been implemented in the application of annual cohorts permitted by Regulation (EU) no. 2021/2036.

The following describes the process for defining the onerousness test according to the relevant business:
- Life business: for contracts issued by Poste Vita SpA, the test is performed at the product level in the design phase of the same (ex ante) exclusively for new products, determining the estimated future flows of fulfilment at the date. For contracts issued by Net Insurance Life SpA, on the other hand, the test is carried out on individual tariffs. The analysis is repeated in the event of significant events that may affect the costliness of the product in the first year of life;
- P&C business: for contracts issued by the Company Poste Assicura SpA, the test is performed on the basis of the Combined Ratio[266] at the time of the initial recognition of the group of contracts by defining the onerousness on a permanent basis until the maturity of the policies. For contracts issued by Net Insurance SpA, the test takes into account estimated future fulfilment flows at the date and is performed at the contract group level according to business type.

Groups of insurance contracts are recognised at the date of initial recognition. The Poste Italiane Group has defined in detail which, for each type of business and its underlying products, is the date that identifies the start of the contractual relationship. These dates (e.g. effective date, renewal date, accession date, etc.) were identified according to the specificities of the products issued.

Measurement models

Groups of insurance contracts with at least one of the following characteristics are measured using the Premium Allocation Approach (PAA) method[267]:
- One-year Duration;
- Multi-Year Duration and belonging to the Collective Business (Contract Groups = Collective);
- Multi-Year Duration and belonging to a Portfolio where the weight of the Multi-year Business is less than or equal to 5% in the last 3 years.

With reference to the Variable Fee Approach (VFA)[268], adopted exclusively for Life business, the following types of products are considered eligible for the model:
- With Profit Participating (separately managed account);
- Unit-linked standalone insurance;
- Hybrid products with investment components (Multi-class).

The PAA model is applied to P&C business, with the exception of the CPI products[269], which are measured through the adoption of the Building Block Approach (BBA) or General Model[270] as they do not meet the conditions for the application of the simplified model. The BBA is also adopted for products belonging to the Life business for which the VFA model does not apply.

Elements for determining future fulfilment flows

In application of the BBA and VFA models, future cash flows associated with insurance contracts are estimated by taking into account the so-called “contract boundary”, in order to identify whether a particular contractual option should be included in the cash flow projection as soon as the contract is issued or whether the exercise of that option would result in the recognition of a new group of contracts. Contract boundary identification techniques have been borrowed from the Solvency II context[271], except in the case of P&C business contracts with tacit renewal that were no longer terminable at the valuation date, which define the generation of a new group of contracts and, therefore, a new cohort. In the Life business, pure risk policies, cases of conversion into annuities, automatic maturity deferrals and additional payouts can generate a new fulfilment cash flow; while in the P&C business, additional considerations can be made about product repricing clauses, the presence of variable sums insured and cases of surrender with return of unearned premium.

266. Ratio of claims and expenses incurred to premium volume, also taking into account the Adjustment for non-financial risk.
267. Optional and alternative model to the general model, is applicable to contracts characterised by a coverage period of no more than one year, as well as to groups of contracts for which the company considers that simplification linked to the model would not lead to a significantly different result from that obtained with the general model (for example, absence of variability of cash flows associated with the group of contracts).
268. Mandatory measurement model for contracts with direct participation features, such as separately managed accounts and unit-linked products.
269. Credit Protection Insurance: is a special multi-risk insurance contract that seeks to protect the insured against a series of events that may occur during the term of a loan (mortgage, personal loan or other form of credit), thus preventing adverse situations from impairing its regular repayment capacity.
270. A general model for measuring insurance contracts, called the Building Block Approach - BBA, involves the definition of the financial flows associated with the insurance contract, consisting of cash inflows and outflows; an adjustment for the time value of money and the financial risks associated with these flows; and an adjustment for non-financial risk (Risk adjustment). The final result of the sum of the preceding components, if positive, determines the Contractual Service Margin (CSM) that will be issued over the life of the insurance contract according to the so-called Coverage Unit, while if negative the Loss Component, recognised immediately in the statement of profit or loss.
271. Legal references “*Eiopa Guidelines on Contract Boundaries - Consolidated Version” of 31 January 2023 and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, Article 18 “Contract Boundaries”.*

All costs directly attributable to the management of insurance contracts, including costs incurred in the acquisition of contracts, are also taken into account in the construction of the fulfilment cash flows. With particular reference to acquisition costs, the costs incurred internally for placement through the Poste Italiane network, placement commissions paid to the network external to the Group (mainly for the Net Insurance and Net Insurance Life companies), rappels[272] and other direct and indirect acquisition costs are considered directly attributable to insurance contracts.

Adjustment for non-financial risk

When assessing insurance contracts, it is necessary to consider the Risk Adjustment component, i.e. the remuneration that the Companies of the Poste Italiane Group require to assume risks of a non-financial nature. To determine the Adjustment for non-financial risk, the Poste Italiane Group has decided to use the percentile metric. According to this approach, the Adjustment for non-financial risk represents the potential loss in relation to the obligations assumed towards the policyholders (Insurance liabilities) that the Companies would incur, at a given level of probability (percentile level), to cover the insurance risks assumed, thus reflecting the risk appetite of the Companies themselves. This element is calculated separately for Life and P&C business. The confidence level identified to quantify the Adjustment for non-financial risk is 70% for both P&C and Life business.

In order to determine the amount of the Adjustment for non-financial risk, among other elements, the Solvency II valuation framework is taken into account, considering the same scope of underlying risks. For details of the risks considered, see Section "*2.6 - Use of estimates - Insurance liabilities*".

The Adjustment for non-financial risk may change as a result of changes in the risks to which the Group is exposed. These effects may have an impact on the statement of financial position if they relate to future services, affecting the total value of the Contractual Service Margin, and on the statement of profit or loss through the period release of this component, which occurs on the basis of a defined coverage unit.

Discount rate

For the purposes of determining the discount rate to be used for discounting future cash flows, the Poste Italiane Group adopts a "bottom-up approach" for the derivation of discount curves borrowed from Solvency II, in which the reference Basic Risk Free Curve is based on the Risk Free Rate curve provided by EIOPA.

The Basic Risk Free curve, depending on the specific business, may be adjusted to take into account specific Illiquidity Premiums (a component representing the level of liquidity of the counterparty) calibrated to portfolios or at Company level.

Please refer to section "*2.6 - Use of estimates - Insurance liabilities*" for detailed information on the discount curves used per individual portfolio.

Accounting policy under IFRS 17

The choices made by the Group in applying the provisions of the standard are summarised below:

- *Risk mitigation*: the Poste Group does not plan to adopt risk mitigation, i.e., the option not to recognise changes in the CSM to account for some or all of the changes in the time effect of money and non-financial risk;
- *OCI Option*: for insurance contracts with direct participation elements for which the underlying elements are owned, the Group opts to disaggregate the finance income or expenses into Profit for the Period and Other Comprehensive Income, based on the results of IFRS 9, which defines the valuation of the underlying elements. The Poste Italiane Group also provides that, for contracts measured using the VFA model, the fair value income generated by the underlying assets measured under IFRS 9, relating to finance income from separately managed assets, commissions and technical interest attributable to unit-linked policies, is passed on to policyholders based on the percentage weight of the Mathematical Provisions at the date (mirroring). The value of the returns generated by the assets related to the insurance liabilities is deducted from the profit retained by the Group (over-coverage) and then allocated to the individual Units of Account;

272. Additional remuneration over and above the commission paid to intermediaries (agents and brokers) on the achievement of predetermined objectives (production, technical, etc.).

- Exception to the use of annual cohorts[273]: The Poste Italiane Group adopts the exemption option[274], limited to the portfolios pertaining to the Line of Business "With Profit Participating" and the hybrid products with separately managed components of Poste Vita. These contracts will therefore not be divided into annual cohorts, but will be managed together due to the mutualisation effect of returns[275], typical of separately managed accounts. The exception is not applicable for P&C business;
- Method of presentation of the result of the outward reinsurance business: The Group has chosen a net presentation for the reinsurance result.

Provisions for risks and charges

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur. Provisions for risks and charges are made when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management's best estimate of the use of resources required to settle the obligation. The value of the liability is discounted, where the time effect of money is relevant, at a rate that reflects current market values and takes into account the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the best estimate of the expected charge to meet existing obligations at the reporting date. Any effect of the passage of time and the effect of changes in interest rates are shown in the statement of profit or loss. With regard to the risks for which the occurrence of a liability is only possible, specific information is provided without making any provision. In those rare cases in which disclosure of some or all of the information regarding the risks in question could seriously prejudice the Group's position in a dispute or in ongoing negotiations with third parties, the Group exercises the option granted by the relevant accounting standards to provide limited disclosure.

Employee benefits

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

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

The so-called **Post-employment benefits** are divided into two types:

- Defined benefit plans
  Defined benefit plans include severance indemnities due to employees pursuant to Article 2120 of the Civil Code limited to the portions of severance indemnities accrued in the company up to 31 December 2006, for Group companies with at least 50 employees, as well as the portions of severance indemnities accrued during the period in the case of Group companies with less than 50 employees, which continue to increase the value of the accumulated liability;
  Under these plans, given that the amount of the benefit to be paid is only quantifiable following the termination of employment, the related effects on profit or loss or the financial position are recognised on the basis of actuarial calculations. In particular, the liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the financial statements is based on calculations performed by independent actuaries. The calculation takes into account accrued termination benefits for services already rendered and is based on actuarial assumptions described in Note "*2.6 - Use of Estimates - TFR*", to which reference should be made. Actuarial gains and losses at the end of each reporting period, based

273. Cohort means the division of contracts according to the year of signing.
274. During the endorsement of the final version of the standard, an exemption from the application of the annual cohorts was envisaged deriving from the fact that in insurance practice the rules for revaluation of insurance liabilities are a function of the returns on the financial assets related to them, calculated through a common management of these assets and therefore not differentiated according to the specific sub-portfolios included in a specific separately managed account or between years of product generation. The presence of cohorts generates complexities in terms of quantifying the "mutualisation effect" arising from the inclusion of different Units of Account (new production) in a pool of Units of Account pertaining to pre-existing portfolios, as well as complexities in terms of allocation of return on assets to specific Units of Account that could generate distorting effects in IFRS 17 results.
275. Intergenerational mutuality is generated on those products of long duration that provide for the entry of policyholders even at different times in the life of the product. In these cases, the mutualisation effect makes it possible to offset losses and gains from portfolio management between the different generations of policyholders participating in the product.

on the difference between the carrying amount of the liability and the present value of the Group's obligations at the end of the period, due to changes in the actuarial assumptions, are recognised directly in Other comprehensive income.
- Defined contribution plans
  TFR falls within the scope of defined contribution plans provided the benefits vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, based on their nominal value.

The so-called **Termination benefits payable to employees** are recognised as a liability when the entity gives a binding commitment, also on the basis of consolidated relationships and mutual undertakings with union representatives, to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

Other long-term employment benefits consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. The net change in the value of any of the components of the liability during the reporting period is recognised in full in profit or loss.

Share-based payments

Share-based payment transactions may be settled in cash, with equity instruments, or with other financial instruments. Goods or services received or acquired through a share-based payment transaction are recognised at their fair value.

In the case of cash-settled share-based payment transactions:
- a liability is recognised as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the liability;
- the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in fair value in profit or loss for the period.

In the case of equity-settled share-based payment transactions:
- an increase in shareholders' equity is recorded as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the equity instruments granted at the grant date;

In the case of employee benefits, the expense is recognised in personnel expenses over the period in which the employee renders the relevant service.

Recognition of revenue from contracts with customers

Revenue reflects the consideration to which the Group expects to be entitled in exchange for the transfer of promised goods and/or services to the customer (transaction price).

The main types of revenue of the Poste Italiane Group are described below, together with an indication of the timing of the performance obligation[276]:

- **Revenue from mail, parcels and other** refers to services provided to customers through the retail and business channels; revenue generated through the retail channel is recognised at a point in time given the number of transactions handled through the various sales channels (post offices, call centres and online) and measured on the basis of the rates applied; revenue generated through the business channel is generally earned as a result of annual or multi-annual contracts and is recognised over time using the output method determined on the basis of shipments requested and handled. These contracts include elements of variable consideration (primarily volume discounts and penalties linked to the quality of service provided) estimated using the expected value method and recognised as a reduction from revenue.
- **Revenue from financial services** refers to:
  - revenue from placement and brokerage: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. In terms of payment for the collection of postal savings, the agreement entered into with Cassa Depositi e Prestiti envisages payment of a variable consideration on achieving certain levels of inflows, determined on the basis of the volume of inflows and expected redemptions; certain commercial agreements, entered into with leading financial partners for the placement of financial products, envisage the return of placement fees in the event of early termination or surrender by the customer;
  - revenue from current account and related services: these are recognised over time, measured on the basis of the service rendered (including the related services, e.g. bank transfers, securities deposits, etc.) and quantified on the basis of the contract terms and conditions offered to the customer;
  - revenue from commissions on payment of bills by payment slip: these are recognised at a point in time given the number of transactions handled by post offices and quantified on the basis of the terms and conditions in the contract of sale.
- **Revenue from Postepay services** refers to:
  - e-money, collection and payment services relating to PostePay mainly for the issuing of Postepay cards and debit cards detected at a point in time at the time of issuance and for the related services detected over time based on the use of the service by the customer. These services include interchange fees recognised by international circuits on payment transactions with cards detected over time. The item includes commissions for acquiring services rendered to merchants recognised over time due to the use of the service, F23 and F24 proxy acceptance services recognised over time due to the level of service rendered, and PagoPA collection services recognised at a point in time when the service is provided. Services provided by the LIS Group contribute to this item, which mainly include collection and payment services (including bill collection services) provided by LIS Pay and recognised at a point in time upon collection, and revenue from the processing of telephone top-ups and network fees and services paid by points of sale to LIS Holding recognised over time due to the use of the service;
  - mobile and fixed network telephony services, which include: revenue from "**standard TLC services offers**" recorded over time on the basis of the output method based on the traffic offered (voice, SMS and data) to the customer; revenue relating to the sale of fixed telephony offers recorded over time on the basis of the output method based on the fee charged to the customer; revenue relating to fees for the activation of SIM cards and fixed telephony offers, recorded at a point in time when the service is provided;
  - services related to the supply of electricity and methane gas, the revenue from which is recognised at the time of supply to the end customer due to the use of the service (over time). With regard to the sale of electricity, the services offered include, in addition to the commodity component, also the transport, metering and system charges components; with regard to the sale of natural gas, these services include, in addition to the commodity component, also the provision of transport services.

For the purposes of revenue recognition, the so-called variable components of the consideration are identified and quantified (discounts, rebates, price concessions, incentives, penalties and other similar) to include them to supplement or adjust the transaction price. Among the variable components of the fee, penalties (to be paid to the customer in the event of failure to achieve pre-established service levels) are of particular importance, and are recognised by the Group as a direct decrease in revenue.

276. Performance obligations can be defined as the explicit or implicit promise to transfer a distinct good or service to the customer. Revenue is recognised when or as the entity fulfils the performance obligation, that is upon delivery of the good or service to the customer and this can be:
- "at a point in time": in the case of obligations fulfilled at a point in time, revenue is recognised only as control over the good or service is passed to the customer. In that respect, consideration is given not only to the significant exposure to the risks and benefits related to the good or service but also physical possession, customer's acceptance, the existence of legal rights, etc.;
- "over time": in the case of obligations fulfilled over time, the measurement and recognition of revenue reflect, virtually, the progress of the customer's satisfaction. An appropriate approach is defined to measure progress of the performance obligation (the output method).

Revenue from activities carried out in favour of or on behalf of the state is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the provisions contained in legislation regarding the public finances. The return on the current account deposits held by the MEF is determined using the effective interest method and is recognised as revenue from financial services. A similar classification is adopted for the proceeds of Euro area government securities, in which the funds collected on current accounts from private customers and tax credits under Law no. 77/2020 are employed.

The Poste Italiane Group disaggregates revenue from contracts with customers by type of good and/or service provided, revenue is therefore disaggregated in line with the operating segments identified within the company; for quantitative details on the distinction between revenue from contracts with customers recognised at a specific time or over time, see section "*4.3 Notes to the Income Statement".*

Government grants

Receivables from government grants are recognised once they have been formally allocated to the Group by the public entity concerned and only if, based on the information available at the end of the year, there is reasonable assurance that the project to which the grant relates will be effectively carried out and completed in accordance with the conditions attached to the grant. Government grants are recognised in the Income Statement under Other operating income as follows: operating grants in proportion to the costs actually incurred for the project and accounted for and approved to the public entity; grants related to property, plant and equipment are recognised in proportion to the depreciation charged on the assets acquired and used to carry out the project.

Finance income and costs

Finance income and costs are recognised on an accruals basis based on the effective interest method, i.e. using an interest rate that discounts all cash flows relating to a given transaction in the same way.

Dividends are recognised as finance income when the right to receive payment is established, which generally corresponds with approval of the distribution by the Shareholders Meeting of the investee company. Otherwise, dividends from subsidiaries are accounted for as "Other operating income".

Transactions in currencies other than the euro are translated to euro using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in currencies other than the euro are recognised in profit or loss.

Earnings per share

In the Poste Italiane Group's consolidated financial statements, earnings per share is determined as follows:

- Basic: basic earnings per share is calculated by dividing the Group's profit for the year by the weighted average number of Poste Italiane SpA's ordinary shares in issue during the period.

Diluted: At the date of preparation of these financial statements no financial instruments have been issued which have potentially dilutive characteristics[277].

277. Diluted earnings per share are calculated by taking into account the potentially dilutive effect of all instruments which can be converted into ordinary shares issued by the Parent Company. The calculation is based on the ratio of profit attributable to the Parent Company, adjusted to take account of any costs or income deriving from the conversion, net of any tax effect, and the weighted average number of shares outstanding, assuming conversion of all convertible securities.

Related parties

Related parties within the Group refer to Poste Italiane SpA's direct and indirect subsidiaries and associates. Related parties external to the Group include the MEF and its direct or indirect subsidiaries and associates. The Group's key management personnel are also classified as related parties, as are funds providing post-employment benefits to the Group's employees and the related entities. The state and Public Administration entities other than the MEF are not classified as related parties. Related party transactions do not include those deriving from financial assets and liabilities represented by instruments traded on organised markets.

2.6 Use of estimates

The preparation of financial information requires the use of estimates and assumptions that can have a significant effect on the final values indicated in the financial statements and in the disclosure provided. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of operating events. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods. Due to their nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent years, the values recorded in these Financial Statements may also vary significantly as a result of changes in the subjective valuations used.

The accounting treatments that require greater subjectivity in the preparation of estimates are described below, also taking into account the particularity of the reference macroeconomic context experienced in recent years (in line with ESMA and CONSOB requests[278]).

Revenue from contracts with customers

The main factors in the recognition of revenue from contracts with customers include elements of variable consideration, particularly penalties (other than those related to compensation for damages). Elements of variable consideration are identified at the inception of the contract and estimated as of every close of the accounts for the entire contract term, to take into account new circumstances and changes in the circumstances already considered for the previous estimations. Elements of variable consideration include refund liabilities.

In the business relating to the sale of electricity and gas, revenue includes estimates of both turnover and allocation for supplies made to customers between the date of the last billing period and the end of the reporting year. Both estimation components are based on the application of internally developed algorithms that are consistent with the guidelines of the sector authority and that take into account the estimated volumes consumed by customers (considering the historical billing information). As required by the relevant regulations, the allocation of revenue is subject to adjustment until the fifth subsequent year.

Provisions for risks and charges

The Group makes provisions for probable liabilities deriving from disputes with staff, suppliers, and third parties and, in general, for liabilities deriving from present obligations. These provisions cover the liabilities that could result from legal action of varying nature, the impact on profit or loss of seizures incurred and not yet definitively assigned, and amounts expected to be refundable to customers where the final amount payable has yet to be determined.

278. Public statement ESMA32-193237008-8369 of 24 October 2024 and Attention Notice no. 2/24 of 20 December 2024.

Determination of the provisions for risks and charges involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.

In order to reflect in the financial statements the risks arising from the potential fraud perpetrated against Poste Italiane and, therefore, to determine the accounting impacts related to the potential risk on tax credits[279], in continuity with previous years, it was decided to refer to the provisions of IAS 37 - Provisions, contingent assets and liabilities, for the measurement of the risk of non-compensation should the fraud be ascertained. In such a case, the possible non-recovery of the book value of the tax credits would not result from a characteristic of the asset being assessed, but rather from the possibility that, in the case of established cases of fraud, liability would also be extended to the transferee - even if a *bona fide* third party or injured party to the offence. As a result of the in-depth studies carried out on the tax credits acquired, also with the support of external consultants, a specific provision for risks was estimated, determined with the application of a significant degree of professional judgment, the main elements of uncertainty of which relate to the outcome of the proceedings underway, the identification of the credits whose deductions have been assigned are effectively non-existent and the outcome of the initiatives taken by Poste Italiane to protect its interests and recover the amounts paid to parties against whom cases of fraud have been ascertained.

Impairment and stage allocation for financial instruments

Below are the inputs, assumptions and estimation techniques used to calculate the impairment of financial assets measured at amortised cost and at fair value through other comprehensive income and to determine the stage allocation of financial instruments, the latter not applicable within the Poste Italiane Group for trade receivables in accordance with the Simplified Approach.

General description of the models utilised

The Group uses the general impairment model in accordance with risk ratings estimated on the basis of the type of counterparty:
- Securities/deposits with Sovereign, Banking and Corporate counterparties: internal models for estimating risk parameters;
- Public Administration and Central Counterparties: risk parameters deriving from agency ratings or average default rates for the sector.

The simplified approach is applied to trade receivables, as described in greater detail later.

Significant increase in credit risk

Based on the impairment model adopted by the Poste Italiane Group to meet the requirements of the accounting standard, any significant increase in credit risk associated with the financial instruments held, other than trade receivables, is determined on the basis of a change in the relevant credit rating between the time of the initial investment and the reporting date.

This change in notches is compared with a threshold that takes into account the following factors:
- the rating of the financial instrument at the time of investment;
- the rating of the financial instrument at the reporting date;
- the seniority of the position within the portfolio (vintage factor);
- an additive factor to mitigate the non-linearity of the probability of default (PD) with respect to the rating classes[280];
- a judgmental factor to be used only in the presence of sudden changes in the creditworthiness not yet reflected by the rating[281].

279. The accounting treatment of tax credits is governed by Bank of Italy/CONSOB/Ivass Document No. 9 - Bank of Italy/CONSOB/Ivass Coordination Table on the Application of IAS/IFRS.
280. The additive factor is built in view of the rating level at the reporting date, where the better the final rating the higher the threshold for the transition to Stage 2.
281. The judgmental factor can summarise significant aspects in determining the significant increase of credit risk, considering such elements as:
- an actual or expected significant change of the internal/external credit rating of the financial instrument;
- actual or expected negative changes in economic, financial or business conditions that might cause a significant change in the borrower's ability to honour its obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in the unemployment rate.

The ratings used in stage allocation derive from internal models in the case of banking, sovereign and corporate counterparties, and external infoproviders in the case of Public Administration and Central Counterparties. Based on the above information, the Poste Italiane Group rebuts the presumption that there have been significant increases in credit risk following initial recognition, when financial assets are more than 30 days past due.

The Poste Italiane Group decided not to adopt the Low Credit Risk Exemption and to proceed instead with stage allocation of the financial instruments concerned.

Regarding trade receivables, given the adoption of the simplified approach under the new accounting standard, expected credit losses are determined throughout the lifetime of the instrument.

Definition of default

The Poste Italiane Group defines default on the basis of ad hoc assessments that take into account:
- any payment delays;
- market information such as a default rating by the rating agencies;
- internal analyses of specific exposures.

Collective and individual provisions

The collective impairment of a homogenous group of financial assets defines the expected credit loss (ECL) of the instrument, even though it cannot be associated with a specific exposure. Grouping takes place in relation to the type of counterparty on the basis of the estimated PD.

Individual provisions are considered only following the review of trade receivables for amounts in excess of a given threshold and only in relation to single receivables.

Forward looking information

According to the standard, the ECL calculation must also factor in forward looking components based on broad consensus scenarios.

The Poste Italiane Group incorporates forward looking information directly in the PD estimation. In particular, for sovereign counterparties, for which authoritative forward-looking estimates are available[282], these values are used to calculate PD; for other counterparties, on the other hand, the internal model adopted allows the input dataset needed to calculate PD to be completed from scenario values referring to some of the model variables. The objective of the approach is to estimate the unknown variables by using the historical correlation of the available information[283].

ESG information

The Sovereign, Bank and Corporate PD estimation models include variables reflecting Social and Governance factors defined from indicators provided by authoritative sources such as the UN and the World Bank. The Environmental factor is negligible for these purposes in view of the 1-year time horizon of the PD itself. In the context of BancoPosta RFC, this factor is monitored through scenario analyses and verification of ratings provided by external agencies.

282. These include prospective estimates made available by the International Monetary Fund, the UN and the World Bank.
283. In particular, the use of such approach is limited to situations where, actually, the final figures are deemed to be no longer representative of the counterparty's risk.

Estimation techniques used

Since events of default cannot be used, as they are not very frequent, to develop credit scoring models for Sovereign, Banking and Corporate counterparties, a shadow rating approach has been adopted.

This method entails the use of target variables related to the level of external rating produced by the agencies. The target is identified with the default rate linked to the rating level.

A key rating agency was selected to construct the target, taking into account both the large number of rated counterparties and the availability of historical data over what was deemed to be an adequate period of time.

The models have been constructed by extracting and utilising the following types of data for each country in the sample:
- macroeconomic data;
- indicators related to Social and Governance issues;
- financial statement data.

The internal model estimate used a definition of default based on a payment delay of 90 days.

ECL measurement

Expected credit losses (ECL) are determined over a time horizon consistent with the stage level (12 months or lifetime) on the basis of the following factors:
- Probability di Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time Factor (TF).

The main assumptions/choices adopted in the determination of the factors are as follows:
- PD: as indicated from the start a Point in Time (PIT) and forward-looking valuation has been adopted;
- LGD: use has been made of the Internal Ratings-Based (IRB) Base Approach under the Basel guidelines (45% for senior risk assets, 75% for subordinated risk assets);
- EAD: exposure calculated prospectively until maturity of the instrument, starting from the development of projected cash flows. In the development account was taken of specific indexation assumptions for every asset class (fixed income securities, floating-rate securities, inflation-indexed securities, etc.);
- TF: the effective interest rate of each exposure was used as discount factor.

The assumptions adopted and set out above have led to a reduction in the PD of Italy and other Sovereign counterparties in general compared to that used in the assessments in the Annual Financial Report as at 31 December 2023.

Trade receivables

The Group adopts the simplified approach to test for the impairment of trade receivables, on the basis of which provisions for credit losses are determined for an amount equal to expected losses throughout the lifetime of the receivable. Such approach is implemented through the following process:
- based on total revenue or the historical credit exposure, all receivables or credit exposures exceeding a certain pre-established credit threshold are assessed analytically. The analytical evaluation of the exposures entails an analysis of the borrower's credit quality and solvency, as determined on the basis of internal and external supporting evidence;
- for receivables falling below the threshold set, through the preparation of a matrix with the different impairment percentages estimated on the basis of historical losses, where they exist, or alternatively on the historical pattern of collections. In constructing the impairment matrix, receivables are grouped by homogeneous categories, based on their characteristics, to take into account the historical loss experience.

Collateral held and other credit enhancements on trade receivables

To mitigate the risks arising from the extension of credit terms to its customers, the Group has implemented a policy and suitable guidelines that govern the management of trade receivables, the terms and conditions of payment applicable to customers and defines the corporate process aimed at checking the customer's creditworthiness, as well as the sustainability of the business risk inherent in the contract involving extended payment terms. Depending on the evaluations, the contracts entered into with customers may require a suitable guarantee. Guarantees are also requested if they are required by rules and regulations and/or implementing rules of specific services.

The Poste Italiane Group accepts mainly guarantees issued by primary banks or insurance companies. Alternatively, upon request of the customer and after a risk analysis, it accepts sureties issued by other institutions, or security deposits by opening a postal escrow account. The Poste Italiane Group, as a rule, exempts the Public Administration from the provision of guarantees to secure trade receivables arising from transactions with it, save for the cases when such guarantees are mandatory by law or due to implementing rules of specific services.

For all the exposures evaluated individually, to calculate loss provisions, guarantees reduce the amount of the exposure at risk.

At 31 December 2024, the Group does not hold trade receivables secured by guarantees or other risk mitigation instruments for which no loss provisions have been made.

Impairment tests of goodwill, cash generating units and equity investments

Goodwill and other non-current assets are tested for impairment in accordance with IAS 36 – *Impairment of assets*. Impairment testing involves the use of estimates based on factors that may change over time, potentially resulting in effects that may be significantly different from prior year estimates.

In accordance with the reference accounting standard, when it is not possible to estimate the recoverable amount of an individual asset, the Group identifies the smallest group of assets that generates cash inflows largely independent of those from other assets or groups of assets (Cash Generating Units - CGUs). The process of identifying such CGUs necessarily involves management's judgement as to the specific nature of the activities and business to which they belong and evidence that the cash inflows from the group of activities are closely interdependent and largely independent of those from other activities (or groups of activities). The number and scope of CGUs are systematically updated to reflect the effects of new aggregation and reorganisation operations carried out by the Group and to take into account any external factor that could affect the ability of assets to generate independent cash inflows.

With reference to the external quantitative indicators of impairment at Group level, it should be noted that, at 31 December 2024, market capitalisation was higher than book equity, while, with regard to internal source elements, it should be noted that consolidated results at December 2024 were above budget forecasts for the same period.

For the most significant impairment tests performed as at 31 December 2024, the book values tested and the main assumptions underlying the tests performed are shown below:

	Amount (€m)	Method used	Explicit forecast period	Growth rate	Discount rate
Goodwill Mail, Parcels and Distribution CGU	213	DCF	2025-2028	2.0%	6.11% (WACC)
Goodwill Postepay Sector CGU	459	DCF	2025-2028	2.0%	8.02% (WACC)
Goodwill NET Insurance CGU	124	DDM	2025-2028	2.0%	7.95% (Ke)
Investment in Financit SpA	21	DDM	2025-2034	N/A	7.99% (Ke)

DCF: Discounted Cash Flow; DDM: Dividend Discount Model; WACC: Weighted Average Cost of Capital; Ke: cost of equity; N/A: only the explicit forecast period is considered.

Also due to the decrease in market interest rates, the discount rates as at 31 December 2024 are lower than those used for the previous year's estimates.

Mail, Parcels and Distribution CGU

The impairment test of the Mail, Parcels and Distribution CGU was performed, consistent with the previous year, at the consolidated level, including the companies within the same operating segment; the activities performed by the different companies and the resulting cash flows are highly interdependent, as commercial and strategic management decisions are made centrally at the level of the entire segment.

To estimate the value in use of the CGU, reference was made to the 2024-2028 Strategic Plan "The Connecting Platform" updated with the 2025 Budget, respectively approved by the Board of Directors of Poste Italiane SpA on 19 March 2024 and 21 February 2025. The economic forecasts used in the execution of the test also include, among the various characterising elements, forecasts for planned investments that will be focused on achieving the automation and modernisation objectives of the CGU itself, in continuity with what has been achieved in previous years. Particular importance is attached to investments classified as ESG that comply with the Group's Sustainability Reference Principles. The CGU main investment projects include the Polis Project "*Digital Citizenship Service Houses*", energy efficiency measures for real estate assets, and the automation and evolution of the sorting and delivery network from a green perspective.

In determining the terminal value, calculated on the basis of the last year of explicit forecasts, income was normalised. Reference was also made to the transfer prices that BancoPosta RFC is expected to pay for the services provided by Poste Italiane's distribution network.

The impairment test determined that the related carrying amounts are fair.

The impairment test is based on estimates and assumptions that present elements of uncertainty, also due to the current context characterised by a significant volatility of the main market variables and a profound aleatory nature of economic expectations, as well as the continuation of negative economic results and the decline of the postal market in which the Group operates; for this reason, sensitivity analyses were carried out. In particular, the impairment test showed the recoverability of the goodwill allocated to the CGU even by increasing the indicated discount rate by 100 basis points and jointly reducing the long-term growth factor by 20 basis points.

The sensitivities performed on the impairment test lead to a substantial alignment between the recoverable value and the net invested capital of the CGU, at the same growth rate (2%), with a discount rate of 9.70% (considerably higher even than the discount rate already used at 31 December 2023, which was 137 basis points higher than the rate at 31 December 2024).

As in the past, in determining the value of properties used as post offices and sorting centres, the Poste Italiane SpA universal service obligation was taken into account, as was the inseparability of the cash flows generated from the properties that provide this service, (which the Parent Company is required to operate throughout the country regardless of the expected profitability of each location); the unique nature of the operating processes involved and the substantial overlap between postal and financial activities within the same outlets, represented by post offices, were also considered. On this basis, the value in use of land and buildings used in operations is relatively unaffected by changes in the commercial value of the properties concerned and, in certain critical market conditions, certain properties may have values that are significantly higher than their market value, without this having any impact on the cash flows or results of the Mail, Parcels and Distribution segment.

The fair value of the Parent Company's properties used in operations continued to be higher than their carrying amount, as confirmed by the property valuations carried out.

Postepay Services CGU

In performing the impairment test on goodwill arising from the acquisition of the LIS Group, which took place in 2022, reference was made to the CGU comprised of all the companies belonging to the Postepay Services segment as a single cash-generating unit; following the completion of the integration and reorganisation processes of LIS. In fact, the Postepay Services operating segment is based on unique market and operational processes that are integrated according to a unitary approach, and it is therefore considered that the cash flows are largely independent of those generated by the Poste Group's other operating segments, but closely interrelated within the segment.

In order to estimate the value in use of the CGU, reference was made to the 2024-2028 “The Connecting Platform” Strategic Plan, also prepared in accordance with and taking into account the ESG objectives, updated with the 2025 Budget, respectively approved by the Board of Directors of Poste Italiane SpA on 19 March 2024 and 21 February 2025, as well as by the Boards of Directors of the respective companies belonging to the CGU for the portion pertaining to them. Based on the test results, there was no need to carry out value adjustments at 31 December 2024.

Sensitivity analyses show that the test is passed very comfortably even in scenarios significantly worse than the one used for the impairment test.

Net Insurance CGU

Following the acquisition of Net Insurance by Poste Vita through the vehicle company Net Holding in 2023 and the related Purchase Price Allocation process, goodwill of €124 million emerged, equal to the residual difference between the consideration transferred for the acquisition of Net Insurance by Net Holding and the fair value of the adjusted net assets acquired.

In performing the impairment test on the Net Insurance Group, reference was made to the CGU comprised of Net Insurance and Net Insurance Life as a cash-generating unit.

To estimate the value in use of the CGU, reference was made to the 2024-2028 “The Connecting Platform” Strategic Plan. Based on the test results, there was no need to carry out value adjustments at 31 December 2024.

Sensitivities performed on the impairment test lead to substantial alignment between the recoverable amount and the net assets of the CGU, at the same growth rate (2%), with a discount rate of 11.9%.

Investment in Financit SpA

With reference to the investment in Financit, the test results showed the need to adjust the carrying amount of the investment with a corresponding negative effect of about €8 million on the consolidated economic result (about €19 million on the economic result of Poste Italiane’s separate financial statements); following the impairment, the carrying amount of the investment is €21 million.

Investment in Anima Holding SpA

In relation to the investment in Anima Holding, it should be noted that, unlike in previous years, the impairment test was not performed at 31 December 2024 following the decision to accept the Takeover Bid (“OPA”) launched by Banco BPM Vita SpA on the ordinary shares of Anima Holding. The value of the consideration per share offered in the Takeover Bid is higher than the unitary carrying amount of the investment recognised at 31 December 2024 in both the Poste Group’s and Poste Italiane’s financial statements. For further information, please refer to Note 3 - Material events during the year and events after 31 December 2024.

Depreciation and amortisation of property, plant and equipment and intangible assets

The cost of these fixed assets is depreciated or amortised on a straight-line basis over the estimated useful life of the asset. The useful life is determined at the time of acquisition and is based on historical experience of similar investments, market conditions and expectations regarding future events that may have an impact, such as technological developments. The actual useful life may, therefore, differ from the estimated useful life.

The useful life of the Group's main asset classes is detailed below:

Property, plant and equipment	Years	% annual depreciation
Buildings	40-59	3%-2%
Structural improvements to own properties	18-31	6%-3%
Plant	8-23	13%-4%
Light constructions	10	10%
Equipment	3-10	33%-10%
Furniture and fittings	3-8	33%-13%
Electrical and electronic office equipment	3-10	33%-10%
Motor vehicles, automobiles, motorcycles	4-10	25%-10%
Leasehold improvements	estimated lease term*	-
Other assets	3-5	33%-20%

* Or the useful life of the improvement if shorter than the estimated lease term.

Investment property	Years	% annual depreciation
Property	39-42	3%-2%
Structural improvements to own properties	17-18	6%

In the case of assets to be handed over, located on land held under concession or sub-concession, on expiry of the concession term, or whilst awaiting confirmation of renewal, any additional depreciation of assets takes into account the probable residual duration of the right to use the assets to provide public services, to be estimated on the basis of the framework agreements entered into with the Public Administration entity, the status of negotiations with the grantors and past experience.

Lastly, as regards intangible assets, amortisation begins when the asset is available for use and extends, systematically and on a straight-line basis, over its estimated useful life within a range of 2 to 5 years.

Insurance liabilities

The main models, inputs and assumptions used to estimate insurance liabilities, i.e. future cash inflows and outflows related to insurance contracts, are summarised below.

Input data, assumptions and estimate techniques used

For contracts measured with the VFA model, the estimate of future flows related to the Liability for remaining coverage is made considering the following inputs:

- Non-financial assumptions, such as mortality, lapses, conversions, expenses, etc. Expense assumptions, consistent with the principle, are parametrised taking into account only attributable costs;
- Financial assumptions, such as returns on assets backing insurance liabilities, asset allocation, etc.;
- Stochastic economic scenarios[284] differentiated by separately managed account and by type of business.

The estimate of cash flows takes into account all the commitments of the companies in respect of the contracts under assessment through the elaboration of magnitudes such as gross premiums, other inflows other than premiums consistent with the quantification of the benefits under analysis, commissions, expenses, performance settlements, any residual Mathematical Provision at the end of the projection, and other outflows other than the above consistent with the quantification of the benefits under analysis.

For contracts measured with the BBA, the future fulfilment flows represent estimates of the future cash flows that will be generated by the natural fulfilment of the contracts by the companies and therefore include all possible cash flows that fall within the contract boundary.

284. A stochastic mathematical model makes it possible to study the course of phenomena that follow random or probabilistic laws.

Projected cash flows include claims paid, reimbursements for early extinguishment of contracts, acquisition commissions, other directly attributable administrative expenses, other directly attributable acquisition expenses, premiums written and recoveries.

It should also be noted that, for onerous contracts measured through the PAA, future fulfilment flows are calculated using the same approach as for contracts measured through the BBA.

Liabilities for incurred claims include future fulfilment cash flows related to past services attributed to the group of contracts at the measurement date. These flows are defined as the sum of the following components:

- Cash flows of undiscounted Best Estimate Liabilities (UBEL[285]), which are the best estimate of cash outflows for both reported claims and late claims;
- Discount effect, calculated by discounting the cash flows referred to in the previous point using the defined discount curve;
- Adjustment for non-financial risks, estimated using the methodology defined by the Group.

The process of allocating costs between "attributable" and "non-attributable" is done punctually according to the cost centres that incur them. The development and related deferral of costs follow the associated cash flow projections and the same recognition metrics adopted for the CSM release.

No changes have been made to the insurance liability valuation process with respect to the financial statements at 31 December 2023, with the exception of the financial and technical assumptions, which are updated as necessary at each valuation date.

Investment component

Assessments of the expected investment component to be included in the estimate of fulfilment future cash flows are made separately by product type. An estimate of the flow related to the Investment component is provided for both valuations at initial recognition of groups of contracts and for valuations at each reporting date.

For contracts with discretionary participation features and annuities in the accumulation phase, the expected investment component is equal to the lapse value net of penalties, whereby the estimate in future fulfilment flows is obtained as the difference between the estimated payout amount and the countervalue calculated on the basis of the lapse value net of penalties. For annuities that are certain to be paid out, the value of the investment component is not an estimate since it corresponds to the value of the benefits to be paid out, while for annuities that are certain to be paid out and pure risk products, there is no Investment component.

Method for determining the discount rate used

Below are details, by individual portfolio, of the discount curves used by the Poste Italiane Group in determining its insurance liabilities and the adjustments made to the reference Basic Risk Free Curve to take into account the counterparty's level of liquidity (Illiquidity Premiums):

- in relation to the Separately managed account participating business and the Unit Linked portfolio connected to Separately managed accounts (Multi-class products), the Illiquidity Premium is calibrated on the basis of the composition of the reference portfolio (e.g. Separately managed accounts or Company) using approaches and metrics borrowed from the Solvency II approach;
- in relation to the non-participating Life Business and for the Unit Linked portfolio not connected to Separately managed accounts, use was made of the values of Illiquidity Premiums consistent with the Volatility Adjustment value provided by EIOPA, in line with Solvency II. This approach is replicated in Net Insurance Life's pure risk business;
- in relation to the P&C business relating to Poste Assicura and Net Insurance, the Basic Risk Free curve is adopted, assuming an Illiquidity Premium consistent with the Volatility Adjustment value provided by EIOPA.

In operational terms, the Poste Italiane Group defined the curves at the date of initial recognition of the contract, in particular:

- for the Life business related to contracts issued by Poste Vita, the initial recognition curve of contracts is set equal to the Based Risk Free curve with illiquidity premium related to the previous quarter;
- for the P&C business relating to Poste Assicura contracts, the curve at initial recognition of contracts is the Based Risk Free of the previous year (31/12/t-1);

285. Undiscounted Best Estimate Liabilities.

- for the P&C business, relating to contracts issued by Net Insurance, and for the Life business, relating to contracts issued by Net Insurance Life, the curve at initial recognition of contracts is the Based Risk Free with Volatility Adjustment relative to the previous year (31/12/t-1).

For the BBA method, in order to calculate the interest accrued on the CSM at the reporting date, the Poste Italiane Group uses the forward curve determined with respect to the spot locked-in curve at the valuation date.

For the PAA model, the Poste Italiane Group has not made an adjustment for the effect of the time value of money and financial risk.

Method for determining the Adjustment for non-financial risk

The Poste Italiane Group adopts the percentile approach. The amount of the adjustment for non-financial risk is determined by considering the scope of technical risks to which group companies are exposed, using assessments borrowed from the Solvency II framework. In particular, the Adjustment for non-financial risk for the groups of contracts belonging to the Life business is estimated taking into account the risk exposures typical of the Life business and the underwriting risk net of the loss-absorbing capacity of the technical provisions[286] and gross of reinsurance. Operational risk and counterparty default risk are also excluded from the analyses.

For insurance contracts belonging to the P&C business, exposures to pricing risk, reserving risk, catastrophe risk, and the risk of early exits typical of the type of business are considered. In the P&C business, the Adjustment for non-financial risk is also determined, unlike in the Life business, for the Liability for incurred claims and Assets from outward reinsurance.

In calculating the amount of the Adjustment for non-financial risk, the separation between the insurance services component and the financing component is not applicable for Poste Italiane Group companies.

Methods for determining the CSM coverage unit

The release to the Statement of profit or loss of the CSM over the life of the contracts is done through the definition of the so-called Coverage Unit (CU). With reference to the Life business, the Poste Italiane Group determines the CSM release by adopting a Coverage Unit based on a Volume-based driver, defined separately for each measurement model adopted:
- BBA model: the CU is defined with a driver based on the sums insured, which are similar to the lump-sum death benefit for pure risk contracts, and on the mathematical provisions, for annuities (in the payout phase) not under the Separately managed accounts from Long-Term Care products;
- VFA model: the CU for DPF contracts is defined using a driver based on mathematical provisions.

In the context of the CSM release pattern of the P&C business, for contracts valued with the BBA Model, the Group has decided to use for the business characterised by constant insured capital a release driver based on earned premiums gross of commissions (also considering the effect of any premium refunds and related commission reversals); with the exception of the P&C business characterised by decreasing insured capital (Salary-backed of Net Insurance), the use of a method based on insured sums was defined as for the Life business.

The CSM release percentage is defined by relating the volume-based drivers as defined above to the amount of volumes of these drivers projected over a time period that coincides with the duration of the group of insurance contracts.

For products measured with the VFA method, the Group considers an additional component (additional release) in the CSM release for the period aimed at capturing the differences between the margin result obtained with real-world financial assumptions (Real World curves), compared to that obtained with risk-neutral financial assumptions (Risk Neutral curves). This additional release is obtained from the difference between the period-end prospective CSM before release under the Real World assumption and the period-end prospective CSM before release under the Risk Neutral assumption.

286. The loss-absorbing capacity of technical provisions represents an adjustment provided for in the SII regulation, calculated on the basis of the technical provisions, limited to the component of future flows, of the returns paid back to policyholders, which increase as interest rates rise. This adjustment reduces the SCR value, on the basis of which the Adjustment for non-financial risk is calculated.

As a result of the additional release, it is possible to achieve a CSM release that is more consistent with the financial performance of the underlying items of the insurance contracts and to obviate the systematic deferral of profit recognition in future years through coverage units.

Deferred tax assets

The recognition of deferred tax assets is based on the expectation of taxable income in future years. Assessments of expected taxable income depend on factors which may change over time, impacting on the valuation of the deferred tax assets in the statement of financial position.

Share-based payments

As further described in Note 4.12 - Additional information - Share-based payment arrangements and 5.12 - Additional information - Share-based payment arrangements of the consolidated financial statements and Poste Italiane SpA's separate financial statements, the valuation of the share-based payment arrangements in place within the Poste Italiane Group at the close of these financial statements was based on the conclusions reached by actuaries external to the Group. The plan terms and conditions link the award of the related options to the occurrence of certain events, such as the achievement of performance targets and performance hurdles and, in certain areas of operation, compliance with certain capital adequacy and liquidity requirements. For these reasons, measurement of the liability, equity reserve and the corresponding economic effects involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.

Employee termination benefits

The measurement of Employee termination benefits is also based on calculations performed by independent actuaries. The calculation takes account of termination benefits accrued for the period of service to date and is based on various demographic and economic-financial assumptions.

Below are the main actuarial assumptions applied in the calculation of the employee termination benefit provision at 31 December 2024, also based on the experience of each Group company and the best reference practice:

Economic and financial assumptions

	31.12.2024
Discount rate	3.18%
Inflation rate	2.00%
Annual rate of increase of employee termination benefits	3.00%

Demographic assumptions

	31.12.2024
Mortality	ISTAT 2018
Disability	INPS tables broken down by age and gender
Retirement age	Achievement of general mandatory insurance requirements
Frequency of employee termination benefits advances	Specific table with rates differentiated by Company
Employee turnover frequency	Specific table with rates differentiated by Company

Determination of the lease liability

In determining the financial liability for leases, the Group has chosen to refer to an Incremental Borrowing Rate ("IBR") based on a hypothetical loan that would have been obtained in the current economic environment and applied to groups of contracts with similar remaining terms and to similar companies. In particular, each IBR takes account of the risk-free rate identified on the basis of factors such as the economic environment, currency, contract term and credit spread reflecting the companies' organisation and financial structure. The IBR associated with the commencement of the contract will be reviewed whenever there is a lease modification, meaning substantial and significant changes to the contract conditions over the life of the agreement (e.g. the lease term or the amount of future lease payments). The IBR table defined for groups of contracts with similar residual duration and for similar reference companies is periodically monitored and updated at least once during the year.

With regard instead to determination of the lease term at the commencement date or of the remaining term at a later date (in the event of substantial and significant changes to contract conditions) and, in particular, for property leases, the Group uses a valuation approach based primarily on the expected duration of the obligation as per the agreement between the parties and/or in the legal framework of reference (Law 392 of 27 July 1978), and it expects an extension of the lease due to an interpretation/forecast of events, circumstances and future intentions, including of a strategic nature, of both the lessor and the lessee. This has resulted in a set of rules for determining the lease term, to be applied to leased properties classified previously in three distinct clusters: properties where the lease is subject to legal restrictions and high commercial-value properties; properties for civilian use, such as the company accommodation for Group employees and executives; and other properties used in operations.

The lease term for all of the other agreements was set as equal to the duration of the obligation agreed upon between the parties, in keeping with future intent in wanting and being able to complete the term and past experience.

Options on minority interests[287]

In the context of particular corporate transactions, there are call and put options that will allow Poste Italiane to purchase, at certain future dates, shares held by minority shareholders. The exercise price of these options is generally determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of the company acquired. For said cases in the consolidated financial statements, a financial liability has been recognised (in addition to the portion of equity attributable to non-controlling interests), to take account of the possible exercise of options, as matching entry to Group's equity, the value of which depends on estimates made internally and which could change even significantly in the current and future years. Subsequent changes in the value of the financial liability will be reflected in the Group's statement of profit or loss.

For details of the corporate transactions from which the need to recognise this financial liability arose, see *Note B8 - Financial liabilities*.

287. An option contract that allows an entity to purchase the interests of minority shareholders of a subsidiary in exchange for cash or other financial assets gives rise to a financial liability in the consolidated financial statements for the present value of the amount payable. Any change in the financial liability from the date of recognition is accounted for with a different balancing entry depending on whether it refers to:
- minority shareholders directly interested in the performance of the subsidiary's business with regard to the transfer of risks and benefits on the shares subject to the option. One of the indicators of this interest is the fair value measurement of the option exercise price. In addition to the presence of this indicator, the Group makes a case-by-case assessment of the facts and circumstances that characterise existing transactions. In this case, the discounted value of the option is initially deducted from the Group's equity reserves. Any subsequent changes in the valuation of the exercise price of the option are reflected in the statement of profit or loss.
- minority shareholders not directly interested in the performance of the business (e.g. exercise price of the predetermined option). The exercise price of the option, duly discounted, is deducted from the corresponding amount of Capital and Reserves pertaining to non-controlling interests. Any subsequent changes in the valuation of the option exercise price follow the same logic, with no impact on the statement of profit or loss.

Conversion of the financial statements into foreign currencies

For the purposes of preparing the Consolidated Financial Statements, the statement of financial position and statement of profit or loss of all consolidated companies are expressed in euro, which is the functional currency used by the Parent Company.

The financial statements of companies that operate in a functional currency other than the euro are translated into the presentation currency using the closing rate at the reporting date for assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the year (if this reasonably approximates the exchange rate at the date of the respective transactions) for revenue and costs. All the resulting exchange rate differences are recognised in other comprehensive income and shown separately in a specific equity reserve; this reserve is reversed proportionally to the statement of profit or loss at the time of the (total or partial) disposal of the relevant investment.

The exchange rates used to convert the financial statements of consolidated companies in foreign currencies are those published by the Bank of Italy and the European Central Bank and presented in the table below:

	2024		2023	
Currency	**Exact change rate on 31 December**	**Average annual exchange rate**	**Exact change rate on 31 December**	**Average annual exchange rate**
Chinese Yuan Renminbi	7.583	7.787	7.851	7.66
US dollar	1.039	1.082	1.105	1.081
British Pound Sterling	0.829	0.847	0.869	0.870

Crypto-assets

In order to comply with the requirements of the Bank of Italy/CONSOB Communication of 6 March 2025, it should be noted that the Poste Italiane Group does not hold, either through the Parent Company Poste Italiane SpA or through fully consolidated subsidiaries, any crypto-assets for which it was necessary to adopt dedicated accounting policies or use estimates for their valuation in the financial statements.

2.7 Climate change and the macroeconomic environment

Climate change disclosure

Climate change and the transition to a low-carbon economy are becoming increasingly relevant to businesses, banks, governments, regulators, and investors.

Although the Poste Italiane Group attaches particular importance to environmental protection, aware of the need to use resources responsibly in order to minimise negative environmental impacts[288], taking into account the business in which the Group operates, issues related to climate change are considered, in the exception provided by the reference accounting standards, irrelevant for consolidated financial reporting.

However, also taking into account the disclosure required in the past by ESMA and recalled in *Public Statement* 32-193237008-8369 of 24 October 2024, as well as by CONSOB's Warning Notice of 20 December 2024, the table below provides a mapping of climate-related disclosures with a corresponding reference to the paragraphs of Poste Italiane's consolidated financial statements and separate financial statements in which the issue is addressed.

288. For a description of the strategic guidelines set by the Group, also in line with its adherence to the Paris Agreement and the New Green Deal, please refer to the dedicated sections of the Sustainability Reporting in the Report on Operations.

Topic	Note	Description
Climate Change Estimates and Judgements	Note 2.6 Use of estimates "Impairment tests of goodwill, cash generating units and equity investments" and "Impairment and stage allocation for financial instruments"	• Focus on the estimation of expected cash flows in relation to the CGUs subject to impairment. • Details of ESG factors considered in estimating the Probability of Default (PD).
Sustainable investments	Note A1 - "Property, plant and equipment" Note A4 - "Right-of-use assets"	• Investments made in the reporting year aimed at reducing the environmental impact of the Group/Parent Company. • Increase in Right-of-Use Assets related to the conclusion of leasing contracts for green vehicles.
Sustainable finance	Note A6 - "Financial assets" Note 4.12"Additional Information - Assets under management"	• Percentage of ESG products in the entire investment and insurance portfolio of BancoPosta Fondi SpA SGR and Poste Vita Group.
Environmental certificates	Note 2.5 "Material information on accounting standards - Environmental certificates" Note A7 - "Inventories" Note C5 - "Cost of goods and services"	• Description of the accounting treatment applied to environmental certificates. • Details of closing inventories referring to emission allowances and guarantees of origin and carbon credits present at year-end. • Indication of costs incurred during the financial year for the purchase of environmental certificates.
Share-based payments	Note 4.12 "Additional Information - Share-based payment arrangements Note 5.12 "Additional Information - Share-based payment arrangements	• Description of incentive plans some of which are anchored to the achievement of ESG objectives.
Climate risk	Note 4.6 "Risk management" Note 5.6 "Risk management"	• Description of the exposure of Poste Italiane SpA and the entire Group to risks related to climate change and actions taken to mitigate those risks.

Macroeconomic environment

The estimates used in the preparation of the Financial Statements adequately take into account the particular macroeconomic context of reference at 31 December 2024, heavily influenced by a number of factors such as: inflation, rising interest rates, deterioration of the economic climate, geopolitical risks and uncertainties on future developments considering the ongoing conflicts in Ukraine and the Middle East. These uncertainties are reflected in the indicators used as the basis for the estimates.

For information on how these uncertainties were reflected in the estimated PDs used to calculate expected losses, please refer to Section 2.6 "*Use of Estimates - Impairment and stage allocation for financial instruments*"; while for a full discussion of risks related to the economic environment, please refer to the specific sections of the Report on Operations.

2.8 Basis of consolidation

The Poste Italiane Group's consolidated financial statements include the financial statements of Poste Italiane SpA and of the companies over which the Parent Company directly or indirectly exercises control, as defined by IFRS 10, from the date on which control is obtained until the date on which control is no longer held by the Group. The Group controls an entity when it simultaneously:

- has power over the investee;
- is exposed, or has rights to, variable returns from its involvement with the investee;
- has the ability to influence those returns through its power over the investee.

Control is exercised both via direct or indirect ownership of voting shares, and via the exercise of dominant influence, defined as the power to govern the financial and operating policies of the entity, including indirectly based on legal agreements, obtaining the related benefits, regardless of the nature of the equity interest. In determining control, potential voting rights exercisable at the end of the reporting period are taken into account.

The consolidated financial statements have been specifically prepared at 31 December 2024, after appropriate adjustment, where necessary, to align accounting policies with those of the Parent Company.

Subsidiaries that, in terms of their size or operations, are, either individually or taken together, irrelevant to a true and fair view of the Group's results of operations and financial position are not included within the scope of consolidation.

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

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

Investments in subsidiaries that are not significant and are not consolidated, and those in companies over which the Group exerts significant influence (assumed when the Group holds an interest of between 20% and 50%), hereinafter "associates", and joint ventures are accounted for using the equity method. At the time of acquisition, the investment is accounted for using the equity method. Any difference between the cost of acquisition of the investment and the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a. goodwill related to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of such goodwill is not permitted;
b. in determining the initial value of the entity's investment, any excess of the entity's interest in the net fair value of investee's identifiable assets and liabilities over cost is recognised as income in determining the acquirer's interest in the profit (loss) for the period of the associate or joint venture in the period in which the interest is acquired.

After acquisition, appropriate adjustments are made to the entity's share of the profits or losses of the associate or joint venture to account, for example, for additional depreciation or amortisation of the investee's depreciable or amortisable assets, based on the excess of their fair values over their carrying amounts at the time the investment was acquired, and of any impairment losses on goodwill or property, plant and equipment. The equity method is as follows:

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

Changes in the scope of consolidation and other corporate transactions

Multi-Asset Funds

During the course of 2023, the Poste Italiane Group launched a project to "replace" the Luxembourg-law multi-compartment SICAV sub-funds, in which Poste Vita SpA had invested a portion of the assets (around €25 billion) pertaining to the Separately Managed Accounts, with 11 newly established Italian-law UCITS managed by BancoPosta Fondi SpA SGR.

The objective of this project was to create a structure that would allow the insurance company - within the legal and regulatory limits of reference - to benefit from a model better suited to respond to the best practices of the domestic insurance industry, in terms of investments in "complex assets".

The project ended on 13 September 2024 with the completion of the cross-border merger by incorporation of the SICAV's sub-funds into the new UCITS funds, through which the financial instruments and sums of money previously held in the SICAV's sub-funds were transferred to the latter.

At the date of these annual financial statements, the 11 UCITS comply with the requirements of IFRS 10 - *Consolidated Financial Statements* for the existence of control and, consequently, are fully consolidated in the Consolidated financial statements of the Poste Italiane Group as:

i. Poste Vita SpA owns 100% of the units of the Funds in which the assets pertaining to the Separately Managed Accounts are invested;
ii. BancoPosta Fondi SpA SGR, the manager of the Funds, contractually holds the power to influence their performance;
iii. both of the above companies are controlled by Poste Italiane SpA, which, in exercising its management and coordination activities, defines the strategic guidelines, the management of investments and the resulting cash flows.

The line-by-line consolidation of the Funds, which from an economic point of view did not have any impact on the result for the year, made it necessary to present the financial assets and liabilities contained in the Funds at the statement of financial position level and the income elements characterising the change in the period at the profit or loss level.

MLK Fresh

On 31 January 2024, through the establishment of the NewCo called "MLK Fresh Srl", a partnership in the Fresh Food sector was formalised between MLK Deliveries SpA and Mazzocco Srl, an Italtrans Group company that operates as a national refrigerated courier.

MLK Fresh Srl, 70% owned by MLK and 30% by Mazzocco Srl, will be the vehicle through which the parties will offer advanced delivery services in Italy dedicated to the fresh food segment in the B2C e-commerce and/or scheduled deliveries market.

N&TS Group Networks & Transactional Systems Group

On 28 February 2024, PostePay signed an agreement to acquire 20% of N&TS GROUP Networks & Transactional Systems Group SpA, a leading Italian company in software solutions for electronic payments. The closing of the transaction took place on 15 April 2024 following the fulfilment of the conditions precedent.

By virtue of the option provided for in paragraphs 45 et seq. of IFRS 3 to complete the valuation of the business combination within twelve months from the date of the transaction, the difference between the agreed consideration (€17.6 million) and the fair value of the portion of the net assets acquired (€2.9 million) was provisionally allocated to goodwill in the amount of €14.7 million and is included in the carrying amount of the investment, which is valued using the equity method due to the connection relationship.

Poste Logistics

On 4 March 2024, Poste Logistics SpA was established, whose share capital is wholly-owned by Poste Italiane SpA; the company will be dedicated to integrated logistics activities for the Poste Italiane Group, benefiting from the business unit of SDA Express Courier SpA ("SDA") concerning the integrated logistics business, through a partial demerger transaction. The partial demerger transaction, which was resolved by the Extraordinary Shareholders' Meetings of SDA and Poste Logistics SpA on 27 March 2024, was formalised on 25 June 2024 effective as of 1 July 2024.

Locker Italia

On 18 April 2024 the company Locker Italia SpA was established - owned by Poste Italiane SpA and Deutsche Post International BV with equal stakes of 50% respectively - with the objective of developing, in Italy, a network of lockers for last mile deliveries of parcels managed by Poste Italiane SpA and the e-commerce division of the DHL Group.

Postego

On 9 May 2024, Postego SpA was established, a benefit company wholly-owned by Poste Italiane, with the aim of progressively internalising the Poste Italiane car fleet (about 30 thousand delivery vehicles).

Casina Poste

On 21 June 2024, Casina Poste was established as an amateur sports company with limited liability (Casina Poste SSD a r.l.), wholly-owned through Poste Italiane SpA (72%), PostePay SpA (7%), Postel SpA (7%), Poste Vita SpA (7%) and SDA Express Courier SpA (7%), for the organisation and management as well as the promotion, enhancement and dissemination of amateur sporting activities.

SPV Cosenza

On 25 June 2024, SPV Cosenza SpA was established, a company 95% owned by Poste Italiane SpA and 5% by Plurima SpA, dedicated to the performance of all the services covered by the public-private partnership contract for the management and rationalisation of integrated healthcare logistics for the Cosenza Provincial Health Authority.

The following material events also took place during the year:

- on 22 May 2024, Poste Italiane SpA transferred to PostePay SpA its entire stake in Conio Inc. amounting to 16.29 % of the relevant share capital;
- on 27 June 2024, the deed of sale of a stake held by SDA Express Courier SpA in the Consorzio Logistica Pacchi S.C.p.A. in the amount of 5.5% in favour of Poste Logistics SpA was signed: thus, SDA's shareholding in the Consorzio increased from 19% to 13.5%;
- on 10 December 2024, Poste Italiane SpA exercised the early conversion of the loan issued by sennder Technologies GmbH into shares of the same as part of the broader capital increase transaction promoted by the company totalling €39 million with the shareholder Scania as lead investor. Following the completion of these transactions, Poste Italiane SpA's stake in sennder Technologies GmbH was reduced from 10.2% to 9.7% on a fully diluted basis.

Conclusion of the valuation of business combinations from the previous year

With reference to the corporate transactions that took place in 2023 for which Poste Italiane availed itself of the option set forth in paragraphs 45 et seq. of IFRS 3 to complete the valuation of the business combination within twelve months from the date of acquisition, at 31 December 2024 the process was concluded, confirming the results already represented at 31 December 2023. A summary of them is given below:

Net Insurance (April 2023)

As a result of the valuation activities performed, an adjustment to the fair value of the net assets acquired was recognised for a total of €10.8 million, of which:

- €10.8 million increase in intangible assets related to brand development;
- an increase in property, plant and equipment of €1.4 million relating to owned property;
- reduction of insurance liabilities by €3.4 million for cash flows related to amounts repayable by the distributing banks;
- deferred tax effects related to the above adjustments in the amount of €4.8 million.

The remaining difference between the consideration transferred (€180.8 million) and the fair value of the net assets acquired by the Group adjusted following the PPA process (€57 million) was allocated to Goodwill in the amount of €123.8 million.

Sennder Italy (April 2023)

It was confirmed that the difference between the consideration (€20.7 million) and the fair value of the portion of the net assets acquired (€1.8 million) is entirely attributable to goodwill (included in the carrying amount of the investment) in the amount of €18.9 million.

Sourcesense Platforms (January 2023[289])

It was confirmed that the difference between the transaction price and the portion of the net assets acquired, amounting to approximately €1 million, was recorded as Goodwill under Intangible assets.

289. On 24 January 2023, Sourcesense finalised the acquisition of Eco-Mind Ingegneria Informatica Srl and its subsidiary HeadApp Srl. The two acquired companies were merged into the NewCo called Sourcesense Platforms Srl with accounting and tax effects from 1 July 2023.

3.

Material events during the year and events after 31 December 2024

3.1 Material events

The following material events also occurred in 2024:

Russia-Ukraine Conflict

The year 2024 was characterised by the continuation of the crisis between the European countries Russia and Ukraine.

In order to assess the impacts of the conflict for the Group, as requested by the national and international Authorities, and in line with the previous financial statements, an assessment was carried out on the current and future impacts and on the sanctions imposed on Russia by state and supranational authorities, on the activities, on the financial situation and on the economic results of the Group in consideration of the available evidence and the scenarios that can be configured at the date of preparation of the following financial statements.

The potential impacts, although at present random and uncertain also in relation to the pressure on inflation driven by sharp increases in energy and raw material prices, appear limited in relation to the fact that the Group's operations are almost entirely located within the national territory and without branches in the value chain with the countries involved.

In addition, monitoring of the existing relations between the Group and the parties directly or indirectly involved was carried out, which led to the following findings:
- with reference to the Parent Company, the existence of relations with the corresponding foreign postal administrations of Russia, Belarus and Ukraine have credit and debit balances of insignificant amounts;
- with reference to Poste Vita, within the Multi-asset funds, there are some indirect exposures to the countries involved in the aforementioned events that represent a non-significant portion of the relevant NAV.

Purchase of treasury shares

In execution of the authorisation to purchase treasury shares resolved by the Shareholders' Meeting of Poste Italiane on 31 May 2024, aimed at acquiring a supply of shares to be allocated to directors and employees of the Group who are beneficiaries of the variable incentive plans, whose launch was communicated to the market on 31 May 2024, from 3 to 10 June 2024, Poste Italiane purchased 1,166,667 treasury shares, at an average unit price of €12.804423 for a total value of €14,938,498.18. Subsequently, in the period between 7 August 2024 and 9 August 2024, Poste Italiane purchased 710,802 treasury shares at an average unit price of €11.788388, for a total value of €8,379,209.76.

At the close of the second tranche of the programme, considering also the treasury shares in the portfolio deriving from previous buy-back transactions and the delivery to the beneficiaries of the incentive plans, at 31 December 2024, Poste Italiane holds 11,492,604 treasury shares, equal to 0.880% of the share capital.

National collective labour agreement renewed

On 23 July 2024, the National Collective Labour Agreement (CCNL), which expired at the end of 2023, was renewed for the period 2024-2027 for the non-managerial staff of Poste Italiane SpA and the other Group companies to which the same CCNL applies.

Interim dividend

On 6 November 2024, Poste Italiane's Board of Directors, in light of the Company's financial position and results of operations in the first nine months of 2024, the performance for the following months, the business outlook and the related expected economic prospects at 31 December 2024, and in line with the Group's dividend policy, resolved to advance, as an interim dividend, part of the ordinary dividend for 2024. To this end, the Company has prepared a Report and Financial Statements pursuant to article 2433-*bis* of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The opinion of the independent auditors was obtained on these documents.

The interim dividend of €0.33 per share, gross of any legal withholding taxes, was made with effect from 20 November 2024, with "ex-dividend date" of coupon no. 15 coinciding with 18 November 2024 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 19 November 2024.

Based on the number of shares outstanding at 6 November 2024, which amounted to 1,294,617,396, the total amount of the interim dividend was €427 million.

3.2 Events after the end of the reporting period

Events occurring after the reporting date are reported below:

Net Holding SpA

An extraordinary shareholders' meeting of Net Holding SpA ("Net Holding") was held on 14 November 2024, during which the shareholders, Poste Vita SpA and IBL Banca SpA, resolved to dissolve Net Holding early and put it into liquidation. On 3 February 2025, following the authorisations received from the regulatory authority, the resolution to liquidate and the appointment of the liquidator was registered with the Companies' Register. The completion of the liquidation and the assignment to Net Holding's shareholders of the 97.8% stake it held in Net Insurance SpA are expected by the end of the first half of 2025

Anima Holding SpA

On 10 February 2025, the Board of Directors of Poste Italiane SpA resolved to send to Banco BPM Vita SpA ("Banco BPM Vita") a letter of commitment to adhere to the Takeover Bid ("OPA") launched by the latter on the ordinary shares of Anima Holding SpA The commitment is subject to the verification of certain conditions, including (i) Banco BPM Vita's acceptance of the letter of commitment; (ii) that the offer price be increased to bring it into line with current market prices; and (iii) the fulfilment of all legal conditions, including the necessary authorisation resolution by the shareholders' meeting of Banco BPM SpA ("Banco BPM"). It should be noted that on 11 February 2025, Banco BPM Vita sent Poste Italiane SpA its acceptance of the letter of commitment and that Banco BPM's ordinary shareholders' meeting of 28 February 2025 approved the increase to €7.00 of the consideration per share offered under the Takeover Bid, as well as reserving for its Board of Directors the right to waive all or part of one or more of the voluntary effectiveness conditions attached to the Takeover Bid, which have not yet been satisfied. Following CONSOB's approval of the offer document on 13 March 2025, the acceptance period began, running from 17 March 2025 to 4 April 2025 (unless extended).

Patrimonio Italia Logistica – SICAF SpA

On 14 February 2025, the company Patrimonio Italia Logistica - SICAF SpA (externally managed) was established - owned by Poste Italiane SpA and Dea Capital Real Estate Sgr SpA, with initial stakes of 90% and 10% respectively - in which Poste Italiane will contribute all the largest sites of the primary network and a large part of the intermediate network for a total area of approximately 640,000 square metres.

This initiative is dedicated to accelerating and co-financing Poste Italiane's infrastructural and real estate transformation, while improving the operational efficiency and sustainability of the infrastructure itself.

The operation will also involve several operators specialised in logistics real estate development who will be able to contribute financial resources and specialised know-how and thus accelerate the site renewal process.

Acquisition of a stake in Telecom Italia SpA and sale of Nexi SpA

On 15 February 2025, the Board of Directors of Poste Italiane SpA resolved to acquire approximately 9.81% of the ordinary shares of Telecom Italia SpA ("Tim") currently held by Cassa Depositi e Prestiti SpA ("Cassa Depositi e Prestiti"). At the same time, the Board of Directors resolved to sell the entire stake held by Poste Italiane in Nexi SpA ("Nexi") - equal to approximately 3.78% of the share capital - to Cassa Depositi e Prestiti itself.

The consideration for the purchase of Tim's shares was recognised (i) partly through the proceeds from the transfer from Poste Italiane to Cassa Depositi e Prestiti of the stake in Nexi and (ii) partly through available cash (approximately €170 million).

IBL Assicura Srl

On 22 January 2025, Net Insurance SpA finalised the acquisition of a 19.99% stake in the share capital of IBL Assicura Srl from IBL Banca SpA.

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4

Poste Italiane Group Financial Statements

at 31 December 2024

4.

Poste Italiane Group Financial Statements at 31 December 2024

4.1 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€m)	Notes	31 December 2024	*of which related parties*	31 December 2023	*of which related parties*
Non-current assets					
Property, plant and equipment	[A1]	2,783	-	2,546	-
Investment property	[A2]	26	-	28	-
Intangible assets	[A3]	2,139	-	2,062	-
Right-of-use assets	[A4]	1,187	-	1,265	-
Investments accounted for using the equity method	[A5]	332	*332*	294	*294*
Financial assets	[A6]	210,129	*2,994*	205,656	*3,067*
Trade receivables	[A8]	2	-	3	-
Deferred tax assets	[C12]	1,997	-	2,109	-
Other receivables and assets	[A9]	3,955	*0*	4,084	*2*
Tax credits Law no. 77/2020	[A10]	5,170	-	6,534	-
Assets for outward reinsurance	[A11]	324	-	233	-
Total		**228,045**		**224,814**	
Current assets					
Inventories	[A7]	177	-	172	-
Trade receivables	[A8]	2,076	*597*	2,404	*681*
Current tax assets	[C12]	197	-	167	-
Other receivables and assets	[A9]	1,339	*16*	1,051	*15*
Tax credits Law no. 77/2020	[A10]	1,835	-	1,784	-
Financial assets	[A6]	34,409	*10,027*	31,503	*9,000*
Cash and deposits attributable to BancoPosta	[A12]	4,290	-	4,671	-
Cash and cash equivalents	[A13]	4,680	*387*	4,211	*874*
Total		**49,003**		**45,963**	
Non-current assets and disposal groups held for sale	**[A14]**	**50**	***50***	**50**	***50***
TOTAL ASSETS		**277,098**		**270,827**	

LIABILITIES AND EQUITY	Notes	31 December 2024	*of which related parties*	31 December 2023	*of which related parties*
Equity					
Share capital	[B2]	1,306	-	1,306	-
Reserves	[B4]	1,532	-	1,083	-
Treasury shares		(109)	-	(94)	-
Retained earnings		8,855	-	8,027	-
Total equity attributable to owners of the Parent		11,583	-	10,322	-
Equity attributable to non-controlling interests		127	-	117	-
Total		**11,709**		**10,439**	
Non-current liabilities					
Liabilities under insurance contracts	[B5]	162,408	-	155,338	-
Provisions for risks and charges	[B6]	526	*40*	782	*50*
Employee termination benefits	[B7]	577	-	637	-
Financial liabilities	[B8]	8,711	*225*	10,243	*209*
Deferred tax liabilities	[C12]	897	-	900	-
Other liabilities	[B10]	2,024	-	2,058	-
Total		**175,144**		**169,958**	
Current liabilities					
Provisions for risks and charges	[B6]	557	*8*	554	*10*
Trade payables	[B9]	2,097	*135*	2,252	*113*
Current tax liabilities	[C12]	65	-	189	-
Other liabilities	[B10]	2,151	*80*	2,285	*90*
Financial liabilities	[B8]	85,374	*5,502*	85,150	*5,525*
Total		**90,244**		**90,430**	
TOTAL LIABILITIES AND EQUITY		**277,098**		**270,827**	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	Notes	FY 2024	*of which related parties*	FY 2023	*of which related parties*
Revenue from Mail, Parcels and other	[C1]	3,843	*1,055*	3,746	*1,007*
Net revenue from Financial Services	[C2]	5,521	*2,271*	5,229	*2,305*
Revenue from Financial Services		6,127	*2,279*	5,795	*2,317*
Expenses from financial activities		(607)	*(8)*	(566)	*(12)*
Net revenue from insurance services	[C3]	1,640	*1*	1,567	*18*
Revenue from insurance contracts issued		2,824	-	2,550	-
Costs arising from insurance contracts issued		(1,234)		(1,058)	
Revenue/(costs) from outward reinsurance		(32)		(15)	
Income and (expenses) from financial activities and other income/ expenses		6,430	*1*	6,458	*18*
Net financial (costs)/revenue relating to insurance contracts issued		(6,358)	-	(6,373)	-
Net financial revenue/(costs) related to outward reinsurance		10	-	5	-
Revenue from Postepay services	[C4]	1,923	*65*	1,586	*54*
Net operating revenue		**12,927**		**12,128**	
Cost of goods and services	[C5]	3,717	*720*	3,237	*308*
Personnel expenses	[C6]	5,135	*75*	5,170	*74*
Depreciation, amortisation and impairments	[C7]	855	-	811	-
Capitalised costs and expenses	[C8]	(67)	-	(56)	-
Other operating costs	[C9]	318	*5*	275	*3*
of which non-recurring costs		*57*		-	
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	424	*(2)*	71	*(0)*
of which non-recurring costs		*284*		-	
Operating profit/(loss)		**2,546**		**2,620**	
Finance costs	[C11]	120	*1*	119	*1*
Finance income	[C11]	209	*14*	181	*15*
Impairment losses/(reversals of impairment losses) on financial assets		(14)	-	(25)	-
Profit/(Loss) on investments accounted for using the equity method	[A5]	22	-	20	-
Profit/(Loss) before tax		**2,671**		**2,727**	
Income tax expense	[C12]	658		794	
PROFIT FOR THE YEAR		**2,013**		**1,933**	
of which attributable to owners of the Parent		1,994		1,922	
of which attributable to non-controlling interests		19		11	
Earnings per share	**[B1]**	**1.540**		**1.483**	
Diluted earnings per share		**1.540**		**1.483**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)	Notes	FY 2024	FY 2023
Profit/(Loss) for the year		**2,013**	**1,933**
Items to be reclassified in the Statement of profit or (loss) for the year			
FVOCI debt instruments			
Increase/(decrease) in fair value during the year	[tab. B4]	1,899	7,694
Transfers to profit or loss from realisation	[tab. B4]	127	223
Increase/(decrease) for expected losses		(21)	5
Cash flow hedges			
Increase/(decrease) in fair value during the year	[tab. B4]	111	80
Transfers to profit or loss	[tab. B4]	(48)	(318)
Financial revenue or costs relating to insurance contracts issued		(1,318)	(5,532)
Financial revenue or costs related to outward reinsurance		(0)	2
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year		(222)	(565)
Share of after-tax comprehensive income/(loss) of investees accounted for using the equity method		4	0
Change in translation reserve		0	(0)
Items not to be reclassified in the Statement of profit or loss for the year			
Equity instruments measured at FVOCI - increase/(decrease) in fair value during the year		(92)	(5)
Actuarial gains/(losses) on employee termination benefits	[tab. B7]	7	(8)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year		(0)	2
Share of after-tax comprehensive income/(loss) of investees accounted for using the equity method		(0)	(0)
Total other comprehensive income		**448**	**1,578**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,461**	**3,511**
of which attributable to owners of the Parent		2,442	3,500
of which attributable to non-controlling interests		18	11

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity														
	Share capital	Treasury shares	Reserves									Retained earnings/ (Accumulated losses)	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
(€m)			Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	*Cash flow hedge reserve*	Reserve for insurance contracts issued and outward reinsurance	Translation reserve	Reserve for investees accounted for using the equity method	Incentive plans reserve				
Balance at 1 January 2023	**1,306**	**(63)**	**299**	**1,210**	**800**	**(10,592)**	**(128)**	**7,876**	**(0)**	**5**	**19**	**7,100**	**7,834**	**44**	**7,878**
Total comprehensive income for the year	-	-	-	-	-	5,529	(169)	(3,774)	0	0	-	1,914	3,500	11	3,511
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(570)	(570)	(6)	(576)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(307)	(307)	-	(307)
Purchase of treasury shares	-	(34)	-	-	-	-	-	-	-	-	-	(0)	(34)	-	(34)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(101)	(101)	-	(101)
Incentive plans	-	3	-	-	-	-	-	-	-	-	8	(0)	10	-	10
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	6	6	68	74
Balance at 31 December 2023	**1,306**	**(94)**	**299**	**1,210**	**800**	**(5,063)**	**(297)**	**4,102**	**(0)**	**4**	**27**	**8,027**	**10,322**	**117**	**10,439**
Total comprehensive income for the year	-	-	-	-	-	1,306	45	(912)	0	4	-	2,000	2,442	18	2,461
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(729)	(729)	(9)	(738)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(427)	(427)	-	(427)
Purchase of treasury shares	-	(23)	-	-	-	-	-	-	-	-	-	(0)	(23)	-	(23)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentive plans	-	8	-	-	-	-	-	-	-	-	5	0	14	-	14
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	0	-	-	0	-	0
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Balance at 31 December 2024	**1,306**	**(109)**	**299**	**1,210**	**800**	**(3,757)**	**(252)**	**3,190**	**0**	**9**	**32**	**8,855**	**11,583**	**127**	**11,709**

* This item includes profit for the year (Group portion) of €1,994 million and actuarial gains on provisions for employee termination benefits of €6 million, after the related current and deferred taxation.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	Notes	FY 2024	FY 2023
Cash and cash equivalents at beginning of year		**4,211**	**4,983**
Profit/(Loss) before tax		2,671	2,727
Depreciation, amortisation and impairments	[tab. C7]	929	882
Net provisions for risks and charges	[tab. B6]	76	348
Use of provisions for risks and charges	[tab. B6]	(332)	(371)
Provisions for employee termination benefits	[tab. B7]	2	3
Employee termination benefits	[tab. B7]	(76)	(106)
(Gains)/Losses on disposals		(0)	(112)
Impairment losses/(reversals of impairment losses) on financial assets		(14)	(25)
(Dividends)	[tab. C11.2]	(0)	(4)
Dividends received		0	4
(Finance income in form of interest)	[tab. C11.2]	(204)	(169)
Interest received		201	168
Interest expense and other finance costs	[tab. C11.1]	116	110
Interest paid		(49)	(45)
Losses and impairment losses/(reversals of impairment losses) on receivables	[tab. C10]	603	64
Income tax paid	[tab. C12.2]	(866)	(191)
Other changes		6	(11)
Cash flow generated by operating activities before movements in working capital	**[a]**	**3,063**	**3,272**
Movements in working capital:			
(Increase)/decrease in Inventories	[tab. A7]	(5)	(15)
(Increase)/decrease in Trade receivables		242	(696)
(Increase)/decrease in Other receivables and assets		(186)	399
Change in tax credits Law no. 77/2020		(13)	(352)
Increase/(decrease) in Trade payables		(154)	25
Increase/(decrease) in Other liabilities		(167)	279
Cash flow generated by/(used in) movements in working capital	**[b]**	**(283)**	**(360)**
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance		(3,210)	(9,441)
Net cash generated by/(used for) financial assets and tax credits Law no. 77/2020 attributable to financial activities, payments, cards and acquiring and insurance		(615)	2,852
(Increase)/decrease in cash and deposits attributable to BancoPosta	[tab. A12]	380	1,177
Increase/(Decrease) in net liabilities under insurance contracts		5,661	8,033
(Income)/Expense and other non-cash components		(2,095)	(4,119)
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance	**[c]**	**121**	**(1,498)**
Net cash flow from/(for) operating activities	**[d]=[a+b+c]**	**2,901**	**1,414**
- of which related party transactions		(841)	4,420
Investing activities:			
Property, plant and equipment	[tab. A1]	(498)	(373)
Investment property	[tab. A2]	(1)	-
Intangible assets	[tab. A3]	(467)	(473)
Investments		(27)	(50)
Other financial assets		(6)	(17)
Investments in consolidated companies net of cash acquired		-	(95)
Disposals:			
Property, plant and equipment, investment property, intangible assets and assets held for sale		9	13
Investments		-	-
Other financial assets		1	1
Investments in consolidated companies net of cash acquired and changes in scope		3	-
Net cash flow from/(for) investing activities	**[e]**	**(986)**	**(994)**
- of which related party transactions		(20)	(14)
Proceeds from/(Repayments of) long-term borrowings	[tab. B8.5]	566	126
(Increase)/decrease in loans and receivables		-	-
Increase/(decrease) in short-term borrowings	[tab. B8.5]	(803)	(380)
(Purchase)/sale of treasury shares		(23)	(34)
Dividends paid	[B3]	(1,165)	(883)
Equity instruments - perpetual hybrid bonds		(21)	(21)
Net cash flow from/(for) financing activities and shareholder transactions	**[f]**	**(1,446)**	**(1,192)**
- of which related party transactions		(733)	(564)
Effect of exchange rate differences on cash and cash equivalents	**[g]**	**0**	**-**
Net increase/(decrease) in cash	**[h]=[d+e+f+g]**	**469**	**(772)**
Cash and cash equivalents at end of year	**[tab. A13]**	**4,680**	**4,211**
Restricted cash and cash equivalents at end of year		(2,693)	(2,576)
Unrestricted cash and cash equivalents at end of year		**1,987**	**1,635**

4.2 Notes to the Statement of Financial Position

Assets

A1 – Property, plant and equipment (€2,783 million)

The following table shows movements in property, plant and equipment in 2024:

tab. A1 - Movements in property, plant and equipment

Description (€m)	Land	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	85	3,371	2,630	372	765	2,098	203	9,525
Accumulated depreciation	-	(2,143)	(2,018)	(337)	(511)	(1,933)	-	(6,941)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(8)	(0)	(37)
Balance at 1 January 2024	**85**	**1,211**	**603**	**34**	**253**	**157**	**202**	**2,546**
Changes during the period								
Acquisitions	-	59	116	23	80	83	137	498
Adjustments	-	0	(0)	0	0	-	-	0
Reclassifications	0	35	69	1	17	20	(142)	(0)
Disposals	-	(1)	(1)	(0)	(0)	(0)	(1)	(3)
Change in scope of consolidation	-	-	(0)	-	0	0	-	0
Depreciation	-	(37)	(77)	(12)	(56)	(74)	-	(255)
(Impairment losses)/Reversals	-	(0)	-	-	-	(2)	(0)	(3)
Total changes	**0**	**56**	**108**	**13**	**40**	**26**	**(6)**	**237**
Cost	85	3,464	2,815	396	862	2,201	197	10,019
Accumulated depreciation	-	(2,180)	(2,094)	(348)	(567)	(2,007)	-	(7,197)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(11)	(0)	(39)
Total	**85**	**1,267**	**711**	**47**	**294**	**184**	**196**	**2,783**

At 31 December 2024, property, plant and equipment includes assets belonging to the Parent Company located on land held under concession or sub-concession, which are to be handed over free of charge at the end of the concession term. These assets have a total carrying amount of €67 million.

Investments of €498 million in 2024 consists largely of:
- €59 million relating to extraordinary maintenance of Post Offices and local head offices around the country (€34 million), personnel and management offices (€10 million) and post and mail sorting offices (€9 million);
- €116 million for plant, of which the most significant items relate to the Parent Company for €86 million, which can be broken down as follows: €41 million for the construction of plants connected to buildings, €26 million for the construction and extraordinary maintenance of connectivity and video surveillance systems, €4 million for the construction and extraordinary maintenance of mail sorting and parcel processing plants at industrial facilities and €15 million for the installation of ATM (automated teller machines), and to the subsidiary SDA Express Courier SpA for €23 million mainly for the construction and development of new sorting plants for the Naples Hub and Piacenza Hub operating sites;
- €80 million invested mainly in the upgrade of plant (€32 million) and the structure (€42 million) of properties held under lease;
- €83 million relating to Other assets, including €75 million incurred by the Parent Company, mainly for purchase of hardware to upgrade the technological equipment at Post Offices and head offices and consolidate storage systems for €53 million and for the purchase of furniture and fittings for €21 million, €5 million incurred by PostePay SpA, primarily regarding the purchase of devices for the PosteMobile Casa and PosteCasa Ultraveloce offers (€4 million) and, to a lesser extent, the purchase of mobile telephones and mobile phone equipment for rental;
- €137 million for fixed assets in progress, of which €123 million incurred by the Parent Company and relating for €110 million to extraordinary maintenance works and infrastructural equipment of the commercial and production network, and €12 million for the purchase of hardware and other technological equipment not yet included in the production process, €3 million incurred by the company SDA Express Courier SpA.

Reclassifications from tangible assets in progress amounted to €142 million and refer mainly to the purchase cost of assets that have become available and ready to use in the year; in particular, they refer to the Parent Company for the completion of extraordinary renovations of owned buildings and improvements on leased properties (€80 million), the activation of hardware and other equipment (€13 million), for the installation of connectivity systems (€9 million) and to the company SDA Express Courier SpA for €25 million relating mainly to plant investments for the construction of the new Piacenza Hub site.

During the year under review, activities continued for the Polis Project, for which Poste Italiane made investments of €182 million (until 31 December 2024, total investments of approximately €277 million).

tab. A1.1 - Polis Project - Investments

Lines of Intervention (€m)	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
One-stop shop	41	51	3	68	38	42	243
Spaces for Italy	8	7	0	0	1	18	34
Total	**49**	**58**	**3**	**68**	**39**	**60**	**277**

In addition, it should be noted that during the year under review, investments classified as green, i.e., aimed at reducing the Poste Italiane Group's impact on the environment, were made by Poste Italiane SpA and, only to a residual extent, by the subsidiary SDA Express Courier SpA, amounting to approximately €35 million. The main projects include the installation of photovoltaic systems and electrical charging columns, as well as energy efficiency measures on buildings.

Finally, it should be noted that, at 31 December 2024, the Poste Italiane Group's commitments to purchase property, plant and equipment amounted to approximately €145 million.

A2 – Investment property (€26 million)

Investment property relates to service accommodation owned by Poste Italiane SpA in accordance with Law 560 of 24 December 1993 and residential accommodation previously used by Post Office managers. Movements are as follows:

tab. A2 - Movements in investment property

Description (€m)	FY 2024
Cost	81
Accumulated depreciation	(53)
Impairment losses	(0)
Period opening balance	**28**
Changes during the period	
Acquisitions	1
Reclassifications	(0)
Disposals	(1)
Depreciation	(1)
Total changes	**(1)**
Cost	81
Accumulated depreciation	(54)
Impairment losses	(0)
Period closing balance	**26**
Fair value at 31 December	*62*

The fair value of investment property at 31 December 2024 includes €62 million representing the sale price applicable to the Parent Company's former service accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company[290].

Most of the properties included in this category are subject to lease agreements classifiable as operating leases, given that the Group retains substantially all of the risks and rewards of ownership of the properties. Under the relevant agreements, tenants usually have the right to break off the lease with six-month notice. Given the resulting lack of certainty, the expected revenue flows from these leases are not referred to in these notes.

A3 – Intangible assets (€2,139 million)

The following table shows the net amount and movements in intangible assets in 2024:

tab. A3 - Movements in intangible assets

Description (€m)	Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Other	Total
Cost	5,166	274	898	232	6,570
Accumulated amortisation and impairments	(4,381)	(1)	(102)	(24)	(4,508)
Balance at 1 January 2024	**785**	**273**	**796**	**208**	**2,062**
Changes during the period					
Acquisitions	243	224	-	0	467
Reclassifications	215	(215)	-	-	0
Transfers and disposals	(1)	(3)	-	(0)	(4)
Change in scope of consolidation	0	-	-	-	0
Amortisation and impairments	(375)	(0)	-	(12)	(387)
Total changes	**82**	**6**	**-**	**(12)**	**76**
Cost	5,623	280	898	232	7,034
Accumulated amortisation and impairments	(4,756)	(1)	(102)	(36)	(4,895)
Total	**867**	**279**	**796**	**196**	**2,139**

Investments in Intangible assets during 2024 amounted to €467 million, including about €56 million in software development activities and the related expenses developed within the Group, primarily relating to personnel expenses (€42 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Group, are not capitalised.

The increase in **Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights** totals €243 million, before amortisation for the period, and relates primarily to the purchase and entry into service of new software programs and the acquisition of software licences.

Intangible assets under construction refer primarily to the activities of the Parent Company aimed at the development for software for the infrastructure platforms (€100 million), for BancoPosta services (€53 million), for support to the sales network (€30 million), for the postal products platform (€22 million) and for the engineering of reporting processes for other Business and personnel functions (€13 million).

During the period, reclassifications were made from Intangible assets under construction to Industrial patents and intellectual property rights amounting to €215 million due primarily to the completion and start-up of new software programs and the development of existing ones, related to the infrastructure platform (€94 million), BancoPosta services (€44 million), support for the sales network (€35 million), the postal products platform (€27 million) and the engineering of reporting processes for other Business and personnel functions (€13 million).

With reference to the Polis Project, at 31 December 2024 the Parent Company made total investments of approximately €10 million, of which €7 million relate to 2024.

290. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for Level 3.

With reference to the Polis Project, at 31 December 2024 the Parent Company made total investments of approximately €10 million, of which €7 million relate to 2024.

Polis Project - Investments

Lines of intervention (€m)	Industrial patents, intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Total
One-stop shop	6	3	9
Spaces for Italy	1	-	1
Total	**7**	**3**	**10**

Finally, during the year 2024, as part of the Energy Project, the Parent Company made investments in application software amounting to approximately €15 million.

Goodwill, allocated by Strategic Business Unit (SBU), is detailed as follows:

tab. A3.1 - Goodwill

Description (€m)	31.12.2024	31.12.2023	Changes
Mail, Parcels and Distribution SBU	**213**	**213**	**-**
Plurima	101	101	-
Poste Italiane	33	33	-
Sourcesense	24	24	-
Poste Welfare Servizi	18	18	-
Sengi Express Limited	16	16	-
Agile Lab	14	14	-
MLK Deliveries	5	5	-
Nexive Network	3	3	-
Sourcesense Platforms	1	1	-
Postepay Services SBU	**459**	**459**	**-**
LIS	459	459	-
Insurance Services SBU	**124**	**124**	**-**
Net Insurance	124	124	-
Total	**796**	**796**	**-**

The item of €796 million refers to goodwill allocated to the:

- Mail, Parcels and Distribution SBU for €213 million. The goodwill allocated to the segment originates from a series of acquisitions completed over time within the operating segment Mail, Parcels and Distribution segment. Due to the close integration of business processes, the cash flows generated by the individual legal entities belonging to the segment are closely interrelated and interdependent, and, consequently, goodwill is tested at the SBU level;
- SBU Postepay Services for €459 million. The goodwill recognised arises from the acquisition of Lis Holding and Lis Pay. Following the integration and reorganisation processes of the companies acquired within the Poste Italiane Group, the cash flows generated are largely independent of those generated by the Group's other operating sectors, but closely interrelated within the sector. Consequently, the CGU identified corresponds to the perimeter of the Postepay Services SBU, as the operating segment is based on single and integrated market and operational processes according to a unified logic;
- SBU Insurance Services for €124 million. This goodwill arose following the acquisition of Net Insurance and is tested at the level of the Net Insurance sub-group (and Net Insurance Life) identified as the minimum cash-generating unit.

In addition, with reference to the impairment test on goodwill and cash generating units, please refer to paragraph 2.6 Use of estimates.

A4 – Right-of-use assets (€1,187 million)

tab. A4 - Movements in right-of-use assets

Description (€m)	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,777	385	37	50	2,249
Accumulated amortisation and impairments	(750)	(186)	(18)	(30)	(984)
Balance at 1 January 2024	**1,027**	**199**	**18**	**20**	**1,265**
Changes during the period					
New contract acquisitions	125	54	10	1	191
Adjustments	42	(3)	(1)	(1)	38
Reclassifications	(0)	(0)	0	-	(0)
Contract terminations	(32)	(3)	(0)	-	(35)
Change in scope of consolidation	8	-	0	-	8
Amortisation and impairments	(173)	(92)	(9)	(6)	(281)
Total changes	**(29)**	**(43)**	**0**	**(6)**	**(78)**
Cost	1,922	433	46	50	2,452
Accumulated amortisation and impairments	(924)	(277)	(28)	(36)	(1,265)
Total	**998**	**156**	**19**	**14**	**1,187**

Acquisitions for the year, amounting to €191 million, mainly relate to:

- €83 million to the Parent Company and related to new real estate contracts (€45 million), company vehicles for mail and parcel delivery (€32 million) and mixed use vehicles (€6 million);
- €57 million to SDA Express Courier SpA for the stipulation of real estate lease contracts for the new operating headquarters and warehouses intended for the management of orders in the “integrated logistics” segment;
- €20 million to Poste Air Cargo SpA for the leasing of two new aircraft to replace expiring contracts in the existing fleet;
- €14 million to Plurima SpA for the stipulation of warehouse leasing contracts.

The item “Adjustments” refers to contractual changes during the period in question, e.g. for changes in duration due to extension, revision of economic conditions, etc.

The item terminations refers to the early termination of existing contracts with respect to their natural maturity.

The increase in Right-of-use assets recognised during the year and related to lease contracts for electric, hybrid and endothermic vehicles as well as aircraft considered to be “green” amounted to approximately €52 million, relating to the Parent Company and the Group company Poste Air Cargo.

tab. A4.1 - Economic effects of lease agreements

Description (€m)	FY 2024	FY 2023
Amortisation, write-downs and adjustments of right-of-use assets	282	272
Financial charges on lease payables	33	28
Costs related to short-term leases	25	35
Costs related to lease of low-value assets	13	14
Costs related to lease of intangible assets	134	102
Total	**487**	**451**

tab. A4. 2- Movements in lease liability

Description (€m)	FY 2024
Balance at 1 January	**1,341**
New contract increases	191
Payments	(307)
Finance costs	33
Change in scope	4
Other changes	9
Balance at 31 December	**1,271**
of which current	310
of which non-current	961

A5 – Investments accounted for using the equity method (€332 million)

tab. A5 - Investments

Description (€m)	31.12.2024	31.12.2023	Changes
Investments in associates	318	290	28
Investments in joint ventures	15	-	15
Investments in subsidiaries	0	4	(4)
Total	**332**	**294**	**38**

tab. A5.1 - Investments accounted for using the equity method

			Impairment losses			
Description (€m)	Balance at 01.01.2024	Increases/ (Decreases)	accounted for using the equity method	Dividend adjustments	Other changes	Balance at 31.12.2024
in associates						
Anima Holding SpA	219	4	26	(10)	(0)	240
Conio Inc	1	-	(0)	-	-	0
Consorzio Italia Cloud	0	-	-	-	-	0
Eurizon Capital Real Asset SGR	4	0	0	-	-	5
Financit SpA	35	-	(7)	(6)	-	21
ItaliaCamp Srl	1	-	0	-	-	1
N&TS Group Networks & Transactional Systems Group SpA	-	18	1	(1)	-	17
Replica Sim SpA	9	-	1	-	-	10
sennder Italia Srl	22	0	2	-	(0)	24
Total associates	**290**	**22**	**22**	**(16)**	**(0)**	**318**
in joint ventures						
Locker Italia SpA	-	15	(0)	-	-	15
Total joint ventures	**-**	**15**	**(0)**	**-**	**-**	**15**
in subsidiaries						
Address Software Srl	1	(1)	0	-	-	-
Casina Poste SSD a r.l.	-	0	-	-	-	0
Kipoint SpA	3	-	-	-	(3)	-
Indabox Srl	1	-	-	-	(1)	-
Total subsidiaries	**4**	**(1)**	**0**	**-**	**(3)**	**0**
Total	**294**	**36**	**22**	**(16)**	**(3)**	**332**

* The values shown in the table are rounded in millions of euro (without decimal places). It follows that the sum of the amounts may not coincide with the rounded totals.

The most significant changes during the year are shown below:

- recognition of the investment in N&TS Group Networks & Transactional Systems Group SpA at a value of €17.6 million;
- registration of the investment in Locker Italia SpA worth €15 million;
- positive adjustment of the investment in Anima Holding SpA for about €21 million, of which: an increase of about €26 million for the share of the economic results achieved by the investee between 30 September 2023 and 30 September 2024, the date of the latest available financial statements, and a decrease of €10 million due to the dividends received (for further information on the Takeover Bid launched by Banco BPM Vita SpA on Anima Holding, see paragraph *3.2. Events after the end of the reporting period);*
- adjustment of the investment in Financit SpA for a negative €14 million, of which €6 million attributable to the effect of dividends received and €8 million to the adjustment following the impairment test performed on the value of the investment (for further details on the impairment test, see section *2.6 - Use of Estimates).*

For more details on the transactions related to N&TS Group Networks &Transactional Systems Group SpA and Locker Italia SpA and the other changes in the scope of consolidation, please refer to Section 2.8 - *Basis of consolidation.*

Finally, it should be noted that the investments in the subsidiaries Kipoint SpA and Indabox Srl have been consolidated on a line-by-line basis since 1 January 2024, and the subsidiary Address Software Srl has been merged by incorporation into Poste Italiane SpA with legal effect from 1 June 2024.

As required by IFRS, the equity investments were subjected to an impairment test in order to verify whether there was objective evidence that their carrying amount was not fully recoverable, and no need to make further value adjustments other than the one already mentioned for the investment in Financit emerged.

A list of subsidiaries, joint ventures and associates accounted for using the equity method is provided in Additional information – Scope of consolidation and highlights of investments (note 4.12).

A6 – Financial assets (€244,538 million)

tab. A6 - Financial assets

Description (€m)	Balance at 31.12.2024 Non-current assets	Current assets	Total	Balance at 31.12.2023 Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	32,385	14,369	46,753	32,049	13,054	45,103	1,650
Financial assets at FVTOCI	127,716	14,021	141,737	122,369	17,226	139,594	2,142
Financial assets at FVTPL	47,417	5,882	53,299	47,058	1,147	48,205	5,094
Derivative financial instruments	2,611	137	2,748	4,180	77	4,257	(1,508)
Total	**210,129**	**34,409**	**244,538**	**205,656**	**31,503**	**237,159**	**7,378**
of which Financial Activities	*65,785*	*14,837*	*80,622*	*64,414*	*15,642*	*80,056*	*566*
of which Insurance Activities	*143,776*	*19,278*	*163,053*	*140,588*	*15,556*	*156,145*	*6,909*
Of which Postal and Business Activities	*562*	*9*	*571*	*647*	*6*	*653*	*(81)*
of which Postepay Services Activities	*7*	*284*	*291*	*7*	*299*	*306*	*(15)*

Financial assets by operating segment break down as follows:

Financial activities

tab. A6.1 - Financial assets - Financial Services

Description (€m)	Balance at 31.12.2024 Non-current assets	Current assets	Total	Balance at 31.12.2023 Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	**30,346**	**13,887**	**44,232**	**30,124**	**12,549**	**42,673**	**1,560**
Loans and receivables	-	13,124	13,124	-	12,275	12,275	850
Loans	-	1,566	1,566	-	1,769	1,769	(203)
Receivables	-	11,558	11,558	-	10,505	10,505	1,053
Deposits with the MEF	-	9,968	9,968	-	8,932	8,932	1,036
Receivables	-	9,972	9,972	-	8,937	8,937	1,035
Provisions for doubtful amounts deposited with MEF	-	(4)	(4)	-	(5)	(5)	1
Other financial receivables	-	1,590	1,590	-	1,574	1,574	16
Fixed income instruments	30,346	763	31,108	30,124	274	30,398	710
Financial assets at FVTOCI	**32,793**	**883**	**33,676**	**30,083**	**3,017**	**33,100**	**576**
Fixed income instruments	32,793	883	33,676	30,083	3,017	33,100	576
Financial assets at FVTPL	**34**	**-**	**34**	**26**	**-**	**26**	**8**
Equity instruments	34	-	34	26	-	26	8
Derivative financial instruments	**2,611**	**68**	**2,679**	**4,180**	**77**	**4,257**	**(1,577)**
Cash flow hedges	6	6	12	2	2	5	7
Fair value hedges	2,605	62	2,668	4,178	74	4,252	(1,584)
Total	**65,785**	**14,837**	**80,622**	**64,414**	**15,642**	**80,056**	**566**

Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.1.1 - Movements in financial assets at amortised cost

Description (€m)	Loans and receivables	Fixed income instruments	Total
Balance at 1 January 2024	**12,275**	**30,398**	**42,673**
Purchases		2,650	2,650
Changes in amortised cost	-	(31)	(31)
Transfers to equity reserves	-	5	5
Changes in fair value through profit or loss	1	207	208
Changes due to impairment	-	5	5
Net changes	(329)		(329)
Effects of sales on profit or loss	-	35	35
Change in accruals	1	18	19
Sales, redemptions and settlement of accruals		(2,179)	(2,179)
Other changes	1,177	-	1,177
Balance at 31 December 2024	**13,124**	**31,108**	**44,232**

Loans and receivables

The item **Loans** refers to reverse repurchase agreements in the amount of €2,726 million (€4,106 million at 31 December 2023), of which €2,513 million were entered into with the Cassa di Compensazione e Garanzia SpA (hereafter CC&G) and €213 million were entered into with leading financial operators, both for the temporary use of liquidity from private funding. These transactions are guaranteed by securities for a total notional amount of €2,611 million. Financial assets and liabilities relating to repurchase agreements managed through the CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023). At 31 December 2024, the fair value[291] of said item was €1,566 million.

Receivables include:

- **Deposits with the MEF**, for €9,972 million, including public customers' postal current account deposits, which earn a variable rate of return, calculated on a basket of government bonds[292]. The deposit has been adjusted to reflect accumulated impairments of approximately €4 million, to reflect the risk of counterparty default (€5 million at 31 December 2023). The increase in deposits of €1,035 million was mainly due to the typical operations of some customers in the Public Administration, which generated an increase in deposits from postal current accounts. During the 2024 financial year, hedging (management) derivative contracts were concluded on the 10-year index-linked remuneration component. The hedging transaction was carried out through forward purchases of the 10-year BTP with settlement of the differential between the pre-set price of the security and its market value. These operations, which ended on 31 December 2024, generated positive effects of €2 million recognised in the income statement under the item Income from investments in postal current accounts and cash and cash equivalents.
- **Other financial receivables:**
  - €801 million for guarantee deposits - of which €299 million for amounts paid to counterparties for repurchase transactions on fixed income instruments (collateral provided for by specific Global Master Repurchase Agreements), €214 million for amounts paid to CC&G, (€123 million for outstanding repurchase transactions and €91 million as a pre-financed contribution to the guarantee fund, the Default Fund[293]), €193 million for sums paid to counterparties for Interest rate swap transactions (collateral provided for by specific Credit Support Annexes) and €95 million for sums paid as collateral within clearing systems with central counterparties for over-the-counter derivative transactions[294];
  - €386 million related to the liquidity reserve at CC&G to cover possible intra-day margin calls.

Fixed income instruments

These are Eurozone fixed income instruments held by BancoPosta RFC, consisting of government securities issued by the Italian government and securities guaranteed by the Italian government with a nominal value of €30,866 million. Their carrying amount of €31,108 million reflects the amortised cost of unhedged fixed income instruments, totalling €19,721 million, the amortised cost of fair-value hedged fixed income instruments, totalling €12,469 million, that decreased by €1,082 million to take into account the effects of the hedge (€1,944 million in 2023). Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 31 December 2024 amount to approximately €13 million (€18 million at 31 December 2023).

At 31 December 2024, the fair value[295] of these securities was €29,647 million (including €252 million in accrued income).

This category of financial asset includes fixed rate instruments, amounting to nominal €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 31 December 2024, their carrying amount totals €2,902 million).

291. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.
292. The variable rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.
293. A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.
294. These are transactions carried out outside the regulated securities markets and therefore not subject to any specific regulation concerning the organisation and operation of the market itself.
295. In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €26,489 million of the total amount qualifies for inclusion in Level 1 and €3,158 million for inclusion in Level 2.

Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.1.2 - Movements in financial assets at FVTOCI

Description (€m)	Fixed income instruments
Balance at 1 January 2024	**33,100**
Purchases	6,221
Transfers to equity reserves	11
Changes in amortised cost	45
Changes in fair value through equity	593
Changes in fair value through profit or loss	252
Effects of sales on profit or loss	35
Change in accruals	9
Sales, redemptions and settlement of accruals	(6,590)
Balance at 31 December 2024	**33,676**

Fixed income instruments

These concern euro area fixed income government securities, consisting of government bonds issued by the Italian government, held by BancoPosta RFC, with a nominal value of €33,828 million.

The carrying amount of €33,676 million consists of non-hedged securities in the amount of €14,762 million, fair value hedged securities in the amount of €12,240 million, and CFH hedged securities in the amount of €6,674 million.

Total fair value fluctuation for the year was positive for €845 million, with the amount of €593 million recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges, and an amount of €252 million recognised through profit or loss in relation to the hedged portion.

Accumulated impairments at 31 December 2024 amount to €14 million (€19 million at 31 December 2023). The increase in this item is mainly due to the positive fair value fluctuation mentioned above and partially offset by higher sales and redemptions during the year compared to purchases.

Certain securities are encumbered as they have been delivered to counterparties for use as collateral in connection with loans and hedging transactions, as described in note 4.12 – *Additional information*.

Financial assets at fair value through profit or loss

Equity instruments

Equity instruments include:

- for € 17 million, the fair value of 32,059 Visa Incorporated preferred stocks (Series C Convertible Participating Preferred Stocks). These shares are convertible to ordinary shares at the rate of 1,783[296] ordinary shares for each C share, minus a suitable illiquidity discount. The process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stocks continued during the year, partially concluded on 19 July 2024 with the grant of 583 preferred stocks of Visa Incorporated Series A Preferred Stocks;
- for €17million, the fair value of 583 Visa Incorporated preferred stocks (Series A Preferred Stock); these shares are convertible into ordinary shares on the basis of a ratio of 100 ordinary shares for every share of Class A Preferred Stock.

296. Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

Net fair value gains in the year under review, amounting to €8 million, have been recognised in profit or loss in the items Income and Expenses from financial activities.

In addition, a forward sale agreement was entered into during the financial year 2023 for 95,000 Visa Incorporated ordinary shares with a total consideration of €20.5 million and a settlement date of 3 March 2025. Fair value losses in the year under review, amounting to €5.6 million, have been recognised in profit or loss in "Expenses from financial activities".

Derivative financial instruments

Tab. A6.1.3 - Derivative financial instruments

Description (€m)	Balance at 31.12.2024		Balance at 31.12.2023		Changes
	Nominal	Fair value	Nominal	Fair value	
Cash Flow hedges					
Forward sales of securities	602	2	-	-	2
Interest rate swaps	5,956	(532)	3,287	(513)	(19)
Fair value hedges					
Interest rate swaps on securities at FVTOCI and AC	24,452	1,861	25,031	3,718	(1,857)
Interest rate swaps on repos	-	-	3,996	(83)	83
FVTPL					
Forward sales	0	(8)	0	(3)	(5)
Derivative financial instruments	**31,010**	**1,323**	**32,314**	**3,119**	**(1,795)**
Of which:					
Derivative assets	16,312	2,679	19,665	4,257	(1,578)
Derivative liabilities	14,698	(1,356)	12,649	(1,138)	(218)

Cash flow hedge transactions in interest rate swaps and forward sales relate exclusively to securities valued at FVTOCI.

Interest rate risk cash flow hedges recorded a net negative change of €17 million during the period, of which €111 million related to the net positive change in fair value of the effective component of the hedge, reflected in the cash flow hedge reserve, and €128 million related to the net negative change in completed transactions[297] during the year and the ineffective component of hedging contracts.

Fair value hedges in interest rate swaps are used to hedge securities measured at amortised cost with a nominal value of €11,617 million and securities measured at FVTOCI with a nominal value of €12,835 million; in total, they underwent a net negative change of €1,857 million during the year, of which €85 million related to the net negative change in fair value of the effective component of the hedge and €1,772 million related to the net negative change in transactions completed during the year and the ineffective component of hedging contracts.

In the year under review, the Parent Company carried out the following transactions:

- forward sales of securities with a nominal amount of €602 million;
- the conclusion of new cash flow hedge interest rate swaps with a nominal value of €2,669 million;
- settlement of new fair value hedge interest rate swaps to hedge the securities portfolio for a nominal amount of €3,895 million and adjusting those outstanding at 1 January 2024 for a nominal amount of €25 million;
- early settlement or at maturity of fair value hedge interest rate swaps on repurchase agreements for a nominal value of €3,996 million;
- early settlement of fair value hedge interest rate swaps with a nominal value of €4,449 million (of which: €3,499 million relating to hedging transactions for which the underlying security was also sold, €950 million relating to hedging transactions without sale of the underlying security) with the aim of consolidating a fixed return in line with the market situation, while at the same time improving the income profile of a portion of the portfolio for subsequent years.

297. Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

In addition, the Parent Company entered into and settled forward purchases for a total nominal value of €148 million (recognised at fair value through profit or loss) to hedge the 10-year index-linked component of the remuneration of the investment of funding from public customers. In total, these transactions generated a positive effect of €2 million in the year under review, which was recognised in the income statement under the item Income from investments in postal current accounts and free cash balances.

Insurance activities

tab. A6.2 - Financial assets - Insurance Services

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current assets**	**Current assets**	**Total**	**Non-current assets**	**Current assets**	**Total**	**Changes**
Financial assets at amortised cost	**2,036**	**188**	**2,224**	**1,922**	**200**	**2,123**	**102**
Receivables	1	63	64	0	54	55	9
Fixed income instruments	2,035	125	2,160	1,922	146	2,068	92
Financial assets at FVTOCI	**94,358**	**13,138**	**107,496**	**91,643**	**14,209**	**105,852**	**1,644**
Fixed income instruments	94,354	13,138	107,492	91,638	14,209	105,847	1,644
Equity instruments	4	-	4	5	-	5	(1)
Financial assets at FVTPL	**47,382**	**5,882**	**53,264**	**47,023**	**1,147**	**48,170**	**5,094**
Receivables	-	820	820	-	-	-	820
Fixed income instruments	25,966	2,063	28,029	2,211	353	2,564	25,465
Units of mutual investment funds	21,393	1,148	22,541	44,790	308	45,098	(22,557)
Equity instruments	1	1,851	1,852	1	485	486	1,366
Other investments	22	1	22	21	1	22	0
Derivative financial instruments	**-**	**69**	**69**	**-**	**-**	**-**	**69**
Total	**143,776**	**19,278**	**163,053**	**140,588**	**15,556**	**156,145**	**6,909**

Of the total amount of financial assets belonging to the insurance business, an amount of about €14.3 billion refers to investment products and options of Poste Vita SpA that provide for the inclusion of factors related to the environment, social and governance (ESG factors).

Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.2.1 - Movements in financial assets at amortised cost

Description (€m)	**Loans and receivables**	**Fixed income instruments**	**Total**
Balance at 1 January 2024	**55**	**2,068**	**2,123**
Purchases		212	212
Changes in amortised cost	(0)	6	6
Net changes	10		10
Effects of sales on profit or loss	-	0	0
Change in accruals	-	2	2
Sales, redemptions and settlement of accruals		(129)	(129)
Balance at 31 December 2024	**64**	**2,160**	**2,224**

Receivables

Financial receivables of €64 million mainly regard receivables for management commissions of Poste Vita internal funds.

Fixed income instruments

Fixed income instruments at amortised cost at 31 December 2024 have a carrying amount of €2,160 million. These instruments primarily relate to the free capital of Poste Vita SpA and Poste Assicura SpA. At 31 December 2024, the fair value[298] of these instruments is €2,012 million.

Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 31 December 2024 amount to approximately €0.6 million (€0.9 million at 31 December 2023).

Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income are shown below:

tab. A6.2.2 - Movements in financial assets at FVTOCI

Description (€m)	Fixed income instruments	Equity instruments	Total
Balance at 1 January 2024	**105,847**	**5**	**105,852**
Purchases	17,480	0	17,481
Transfers to equity reserves	112	0	112
Changes in amortised cost	562	0	562
Changes in fair value through equity	1,304	(1)	1,304
Effects of sales on profit or loss	(69)	0	(69)
Change in accruals	49	0	49
Sales, redemptions and settlement of accruals	(17,795)	(0)	(17,795)
Balance at 31 December 2024	**107,492**	**4**	**107,496**

These financial instruments recorded a positive change in fair value of €1,304 million, of which €1,245 million was due to the revaluation of insurance liabilities.

Fixed income instruments

At 31 December 2024, fixed income instruments relate to investments primarily held by Poste Vita SpA for €106,614 million (a nominal value of €114,019 million) issued by European governments and leading European companies. These securities are used to hedge products related to Separately managed accounts in the amount of €101,818 million. These fixed income instruments comprise bonds issued by CDP SpA, with a fair value of €124 million. Accumulated impairment at 31 December 2024 amounts to approximately €39 million, almost entirely reflected in insurance liabilities.

298. In terms of the fair value hierarchy, which reflects the relevance of the sources used to conduct the measurements, €1,908 million of the total amount qualifies for inclusion in Level 1, €102 million for inclusion in Level 2 and €2 million in Level 3.

Financial assets at fair value through profit or loss

Below are the movements in financial assets at fair value through profit or loss:

tab. A6.2.3 - Movements in financial assets at FVTPL

Description (€m)	Receivables	Fixed income instruments	Other investments	Units of mutual investment funds	Equity instruments	Total
Balance at 1 January 2024	**-**	**2,564**	**22**	**45,098**	**486**	**48,170**
Change in scope of consolidation	842	22,542	-	(24,700)	1,230	(87)
Purchases		7,958	-	3,601	1,018	12,577
Changes in fair value through profit or loss	-	439	0	2,165	69	2,673
Net changes	(22)					(22)
Effects of sales on profit or loss	-	(26)	-	110	113	197
Accruals	-	124	1	-	-	124
Sales, redemptions and settlement of accruals		(5,570)	(1)	(3,733)	(1,064)	(10,368)
Balance at 31 December 2024	**820**	**28,029**	**22**	**22,541**	**1,852**	**53,264**

The item recorded an overall positive change of €4,806 million, mainly due to net investments of around €2,209 million, and a positive change in fair value of €2,673 million; this effect contributed almost entirely to the revaluation of insurance liabilities.

The change in the scope of consolidation relates to the full consolidation of the new UCITS funds held entirely by Poste Vita. In particular, following the completion of the "Multi-Asset Project" (for further details, please refer to section 2.8 - Basis of consolidation), the amounts previously included in units in mutual investment funds were reclassified for a total net amount of €25,346 million, showing the individual assets and liabilities held by the newly consolidated UCITS Funds in their respective accounting items. In accordance with the relevant accounting standards, the assets and liabilities in the Funds were classified at fair value through profit or loss (FVTPL) as they fall within the "Other business models" case of IFRS 9 - *Financial Instruments*. In determining the fair value of these items, the Poste Italiane Group has taken advantage of the exception provided for by international accounting standards (Portfolio exemption), according to which, in the presence of a group of financial assets and liabilities exposed to market risks and the credit risk of each of the counterparties, the fair value may be defined, not on the basis of the individual item, but considering the market value of the net exposure to these risks at the measurement date (in this specific case, the fair value of the net exposure to risks would correspond to the NAV of the Funds). The combination of the above provisions made it possible to maintain a valuation in line with the synthetic valuation (NAV) of the Funds in the consolidated financial statements of the Poste Italiane Group without any impact on the statement of profit or loss, limiting the changes to the representative effects only (look through of the Funds with disclosure of the individual assets and liabilities comprising them).

Fixed income instruments

At 31 December 2024, fixed income instruments amounting to €28,029 million mainly refer to securities held by the new UCITS Funds consolidated as of September 2024. Of this, approximately €13,019 million related to corporate instruments, while €9,829 million relates to investments in government bonds of European and non-European sovereign countries excluding the Italian state.

This item also includes securities held by Poste Vita amounting to €5,171 million and mainly consisting of corporate instruments issued by primary issuers and used to hedge products linked to Separately Managed Accounts for €2,369 million.

Units of mutual investment funds

Units in mutual investment funds are held mainly by Poste Vita SpA to hedge Separately Managed Accounts[299] (€7,738 million) and Class III policies (€14,112 million); the supplement to the balance refers to investments of the company's free capital (€4 million). At 31 December 2024, the investments in UCITS units amounted to €17,259, units in mutual real estate funds totalled €2,406 million, and mutual funds that primarily invest in bonds totalled €2,190 million.

This item recorded a positive change in fair value of €2,165 million, in addition to net disinvestments of €132 million.

Of the total amount of mutual funds in which Poste Vita SpA invests, an amount of approximately €7.3 billion refers to funds in whose investment policies environmental, social and governance (ESG factors) are considered.

Equity instruments

Equity instruments amount to €1,852 million and are mainly held by the new UCITS funds. This item also includes shares held by the company Poste Vita amounting to €541 million and mainly used to hedge Class I products linked to Separately Managed Accounts and Class III products.

Other investments

Other investments of €22 million relate to a Constant Maturity Swap placed by Cassa Depositi e Prestiti held by Poste Vita (a nominal value of €22 million) and covering products linked to Separately managed accounts.

Derivative financial instruments

At 31 December 2024, derivative trading instruments related to currency forward transactions.

Postal and business activities

tab. A6.3 - Financial assets - Postal and Business Services

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	**3**	**9**	**12**	**2**	**6**	**8**	**4**
Loans	-	-	-	-	1	1	(1)
Credits and other instruments	3	9	12	2	5	7	5
Due from the purchasers of service accommodation	3	2	4	2	-	2	2
Due from others	-	21	21	-	20	20	1
Provisions for doubtful receivables	-	(20)	(20)	(0)	(20)	(20)	0
Other investments	-	7	7	-	5	5	2
Financial assets at FVTOCI	**559**	**0**	**559**	**636**	**0**	**636**	**(77)**
Fixed income instruments	102	0	102	99	0	99	4
Equity instruments	457	-	457	537	-	537	(80)
Financial assets at FVTPL	**0**	**-**	**0**	**9**	**-**	**9**	**(9)**
Bond	-	-	-	9	-	9	(9)
Total	**562**	**9**	**571**	**647**	**6**	**653**	**(81)**

299. In addition to the amounts indicated above, the total covering the Separately Managed Accounts also includes the value of net assets held by UCITS funds (of which Poste Vita owns 100% of the units and which are consolidated on a line-by-line basis) totalling €25,186 million (equal to the total NAV of the same). Following consolidation, the NAV is shown through the look-through of the individual assets and liabilities that comprise them (classified only as financial assets and liabilities at fair value through profit or loss).

Financial assets at amortised cost

Due from others, with a nominal value of €20 million, regard the remaining amount due from Invitalia SpA as a result of the sale of Banca del Mezzogiorno-MedioCredito Centrale SpA (BdM), entirely written off.

Financial assets at fair value through other comprehensive income

tab. A6.3.1 - Movements in financial assets at FVTOCI

Description (€m)	Fixed income instruments	Equity instruments	Total
Balance at 1 January 2024	**99**	**537**	**636**
Purchases	-	0	0
Changes in amortised cost	2	-	2
Changes in fair value through equity	2	(90)	(88)
Conversion of bond	-	10	10
Balance at 31 December 2024	**102**	**457**	**559**

Fixed income instruments

The item includes one Italian government bond with a nominal value of €110 million purchased during the year 2022. Fair value gains at 31 December 2024, amounting to €1 million, have been recognised in the specific Equity reserve.

Equity instruments

tab. A6.3.2 - Equity instruments at FVTOCI

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Moneyfarm Holding L.t.d.	57	55	1
sennder Technologies Gmbh	126	112	14
Scalapay Limited	25	25	-
Nexi	249	345	(95)
Total	**457**	**537**	**(80)**

In December 2024, Poste Italiane exercised the early conversion of the bond issued by sennder Technologies GmbH into shares of the same for a total amount of approximately €9.5 million.

The overall fair value fluctuation of this item (negative €90 million) is recognised in the specific equity reserve and is mainly attributable to the shares of Nexi SpA (negative reserve of €401 million at 31 December 2024). Finally, in February 2025, Poste Italiane SpA sold its entire shareholding in Nexi SpA – equal to about 3.78% of the share capital – to Cassa Depositi e Prestiti SpA. For further details on corporate transactions during the year, please refer to Note 3.2 - *Events after the end of the reporting period.*

Lastly, the item includes, for €75 million the investment in CAI SpA (formerly Alitalia CAI SpA), acquired in 2013 and fully written off in 2014.

Financial assets at fair value through profit or loss

This item consists of equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code) resulting from the conversion of Contingent Convertible Notes[300], issued by Midco SpA, whose value at 31 December 2024 is zero. The decrease in the item in question derives from the conversion, on 10 December 2024, of the portion of the convertible bond issued by sennder Technologies GmbH in the year 2023 and subscribed by Poste Italiane for about €9.5 million, a value representing the fair value at the date of conversion.

Derivative financial instruments

The following transactions also took place during 2024:
- stipulation and settlement of a commodity swap contract for the operational hedging of fuel costs relating to the air transport of mail carried out through the subsidiary Poste Air Cargo Srl;
- stipulation and settlement of seven non-deliverable forward contracts to hedge the currency risk (euro/dollar) mainly related to aircraft leases in the air mail business, carried out through the subsidiary Poste Air Cargo Srl.

Postepay Services activities

tab. A6.4 - Financial assets - Postepay Services sector

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	0	284	285	0	299	299	(15)
Receivables	0	284	285	0	299	299	(15)
Financial assets at FVTOCI	6	0	6	7	0	7	(1)
Equity instruments	6	0	6	7	0	7	(1)
Financial assets at FVTPL	1	0	1	1	0	1	0
Convertible bond	1	0	1	1	0	1	0
Total	**7**	**284**	**291**	**7**	**299**	**306**	**(15)**

Financial assets at amortised cost

Financial assets at amortised cost mainly refer to receivables from international settlement circuits for the acquiring service and to items in progress to be settled on prepaid cards of the EMI assets. In particular, the change concerns transactions executed by prepaid card holders in the last days of the month and settled on accounts in the following days.

Financial assets at fair value through other comprehensive income

Financial assets at fair value recognised in other components of comprehensive income refer entirely to the investment in Volante.

300. These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the airline Alitalia SAI SpA, subscribed by Poste Italiane SpA in December 2014, as part of the transaction aimed at the entry of the company Etihad Airways into the share capital of Alitalia SAI. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer entirely to the convertible bond loan entered into with Volantè Technologies Inc. in July 2023.

A7 – Inventories (€177 million)

tab. A7 - Inventories

Description (€m)	Balance at 31.12.2023	Increase/(decrease)	Balance at 31.12.2024
Properties held for sale	136	12	149
Work in progress, semi-finished and finished goods and goods for resale	28	(6)	22
Raw, ancillary and consumable materials	8	(2)	6
Total	**172**	**5**	**177**

Properties held for sale refer entirely to the portion of EGI SpA's real estate portfolio to be sold, whose fair value[301] at 31 December 2024 amounts to approximately €282 million. It should be noted that during the period, EGI sold two properties for €5.8 million, resulting in a capital gain at the consolidated level of €5.3 million.

At the closing date of these financial statements, work in progress, semi-finished and finished goods and goods for resale included approximately €2 million of final inventories related to environmental certificates held by Poste Air Cargo SpA and PostePay SpA that were previously purchased and not used during the reporting period.

A8 – Trade receivables (€2,078 million)

tab. A8 - Trade receivables

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Due from customers	2	1,843	1,845	3	2,150	2,152	(307)
Due from Parent Company (MEF)	-	228	228	-	249	249	(21)
Due from subsidiaries, associates and joint ventures	-	6	6	-	6	6	(1)
Prepayments to suppliers	(0)	0	0	-	0	0	0
Total	**2**	**2,076**	**2,078**	**3**	**2,404**	**2,407**	**(329)**

301. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

Due from customers

tab. A8.1 - Due from customers

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Ministries and Public Administration entities	1	365	366	-	563	563	(197)
Cassa Depositi e Prestiti	-	221	221	-	247	247	(27)
Due from private individuals for parcel delivery services	-	476	476	-	505	505	(29)
Due from private individuals for mail services	-	331	331	-	379	379	(48)
Overseas counterparties	-	275	275	-	323	323	(48)
Overdrawn current accounts	-	47	47	-	45	45	2
Amounts due for other BancoPosta services	-	74	74	-	58	58	16
Other receivables customers	1	623	624	3	558	561	64
Provisions for doubtful debts due from customers	(0)	(570)	(570)	(0)	(529)	(529)	(41)
Total	**2**	**1,843**	**1,845**	**3**	**2,150**	**2,152**	**(307)**

The change in Due from customers is mainly due to the reduction in the receivables Ministries and Entities due to the release of receipts related to the tariff additions made in 2020, 2021, 2022 and the first three quarters of 2023 for a total amount of €195 million (which until 31 December 2023 were shown under other liabilities for advances received, due to the constraint of unavailability) and the collection in March 2024 of a further €20 million related to the last quarter of 2023.

Specifically[302]:

- Receivables **Ministries and Public Administration entities** refer mainly to the following services:
  - Compensation for Publisher tariff subsidies, due from the Presidenza del Consiglio dei Ministri - Dipartimento dell'Editoria (Cabinet Office – Publishing Department), amounting to €55 million accrued during the year;
  - Integrated Notification and mailroom services rendered to central and local government entities, amounting to €18 million;
  - Reimbursement of building, vehicle and security costs, postage and other services incurred on behalf of the Ministry of Enterprise and Made in Italy (MIMIT)[303] in the amount of €51 million. This receivable consists of a residual receivable of €28 million (originally €62 million collected for €34 million) related to services provided until 2012. The addition to the balance consists of €23 million of receivables mainly related to the charges incurred by Poste but arising from the use of real estate by the Ministry for the period 2013-2024 and for which a negotiation round-table with the counterparty is underway;
  - Mail forwarding and notification services provided following a tender procedure for a total of €63 million;
  - Mail services provided on credit, totalling €31 million, to central and local government entities;
  - Market Registered Mail services, totalling €30 million, provided to central and local government entities;
  - Unfranked mail services, totalling €14 million, provided to central and local government entities;
  - The payment of pensions and vouchers on behalf of INPS (the National Institute of Social Security), totalling €9 million.
- Due from **Cassa Depositi e Prestiti** refer to fees for BancoPosta RFC's for the collection of postal savings deposits and not yet settled.
- Amounts due for **Parcel delivery services** relate mainly to shipments carried out by the Parent Company and services provided by the subsidiary SDA Express Courier SpA.
- Amounts due for **mail services** refer to receivables mainly owed by the Parent Company to private customers using the "delivery and mailing" range of services.
- Receivables **overseas counterparties** primarily relates to postal services carried out for overseas postal operators.
- Amounts due for **overdrawn current accounts** derive almost exclusively from overruns due to the debiting of BancoPosta's periodic fees.
- Amounts due for **other BancoPosta services** mainly refer to intermediation services (banking, personal loans, mortgages) provided.

302. At 31 December 2024, the balance of trade receivables includes €5 million, net of the related provisions for doubtful debts, relating mainly to rental income falling within the scope of IFRS 15 – Revenue from Contracts with Customers.
303. Former Ministry of Economic Development (MiSE).

Due from the Parent Company

This item relates to trade receivables due to the Parent Company from the Ministry of the Economy and Finance.

tab. A8.2 - Due from the Parent Company

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Remuneration of current account deposits	198	218	(20)
Universal Service	-	31	(31)
Delegated services	30	30	-
Publisher tariff and electoral subsidies	-	1	(1)
Others	1	2	(0)
Provisions for doubtful receivables due from the Parent company	(1)	(33)	32
Total	**228**	**249**	**(23)**

Specifically:

- The **remuneration of current account deposits** refers entirely to amounts accruing in 2024 and almost entirely relates to the deposit of funds deriving from accounts opened by Public Administration entities and attributable to BancoPosta RFC.
- remuneration for the performance of the **Universal Service** of €262 million accrued during the year were collected in full. The amount of compensation was recognised based on the terms of the 2020-2024 Service Contract, effective 1 January 2020. The contract was extended until 30 April 2026 by the Ministry of Enterprise and Made in Italy in November 2024 and signed by the company on 16 December. The European authorisation process is in progress through notification to the European Commission.
  Following the communication received from the MEF on 27 March 2024, in which the opinion of the Avvocatura Generale dello Stato was endorsed, clarifying the ownership of certain credit items, the 2015 agreement[304] by which the respective debit and credit relationships were defined and settled, became fully effective. Therefore, in the financial year under review, the residual receivables were written off by using, and without economic impact, the corresponding provision set aside in 2015 for the remuneration for the performance of the Universal Service for the years 2005 and 2012, totalling €31 million.
- Amounts due for **delegated services** relate to fees accrued solely in 2024 for treasury services performed by BancoPosta on behalf of the State in accordance with a specific agreement with the MEF renewed on 19 May 2023 for the two-year period 2023-2024.

Impairment of trade receivables

Movements in the **provisions for doubtful receivables** (due from customers and the Parent Company) are as follows:

Description (€m)	Balance at 31.12.2023	Net provisions	Uses	Balance at 31.12.2024
Private customers	342	45	(17)	369
Public administration entities	79	(2)	(2)	75
Overseas postal operators	11	(0)	-	11
	432	**42**	**(20)**	**455**
Interest on late payments	98	31	(13)	115
Due from Parent company (MEF)	33	(1)	(31)	1
Total	**562**	**73**	**(65)**	**571**

Net provisions of €45 million largely refer to receivables subject to bankruptcy proceedings and receivables entrusted to lawyers for recovery. Utilisations for the year mainly refer to the write-off of receivables following the conclusion of bankruptcy proceedings and agreements, and to the write-off of receivables for current accounts with a debtor balance, for which it was ascertained that recovery actions were not cost effective, also taking into account the small amount of the individual credit positions.

304. On 7 August 2015, the Ministry of Economy and Finance sent Poste Italiane a special note signed by the Director General of the Treasury and the State General Accountancy Office (MEF Note) regarding the recognition of receivables and payables between the Ministry and the Company, effective as of the time of full payment of all sums pertaining to the Company.

For the sake of completeness, the following tables present details of the gross carrying amount and the provision to cover expected losses for each class of **trade receivables**. This detail is provided separately depending on whether the model used to estimate the ECL is based on an analytical or a lump-sum valuation. For more details on the inputs, assumptions and estimation techniques used to calculate the impairment of financial assets, as well as for information on how guarantees and other credit risk mitigation instruments are considered in the calculation of the Provisions for doubtful debts, see *Note 2.6 - Use of estimates - Impairment and stage allocation of financial instruments*.

Poste Italiane Group - Credit risk - Trade receivables impaired on the analytical basis

	31.12.2024		31.12.2023	
Description (€m)	**Gross carrying amount**	**Provision to cover expected losses**	**Gross carrying amount**	**Provision to cover expected losses**
Trade receivables				
Due from customers	1,224	(256)	1,503	(234)
Cassa Depositi e Prestiti	221	(0)	248	(0)
Ministries and Public Administration entities	249	(59)	416	(55)
Overseas counterparties	194	(0)	217	(0)
Private customers	560	(196)	623	(179)
Due from the Parent Company	228	(0)	279	(33)
Other receivables	6	-	6	-
Total	**1,457**	**(256)**	**1,788**	**(268)**

Poste Italiane Group - Credit risk - Trade receivables impaired on the basis of the provision matrix

	31.12.2024		31.12.2023	
Range of past due (€m)	**Gross carrying amount**	**Provision to cover expected losses**	**Gross carrying amount**	**Provision to cover expected losses**
Not past due trade receivables	717	(19)	661	(16)
Past due 0 - 1 year	110	(19)	122	(15)
Past due 1 - 2 years	37	(11)	61	(15)
Past due 2 - 3 years	26	(11)	51	(12)
Past due 3 - 4 years	25	(10)	29	(8)
Past due > 4 years	56	(48)	53	(45)
Positions subject to legal recovery and/or insolvency proceedings	220	(198)	204	(183)
Total	**1,192**	**(315)**	**1,181**	**(295)**

A9 – Other receivables and assets (€5,294 million)

tab. A9 - Other receivables and assets

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Substitute tax paid	3,909	806	4,716	4,033	625	4,658	58
Due from social security agencies and pension funds (excl. fixed-term contract settlements)	-	44	44	-	73	73	(29)
Receivables relating to fixed-term contract settlements	28	71	99	33	73	107	(8)
Receivables for amounts that cannot be drawn on due to court rulings	-	58	58	-	58	58	0
Accrued income and prepaid expenses from trading transactions	-	106	106	-	62	62	44
Tax assets	-	104	104	-	78	78	26
Other receivables due from subsidiaries	-	-	-	-	0	0	(0)
Interest accrued on IRES refund	-	46	46	-	46	46	0
Interest accrued on IRAP refund	-	-	-	-	0	0	(0)
Sundry receivables	22	203	225	22	142	164	61
Provisions for doubtful debts due from others	(4)	(100)	(104)	(4)	(108)	(111)	7
Total	**3,955**	**1,339**	**5,294**	**4,084**	**1,051**	**5,135**	**159**

Specifically:

- **Substitute tax paid** refers mainly to:
  - €2,092 million on non-current receivables paid in advance by Poste Vita SpA for the financial years 2015-2021, withholding and substitute tax paid on capital gains on life policies[305];
  - €1,723 million charged to holders of Interest-bearing Postal Certificates and Class III and V insurance policies for stamp duty at 31 December 2024[306]; this amount is balanced by a matching entry in "Other taxes payable" until expiration or early settlement of the Interest-bearing Postal Certificates or the insurance policies, i.e. the date on which the tax is payable to the tax authorities (tab. B10.3);
  - €536 million relating to advances paid in relation to stamp duty to be paid in virtual form in 2025 and charged to customers and to be recovered from customers by Poste Italiane;
  - €92 million relating to stamp duty charged to Postal Savings Books, which Poste Italiane SpA pays in virtual form as required by law;
  - €74 million in withholding tax on interest paid to current account holders for 2024, which is to be recovered from customers.
- Receivables relating to fixed-term contract settlements consist of salaries to be recovered following the agreements[307] between Poste Italiane SpA and the trade unions, regarding the re-employment by court order of staff previously employed on fixed-term contracts. This item refers to receivables with a present value of €94 million from personnel, from INPS and pension funds recoverable in the form of variable instalments, the last of which is due in 2041. The item also includes €42 million receivable from INPS (formerly IPOST), covered by a specific agreement with IPOST dated 23 December 2009. Payment of this amount consists of six instalments of €6.9 million each, falling due between 30 June 2012 and 31 December 2014; negotiations are still in progress with the debtor to recover them.
- Receivables for **amounts that cannot be drawn on due to court rulings** refer to amounts attached and not assigned to creditors, which are in the process of being recovered.
- **Interest accrued on IRES refund**, refers to interest accruing up to 31 December 2023 in relation to the tax credit determined by an unreported deduction from the IRES tax base of IRAP paid on labour costs and almost entirely attributable to the Parent Company. Two disputes have been initiated to recover said receivable (*i.e. one under Law Decree no. 185/2008 and the other, under Law Decree no. 201/2011*) before the Provincial Tax Commission of Rome, which upheld Poste

305. Of the total amount, a portion of €420 million, assessed on the basis of provisions at 31 December 2021, has yet to be paid and is accounted for in "Other taxes payable" (tab. B10.3).
306. Introduced by article 19 of Law Decree 201/2011 converted with amendments by Law 214/2011 in the manner provided for by the MEF Decree of 24 May 2012: Manner of implementation of paragraphs from 1 to 3 of article 19 of Law Decree no. 201 of 6 December 2011, on stamp duty on current accounts and financial products (Official Journal 127 of 1 June 2012).
307. The Fixed-term contract agreements were signed on 13 January 2006, 10 July 2008, 27 July 2010, 18 May 2012, 21 March 2013, 30 July 2015 and 19 June 2018.

Italiane's appeals, ordering the Agenzia delle Entrate in Rome to refund the amounts claimed. The Agenzia delle Entrate has appealed both rulings before the Regional Tax Commission, which issued a favourable ruling on both of them. Poste Italiane challenged these rulings before the Court of Cassation, which resumed the case before the Tax Court, which, with regard to the case pursuant to Law Decree no. 201/2011, established, against an original claim of €43 million[308], the sum due by way of interest at €35 million. Concerning the case pursuant to Law Decree no. 185/2008, lodged on an amount of €3 million, on 11 June 2024, the Court of Cassation upheld Poste's arguments, referring the final determination of interest to the Lazio Tax Court. The judicial outcomes described were reflected in the adjustment of the provisions for doubtful receivables through an absorption in the profit and loss account of €13 million.

- **Accrued income and prepaid expenses from trading transactions and other assets** increased by €44 million compared to the previous year, mainly due to the one-off payment made in advance to employees in September to cover the fourth quarter of 2024 and the first eight months of 2025, in accordance with the provisions of the renewal of the National Collective Labour Agreement signed on 23 July 2024.

Movements in the provisions for doubtful debts due from others are shown below:

tab. A9.1 - Movements in Provisions for doubtful debts due from others

Description (€m)	Balance at 31.12.2023	Net provisions	Uses	Balance at 31.12.2024
Interest accrued on IRES refund	20	(13)	-	7
Receivables relating to fixed-term contract settlements	24	6	(0)	30
Other receivables	67	7	(6)	68
Total	**111**	**(0)**	**(6)**	**104**

A10 – Tax credits Law no. 77/2020 (€7,005 million)

tab. A10 - Tax credits Law no. 77/2020

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Tax credits at amortised cost	5,170	1,835	7,005	6,534	1,784	8,318	(1,313)
Total	**5,170**	**1,835**	**7,005**	**6,534**	**1,784**	**8,318**	**(1,313)**
of which Financial Activities	*4,936*	*1,787*	*6,723*	*6,246*	*1,665*	*7,911*	*(1,188)*
of which Postal and Business Activities	*234*	*48*	*282*	*288*	*119*	*407*	*(125)*

This item refers to tax credits acquired by Poste Italiane SpA against free capital resources or transferred to BancoPosta RFC for resources subject to and not subject to the restriction on their use, in accordance with the provisions of the Decreto Rilancio (Law Decree no. 34/2020, converted with amendments by Law 77/2020.

These receivables are measured at amortised cost as they are acquired to be used for the purpose of offsetting social security or tax payables, based on the provisions of the regulations issued with reference to the characteristics of the individual receivables.

308. The amount includes €1 million related to interest receivable on IRES refunds transferred to Poste Italiane by group companies participating in the tax consolidation scheme.

Movements in these receivables during 2024 are shown below:

tab. A10.1 - Changes in tax credits Law no. 77/2020

Description (€m)	Carrying amount
Balance at 1 January 2024	**8,318**
Purchases	704
Changes in amortised cost	320
Portfolio Adjustments - Tax Credits	(548)
Compensation and other changes	(1,789)
Balance at 31 December 2024	**7,005**
Fair Value[309]	**6,637**

During the year, the Parent Company, following a documentary request received from the Agenzia delle Entrate on a portion of its portfolio, conducted and concluded a risk analysis on the reported positions ("Risk Analysis"). Taking into account the information received from the Agenzia delle Entrate and the activities carried out, also with the support of external consultants, a perimeter of receivables deemed risky was identified for which the Parent Company has pledged to the Agenzia delle Entrate not to use the instalments relating to the years 2024 and thereafter and to repay the overdue annual instalments where necessary.

The follow-up on the results that emerged from the Risk Analysis and shared with the Agenzia delle Entrate led to the adjustment of receivables in the portfolio for a total of €548 million, with the consequent recognition of charges, net of the release of €168 million of provisions for risks previously set aside, for a total of €380 million (of which €96 million referred to the year 2024) recognised in the item adjustments to receivables to reflect the waiver of the offsetting of the annual instalments for the year in question and subsequent years.

The Risk Analysis also resulted in the reversal of portions of receivables pertaining to years prior to 2024, totalling €57 million, plus penalties, which were booked under "Other operating costs".

Pursuant to the disclosure required by CONSOB Communication no. DEM/6064293 of 28 July 2006, the economic effects of the cancellation of receivables relating to years after 2024, in the amount of €284 million recognised under "Adjustments on debt instruments, receivables and other assets", and the economic effects of the reversal of €57 million recognised under "Other operating costs", totalling €341 million, were considered significant and non-recurring.

A11 – Assets for outward reinsurance (€324 million)

tab. A11 - Assets for outward reinsurance

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	GMM-VFA	PAA	Total	GMM-VFA	PAA	Total	
Asset for remaining coverage	245	2	248	170	8	177	70
Asset for incurred claims	32	44	76	23	32	56	21
Total	**277**	**47**	**324**	**193**	**40**	**233**	**91**

Assets for outward reinsurance amounted to €324 million at 31 December 2024; the balance mainly includes €279 million for the **Present Value of Cash Flows**, €15 million for the **Financial Risk Adjustment** and €30 million for the **Contractual Service Margin**. The balance at 31 December 2024 increased by approximately €91 million mainly as a result of the increase in the present value of cash flows and the reduction in payables to reinsurers recognised in the reserve for remaining coverage and the increase in receivables from reinsurers recognised as assets for claims incurred.

309. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

The following table presents the reconciliation of business by residual cover and claims incurred related to outward reinsurance measured by the GMM method:

tab. A11.1 - Assets/(liabilities) for GMM outward reinsurance

Description (€m)	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding the loss recovery component	Loss recovery component		
Assets for outward reinsurance	171	-	22	193
Liabilities for outward reinsurance	-	-	-	-
Net carrying amount at 1 January	**171**	**-**	**22**	**193**
Reinsurance premiums paid	(51)	-	-	(51)
Amounts recoverable from reinsurers				
Recovery of incurred claims and other insurance expenses	(2)	-	44	41
Losses and loss recovery on onerous contracts	0	-	-	0
Changes in assets for incurred claims	-	-	1	1
Effects of changes in default risk by reinsurers	0	-	0	0
Result of insurance services	**(53)**	**-**	**45**	**(8)**
Investment components and premium refunds	8	-	-	8
Net financial income/expenses	3	-	0	3
Total changes recognised in the Statement of profit or loss and OCI	**(43)**	**-**	**45**	**3**
Cash flows				
Premiums paid net of amounts not related to claims recovered by reinsurers	119	-	-	119
Amount of claims recovered by reinsurers	(2)	-	(35)	(37)
Net carrying amount at 31 December	**245**	**-**	**32**	**277**
Assets for outward reinsurance	245	-	32	277
Liabilities for outward reinsurance	-	-	-	-

Again with regard to assets for outward reinsurance measured by the GMM method, a reconciliation is provided below, broken down by the elements underlying the measurement:

tab. A11.2 - GMM reinsurance assets/(liabilities) - Dynamics of underlying elements of measurement

Description (€m)	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
Assets for outward reinsurance	160	13	20	193
Liabilities for outward reinsurance	-	-	-	-
Net carrying amount at 1 January	**160**	**13**	**20**	**193**
Changes in current services	-	-	-	-
Contractual service margin recognised in the statement of profit or loss	-	-	(8)	(8)
Change for overdue non-financial risks	-	(4)	-	(4)
Adjustments based on past experience	5	-	(3)	2
Changes in estimates that alter the contractual service margin	(17)	(0)	17	0
Effects of contracts initially recognised in the reference period	(9)	5	4	0
Adjustment of CSM with recoveries related to the initial recognition of onerous underlying insurance contracts	-	-	0	0
Change in cash flows of outward reinsurance from onerous underlying insurance contracts	-	-	(0)	(0)
Changes in past services	-	-	-	-
Adjustments to assets for incurred claims	1	0	-	1
Effects of changes in default risk of reinsurers	0	-	-	0
Result of insurance services	**(20)**	**2**	**10**	**(8)**
Net financial income/expenses	8	0	1	9
Effects associated with exchange rate changes	2	-	-	2
Total changes recognised in the Statement of profit or loss and OCI	**(10)**	**2**	**11**	**3**
Premiums paid net of amounts not related to claims recovered by reinsurers	119	-	-	119
Amounts recovered from reinsurers	(37)	-	-	(37)
Net carrying amount at 31 December	**232**	**15**	**30**	**277**
Assets for outward reinsurance	232	15	30	277
Liabilities for outward reinsurance	-	-	-	-

The following table presents a reconciliation of business by residual cover and by claims incurred related to outward reinsurance measured by the PAA method:

tab. A11.3 - Assets/(liabilities) for PAA outward reinsurance

Description (€m)	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding the loss recovery component	Loss recovery component	Present value of cash flows	Adjustment for non-financial risk	
Assets for outward reinsurance	6	2	31	1	40
Liabilities for outward reinsurance	-	-	-	-	-
Net carrying amount at the beginning of the period	**6**	**2**	**31**	**1**	**40**
Reinsurance premiums paid	(103)	-	-	-	(103)
Amounts recoverable from reinsurers					
Recovery of incurred claims and other insurance expenses	15	-	61	-	76
Losses and loss recovery on onerous contracts	-	(1)	-	-	(1)
Changes in assets for incurred claims	-	-	6	(0)	5
Effects of changes in default risk by reinsurers	-	-	0	-	0
Result of insurance services	**(89)**	**(1)**	**67**	**(0)**	**(23)**
Net financial revenue/costs related to outward reinsurance	-	-	1	-	1
Total changes recognised in the Statement of profit or loss and OCI	**(89)**	**(1)**	**67**	**(0)**	**(23)**
Cash flows					
Premiums paid net of amounts not related to claims recovered by reinsurers	98	-	-	-	98
Amount of claims recovered by reinsurers	(14)	-	(55)	-	(69)
Net carrying amount at 31 December	**2**	**1**	**43**	**1**	**47**
Assets for outward reinsurance	2	1	43	1	47
Liabilities for outward reinsurance	-	-	-	-	-

Finally, the following table shows the increase in outward reinsurance business broken down according to the type of event that generated it:

tab. A11.4 - Outward reinsurance held and initially recognised in the reporting period

Description (€m)	Originated contracts		Contracts acquired in business combinations		Contracts transferred by third parties		Total
	Contracts without loss recovery component	Contracts with loss recovery component	Contracts without loss recovery component	Contracts with loss recovery component	Contracts without loss recovery component	Contracts with loss recovery component	
Estimate of the present value of future cash outflows							
Cash flows related to the acquisition of insurance contracts	0	-	-	-	-	-	0
Amount of claims and other directly attributable costs	88	-	-	-	-	-	88
Estimate of the present value of future cash inflows	(79)	-	-	-	-	-	(79)
Estimate of adjustment for non-financial risks	(5)	-	-	-	-	-	(5)
Contractual service margin	(4)	-	-	-	-	-	(4)
Increase in business for new outward reinsurance	**(0)**	**-**	**-**	**-**	**-**	**-**	**(0)**

A12 – Cash and deposits attributable to BancoPosta (€4,290 million)

tab. A12 - Cash and deposits attributable to BancoPosta

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Cash and cash equivalents in hand	4,157	3,909	248
Bank deposits	133	762	(628)
Total	**4,290**	**4,671**	**(380)**

The cash and cash equivalents on hand are derived from deposits made in postal current accounts and postal savings products (subscription of postal savings bonds and payments into post office savings books), or from advances withdrawn from the State Treasury to guarantee the operations of post offices. These funds, which are held at post offices (€1,482 million) and at service[310] companies (€2,675 million), may not be used for purposes other than to repay obligations contracted in the transactions described above.

A13 – Cash and cash equivalents (€4,680 million)

tab. A13 - Cash and cash equivalents

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Bank deposits and amounts held at the Italian Treasury	4,285	3,270	1,016
Deposits with the MEF	346	873	(528)
Cash and cash equivalents in hand	49	68	(19)
Total	**4,680**	**4,211**	**469**

At 31 December 2024, the balance of cash and cash equivalents includes restricted cash of approximately €2,693 million, including €2,629 million in liquidity covering technical provisions for the insurance business, €32 million in liquidity to be returned to principals as part of the management of collections and payments of the subsidiary LIS Pay, €14 million restricted as a result of judicial measures relating to disputes of various kinds and €17 million for cash received on delivery and other restrictions.

The decrease in **deposits with the MEF** compared to the previous year is mainly due to the different allocation of loans, in order to optimise returns on deposits.

A14 – Non-current assets and disposal groups held for sale (€50 million)

The balance of €50 million refers to the investment in Cronos Vita Assicurazioni, held 22.5% by Poste Vita and classified as an asset held for sale (IFRS 5) as reported in Section 2.8 - Basis of consolidation to which reference should be made.

With regard to the valuation of the investment, it is recorded at its purchase value, as defined by *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations*. The Group believes that any deviations in value, compared to initial recognition, may be affected by the trend in lapses. Given the trend of claims received during the year from Eurovita's former policyholders, no significant differences emerged with respect to those estimated, such as to suggest that the value of the investment may be subject to impairment; for this reason, the Group currently considers this risk to be insignificant and, consequently, also considering the small exposure, has not deemed it necessary to perform stress analyses.

310. They carry out transport and custody of valuables awaiting payment to the State Treasury.

Equity

B1 – Equity (€11,709 million)

The following table shows a reconciliation of the Parent Company's equity and net profit/(loss) for the year with the consolidated amounts:

tab. B1 - Reconciliation of equity

Description (€m)	Equity at 31.12.2024	Changes in equity	Net profit/(loss) for 2024	Equity at 31.12.2023
Financial statements of Poste Italiane SpA	**6,746**	**(789)**	**1,882**	**5,653**
Undistributed profit (loss) of consolidated companies*	11,262	-	1,621	9,640
Investments accounted for using the equity method	188	4	22	162
Balance of valuation reserves of investee companies	(83)	52	-	(135)
First-time adoption of IFRS 17	(306)	0	(16)	(290)
Effects from corporate actions	(476)	-	(39)	(436)
Derecognition of infra-group dividends	(6,073)	-	(1,461)	(4,612)
Derecognition of value adjustments of consolidated investments	561	-	(12)	573
Amortisation/Impairment of goodwill	(156)	-	-	(156)
Purchase Price Allocation Adjustments	(18)	-	(7)	(10)
Impairments of disposal groups held for sale	(40)	-	-	(40)
Recognition of liabilities for call options	(165)	-	6	(171)
Other consolidation adjustments	143	(1)	(2)	145
Equity attributable to owners of the Parent	**11,583**	**(733)**	**1,994**	**10,322**
Equity attributable to non-controlling interests (excluding profit/(loss))	107	2	-	106
Net profit/(loss) attributable to non-controlling interests	19	(11)	19	11
Equity attributable to non-controlling interests	**127**	**(9)**	**19**	**117**
TOTAL CONSOLIDATED EQUITY	**11,709**	**(742)**	**2,013**	**10,439**

* Does not include the result of consolidated UCITS funds held entirely by Poste Vita.

At 31 December 2024, earnings per share amounted to €1.540 (€1.483 at 31 December 2023), calculated as the ratio between the profit for the period attributable to the Group of €1,994 million and the weighted average number of ordinary shares outstanding.

B2 – Share capital (€1,306 million)

Poste Italiane SpA's share capital consists of 1,306,110,000 no-par value ordinary shares, of which Cassa Depositi e Prestiti SpA (CDP) holds 35% and the Ministry of the Economy and Finance holds 29.3%, while the remaining shares are held by institutional and retail investors.

At 31 December 2024, the Company held 11,492,604 treasury shares (equal to approximately 0.880% of the share capital) with a total value of approximately €109 million. All the shares in issue are fully subscribed and paid up. No preferred stocks have been issued.

B3 – Shareholders transactions

As approved by the Shareholders' Meeting of 31 May 2024, on 24 June 2024, the Parent Company distributed dividends of €729 million (dividend per share equal to €0.563) as the balance for 2023, taking into account the interim dividend of €307 million (dividend per share equal to €0.237) already paid in November 2023. On 6 November 2024, the Poste Italiane's Board of Directors resolved to advance part of the ordinary dividend for 2024 as an interim dividend. The interim dividend of €427 million was distributed on 20 November 2024 (unit dividend of €0.33).

B4 – Reserves (€1,531 million)

tab. B4 - Reserves

Description (€m)	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outward reinsurance	Translation reserve	Reserve for investees accounted for using the equity method	Incentive plans reserve	Total
Balance at 1 January 2024	**299**	**1,210**	**800**	**(5,062)**	**(297)**	**4,102**	**(0)**	**4**	**27**	**1,083**
Increase/ (decrease) in fair value during the year	-	-	-	1,808	111	(1,318)	-	-	-	601
Tax effect of changes in fair value	-	-	-	(570)	(32)	406	-	-	-	(196)
Transfers to profit or loss from realisation	-	-	-	127	(48)	-	-	-	-	79
Tax effect of transfers to profit or loss	-	-	-	(39)	14	-	-	-	-	(25)
Increase/ (decrease) for expected losses	-	-	-	(21)	-	-	-	-	-	(21)
Share of after-tax comprehensive income/(loss) of investees accounted for using the equity method	-	-	-	-	-	-	-	4	-	4
Other changes	-	-	-	-	-	-	0	-	-	0
Gains/(losses) recognised in equity	**-**	**-**	**-**	**1,305**	**45**	**(912)**	**0**	**4**	**-**	**443**
Incentive plans	-	-	-	-	-	-	-	-	5	5
Other changes	-	-	-	-	-	-	-	0	-	0
Balance at 31 December 2024	**299**	**1,210**	**800**	**(3,757)**	**(252)**	**3,190**	**0**	**9**	**32**	**1,531**

The **reserve for equity instruments-perpetual hybrid bonds** includes the issue of the perpetual hybrid bond for an amount of €800 million.

The **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. The increase of €1,808 in fair value million during 2024 reflects:

- a net increase of €593 million in financial assets attributable to the Group's Financial Services segment;
- a net increase of €1,304 million in financial assets attributable to the Group's Insurance Services segment;
- a net decrease of €88 million in financial assets attributable to the Group's Postal and Business Services segment;
- a net decrease of €1 million in financial assets attributable to the Postepay Services segment.

The fair value reserve takes into account the portion related to insurance contracts measured with the VFA model, which showed a negative balance of €3,336 million at 31 December 2024 (including the expected credit losses on financial instruments related to the Separately Managed Accounts). Changes in the VFA fair value reserve are shown below:

Description (€m)	VFA Fair value reserve
Balance at 1 January 2024	**(4,234)**
Net change in fair value	1,198
Effect related to market operations	100
Taxation	(400)
Balance at 31 December 2024	**(3,336)**

The **cash flow hedge reserve**, attributable to the Parent Company, reflects changes in the fair value of the effective portion of cash flow hedges. In 2024, positive changes in fair value totalling €111 million related entirely to the net positive change in the value of derivative financial instruments of Financial Services.

The **reserve for insurance contracts issued and outward reinsurance** includes the change in the fair value of instruments within the Group's Insurance Services, attributable to policyholders and allocated to insurance liabilities as a result of the adoption of the OCI option on the IFRS 17 liability portfolio, with the intention of aligning the financial and mirroring effects between the OCI reserve and the effects on the Statement of profit or loss.

The **Incentive Plans reserve** includes the estimate of the valuations for the year relating to the long-term "Performance Share LTIP" and "Deliver" incentive plans and the MBO short-term incentive plan, carried out on the basis of the provisions of IFRS 2.

Liabilities

B5 – Liabilities under insurance contracts (€162,408 million)

tab. B5 - Liabilities under insurance contracts

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	GMM-VFA	PAA	Total	GMM-VFA	PAA	Total	
Liability for remaining coverage	161,317	2	161,319	154,106	(8)	154,098	7,221
Present value of future cash flows	145,216	2	145,218	137,600	(8)	137,592	7,626
Adjustment for non-financial risk	2,372	-	2,372	2,763	-	2,763	(392)
Contractual service margin	13,730	-	13,730	13,743	-	13,743	(13)
Liability for incurred claims	782	307	1,089	980	261	1,240	(151)
Present value of future cash flows	780	296	1,075	978	249	1,226	(151)
Adjustment for non-financial risk	2	12	14	2	12	14	0
Total	**162,099**	**310**	**162,408**	**155,086**	**252**	**155,338**	**7,070**

GMM: General Measurement Model.
VFA: Variable Fee Approach.
PAA: Premium Allocation Approach.

This item refers to liabilities within the scope of the Group's Insurance Services, and includes:
- the **Liability for remaining coverage** of €161,319 million includes the Contractual Service Margin (CSM) of €13,730 million, the present value of future cash flows of €145,216 million, and the Adjustment for non-financial risk of €2,372 million;
- the **Liability for incurred claims** of €1,089 million.

The following table presents a reconciliation of the liability for residual cover and incurred claims of insurance contracts measured according to the GMM or VFA methods:

tab.B5.1 - Liabilities/(assets) for insurance contracts-GMM or VFA

Description (€m)	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Liabilities under insurance contracts	154,098	8	980	155,086
Assets for insurance contracts	-	-	-	-
Net carrying amount at 1 January	**154,098**	**8**	**980**	**155,086**
Insurance revenue	(2,309)	-	-	(2,309)
Costs for insurance services				
Incurred claims and other directly attributable costs	-	-	753	753
Changes in the liability for incurred claims	-	-	(197)	(197)
Losses and related recoveries on onerous contracts	-	3	-	3
Amortisation of contract acquisition costs	238	-	-	238
Result of insurance services	**(2,071)**	**3**	**556**	**(1,513)**
Investment components and premium repayments	(16,380)	-	16,380	-
Financial costs/revenue relating to insurance contracts issued	7,667	6	2	7,675
Total changes recognised in the Statement of profit or loss and OCI	**(10,785)**	**8**	**16,939**	**6,162**
Cash flows				
Awards received	18,297	-	-	18,297
Payments related to contract acquisition costs	(307)	-	-	(307)
Paid claims and other cash outflows	(3)	-	(17,136)	(17,139)
Net carrying amount at 31 December	**161,300**	**17**	**782**	**162,099**
Liabilities under insurance contracts	161,300	17	782	162,099
Assets for insurance contracts	-	-	-	-

The value of insurance liabilities increased during the year mainly as a result of inflows during the period, partially offset by the effect of outflows related to liquidations, and as a result of positive market trends that generated capital gains. The liability for remaining coverage includes the balance of Assets related to the acquisition of insurance contracts, which amounted to €2.76 million at 31 December 2024. This amount will be fully released by 31 December 2029.

Again, with reference to insurance liabilities measured using the GMM or VFA methods, a reconciliation is provided below, broken down by underlying measurement elements:

tab. B.5.2 - Liabilities/(assets) under insurance contracts-GMM

Description (€m)	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin	Total
Liabilities under insurance contracts	138,578	2,765	13,743	155,086
Assets for insurance contracts	-	-	-	-
Net carrying amount at 1 January	**138,578**	**2,765**	**13,743**	**155,086**
Changes in current services				
Contractual service margin recognised in the statement of profit or loss	-	-	(1,458)	(1,458)
Change for overdue non-financial risks	-	(64)	-	(64)
Adjustments based on past experience	875	-	(484)	390
Changes in future services				-
Changes in contractual service margin	915	(491)	(423)	(0)
Losses on groups of onerous contracts and related recoveries	(0)	0	-	0
Effects of contracts initially recognised in the period	(968)	165	807	3
Changes in past services				
Adjustments to the liability for incurred claims	(196)	0	-	(195)
Result of insurance services	**625**	**(391)**	**(1,559)**	**(1,325)**
Financial costs/revenue	6,130	(1)	1,546	7,675
Total changes recognised in the Statement of profit or loss and OCI	**6,755**	**(391)**	**(13)**	**6,351**
Cash flows				-
Awards received	18,298	-	-	18,298
Payments related to contract acquisition costs	(307)	-	-	(307)
Paid claims and other cash outflows	(17,329)	-	-	(17,329)
Net carrying amount at 31 December	**145,995**	**2,374**	**13,730**	**162,099**
Liabilities under insurance contracts	145,995	2,374	13,730	162,099
Assets for insurance contracts	-	-	-	-

The **present value of future cash flows** increased by €7,417 million from the value recorded at the end of 2023. The change is mainly attributable to the result from financial activities in the amount of €6,130 million, actual cash flows in the amount of €662 million, and adjustments to future cash flows that make up the liability as a result of experience accrued in the amount of €625 million.

The component of **Adjustment for non-financial risk** decreased by €391 million compared to the balance at 31 December 2023. This was mainly due to the release of this component for the period in the amount of €64 million and the change in the Group’s exposure to non-financial risks following lapses recorded in the period, which resulted in a revision of estimates for future services in the amount of €491 million, partially offset by the effect of new production in the amount of €165 million.

The **contractual service margin** recorded a pre-release growth of €1,446 million, primarily related to the contribution of new production in the period of €807 million, partially offset by the contribution on future margins of €423 million. The contractual service margin also increased due to the positive market performance, which generated growth in the fair value of the underlying assets that was more than proportional to the growth in the related liabilities, generating a benefit of €1,546 million.

The release of the Contractual service margin for the period amounted to €1,458 million, of which €169 million related to the additional release.

The Group expects to release the Contractual Service Margin, at 31 December 2024, in future years as depicted below:

tab. B5.3 - Contractual service margin - GMM contracts

Description (€m)	Insurance contracts issued	Reinsurance contracts held
1 year or less	1,260	11
1 - 2 years	1,190	7
2 - 3 years	1,132	5
3 - 4 years	1,073	3
4 - 5 years	1,020	3
5 - 10 years	3,914	1
Over 10 years	4,142	1

Below is a reconciliation of the liability for residual cover and incurred claims of insurance contracts measured according to the PAA method:

tab. B5.4 - Liabilities/(assets) for PAA insurance contracts

	Liability for remaining coverage		Liability for incurred claims		
Description (€m)	Excluding loss component	Loss component	Present value of cash flows	Adjustment for non-financial risk	Total
Liabilities under insurance contracts	(26)	17	249	12	252
Assets for insurance contracts	-	-	-	-	-
Net carrying amount at 1 January	**(26)**	**17**	**249**	**12**	**252**
Insurance revenue	(542)	-	-	-	(542)
Costs for insurance services					
Incurred claims and other directly attributable costs	23	-	312	-	335
Changes in the liability for incurred claims	-	-	43	(0)	43
Losses and related recoveries on onerous contracts	-	1	-	-	1
Amortisation of contract acquisition costs	59	-	-	-	59
Result of insurance services	**(460)**	**1**	**355**	**(0)**	**(105)**
Investment components and premium repayments	-	-	-	-	-
Financial costs/revenue relating to insurance contracts issued	-	-	5	-	5
Effects associated with exchange rate changes	-	-	-	-	-
Total changes recognised in the Statement of profit or loss and OCI	**(460)**	**1**	**360**	**(0)**	**(100)**
Cash flows					
Awards received	553	-	-	-	553
Payments related to contract acquisition costs	(60)	-	-	-	(60)
Paid claims and other cash outflows	(23)	-	(313)	-	(336)
Net carrying amount at 31 December	**(16)**	**18**	**296**	**12**	**310**
Liabilities under insurance contracts	(16)	18	296	12	310
Assets for insurance contracts	-	-	-	-	-

With regard to the liability for insurance contracts measured using the AAP method, this increased by approximately €58 million, mainly as a result of placements during the financial year, a portion of which will be attributable to the next financial year.

For the sake of full disclosure, details of the increase in liabilities arising from insurance contracts, broken down according to the type of event that generated them, are provided below.

tab. B 5.5 - Insurance contracts issued and initially recognised in the reporting period

Description (€m)	Originated contracts Onerous contracts	Originated contracts Non-onerous contracts	Contracts acquired in business combinations Onerous contracts	Contracts acquired in business combinations Non-onerous contracts	Contracts transferred by third parties Onerous contracts	Contracts transferred by third parties Non-onerous contracts	Total
Estimate of the present value of future cash outflows							
Contract acquisition costs	-	(369)	-	-	-	-	(369)
Amount of claims and other directly attributable costs	-	(16,595)	-	-	-	-	(16,595)
Estimate of the present value of future cash inflows	-	16,065	-	-	-	-	16,065
Estimate of adjustment for non-financial risks	-	144	-	-	-	-	144
Contractual service margin	-	753	-	-	-	-	753
Increase in liability for new insurance contracts issued	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**

Finally, the table below represents the dynamics of the Contractual Service Margin of insurance contracts issued broken down by contracts existing at the time of transition to IFRS 17, and insurance contracts issued and initially recognised in the reporting period:

tab. B5.6 - Dynamics of insurance revenue and contractual service margin of insurance contracts issued broken down by contracts existing at the time of transition to IFRS 17

Description (€m)	New contracts and contracts measured on the transition date with full retroactive application method	Contracts measured on the transition date using the modified retroactive application method	Contracts measured on the transition date using the fair value method	Carve-out contracts	Total
Contractual service margin - Opening balance	**117**	**-**	**89**	**13,537**	**13,743**
Changes in current services					
Contractual service margin recognised in the statement of profit or loss for services provided	(19)	-	(45)	(1,394)	(1,458)
Changes in future services					
Changes in estimates changing the contractual service margin	10	-	(1)	(922)	(913)
Effects of contracts initially recognised in the reporting period	86	-	0	724	810
Financial revenue/costs	**3**	**-**	**3**	**1,540**	**1,546**
Total changes recognised in the statement of profit or loss and statement of comprehensive income	**80**	**-**	**(43)**	**(52)**	**(14)**
Contractual service margin - Closing balance	**124**	**-**	**121**	**13,485**	**13,730**

B6 – Provisions for risks and charges (€1,083 million)

Movements are as follows:

Description (€m)	Balance at 01.01.2024	Provisions	Finance costs	Transfers to profit or loss	Uses	Change in scope of consolidation	Balance at 31.12.2024
Provisions for operational risks	102	6	-	(18)	(7)	-	83
Provisions for disputes with third parties	248	32	3	(34)	(37)	-	211
Provisions for disputes with staff (1)	38	8	-	(1)	(10)	-	34
Provisions for personnel expenses	141	149	-	(28)	(102)	0	159
Provisions for early retirement incentives	285	128	-	-	(167)	-	246
Provisions for operational risks - tax credits Law no. 77/2020	400	-	-	(168)	-	-	232
Provisions for taxation/social security contributions	23	0	0	(2)	(0)	0	21
Other provisions for risks and charges	99	13	-	(9)	(7)	-	96
Total	**1,336**	**337**	**3**	**(260)**	**(332)**	**0**	**1,083**
Overall analysis of provisions:							
- non-current portion	782						526
- current portion	554						557
	1,336						**1,083**

* Net provisions for Personnel expenses amount to €4 million. Service costs (legal assistance) total €3 million.

Specifically:

- **Provisions for operational risks,** which mainly relate to liabilities arising from BancoPosta's operations, mainly reflect risks related to the distribution of postal savings products issued in past years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta mainly in its capacity as a third party, impairments and adjustments to income from previous years and fraud. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types. The changes in the year refer to the update of the estimate of the liabilities and the related legal expenses, taking account of both the overall value of negative outcomes in terms of litigation.
- **Provisions for personnel expenses** are made to cover expected liabilities arising in relation to the cost of labour (commercial incentives and other sundry items), which are certain or likely to occur but whose estimated amount is subject to change. They have increased during the year to reflect the estimated value of new liabilities (€149 million) and decreased as a result of past contingent liabilities that failed to materialise (€28 million) and settled disputes (€102 million).
- **Provisions for early retirement incentives** reflect the estimated costs to be incurred as a result of the Company's binding commitment to pay early retirement incentives on a voluntary basis, under the current redundancy scheme agreed with the labour unions for a determinate number of employees who will leave the Company by 31 December 2026. The provisions made at 31 December 2023 were utilised for €167 million.
- The **provision for tax credits** Law no. 77/2020 is established to cover probable liabilities in connection with preventive seizure proceedings as well as additional residual risks on investments made in tax credits pursuant to Law no. 77/2020. In particular, as part of the actions aimed at combating tax fraud perpetrated by third parties through the monetisation of tax credits, starting from the end of the 2021 financial year, a number of Public Prosecutors' Offices have implemented preventive seizures which, in some cases, have concerned tax credits acquired by Poste Italiane (some of which are subject to subsequent release from seizure already in the course of 2022). In continuity with past years, the Parent Company continues the operational process aimed at analysing the potential economic, financial and equity risks to which it could be exposed in the event that, following legal proceedings involving third parties, it is ascertained that part of the tax credits acquired over time are the result of fraudulent conduct perpetrated by the aforementioned third parties. In particular, a legal and accounting analysis was conducted on these positions in order to comprehensively assess the potential risks and determine the related accounting impacts. On the basis of the analyses performed of all facts and circumstances known at the date of preparation of these financial statements, including, inter alia, the requests for information received from the Authorities (Public Prosecutor's Office and Agenzia delle Entrate) and the measures issued by the same, together with the commitments undertaken by the company, as well as the actions undertaken by the same to see its interests protected, a provision was determined, also with the support of external consultants, to cover the residual risk (including the asset risk on seizures) not included in the Risk Analysis, amounting to €232 million.
- **Provisions for taxation/social security contributions** have been made to cover potential future tax and social security liabilities.
- **Other provisions for risks and charges** cover probable liabilities of various type, including: estimated liabilities deriving from the risk that specific legal actions undertaken in order to reverse seizures of the Parent Company's assets may be unable to recover the related amounts, claims for rent arrears on properties used free of charge by the Parent Company, claims for payment of accrued interest expense due to certain suppliers and frauds.

B7 – Employee termination benefits (€577 million)

The following movements in employee termination benefits took place in 2024:

tab. B7 - Movements in provisions for employee termination benefits

(€m)	FY 2024
Balance at 1 January	**637**
Change in scope	0
Current service cost	2
Interest component	21
Effect of actuarial (gains)/losses	(7)
Uses for the year	(76)
Balance at 31 December 2024	**577**

The current service cost is recognised in personnel expenses, whilst the interest component is recognised in finance costs.

tab. B7.1 - Actuarial gains and losses

	31.12.2024
	Employee termination benefits
Change in financial assumptions	(4)
Other experience-related adjustments	(3)
Total	**(7)**

The sensitivity of employee termination benefits to changes in the principal actuarial assumptions is analysed below.

tab. B7.2 - Sensitivity analysis

	31.12.2024
	Employee termination benefits
Inflation rate +0.25%	584
Inflation rate -0.25%	571
Discount rate +0.25%	568
Discount rate -0.25%	587
Turnover rate +0.25%	578
Turnover rate -0.25%	577

The following table provides further information in relation to employee termination benefits.

tab. B7.3 - Other information

	31.12.2024
Expected service cost	2.9
Average duration of defined benefit plan	7.8
Average employee turnover per annum	2.0%

B8 – Financial liabilities (€94,085 million)

tab. B8 - Financial liabilities

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**	**Changes**
Financial liabilities at amortised cost	7,151	84,902	92,053	8,984	85,098	94,082	(2,029)
Financial liabilities at FVTPL	162	2	165	168	3	171	(6)
Derivative financial instruments	1,397	470	1,867	1,091	47	1,138	729
Financial liabilities vs Subsidiaries	0	0	0	-	2	2	(2)
Total	**8,711**	**85,374**	**94,085**	**10,243**	**85,150**	**95,393**	**(1,308)**
of which Financial Activities	*5,564*	*73,709*	*79,273*	*7,571*	*74,009*	*81,581*	*(2,308)*
of which Insurance Activities	*109*	*574*	*682*	*108*	*52*	*160*	*523*
of which Postal and Business Activities	*3,032*	*328*	*3,360*	*2,556*	*814*	*3,370*	*(10)*
of which Postepay Services Activities	*7*	*10,763*	*10,771*	*8*	*10,275*	*10,283*	*487*

Financial liabilities by operating segment break down as follows.

Financial activities

tab. B8.1 - Financial liabilities - Financial Services

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
Financial liabilities at amortised cost	**4,166**	**73,751**	**77,917**	**6,480**	**73,962**	**80,443**	**(2,527)**
Postal current accounts	-	63,013	63,013	-	61,908	61,908	1,104
Loans	4,166	2,039	6,205	6,480	1,736	8,217	(2,011)
MEF account held at the Treasury	-	5,367	5,367	-	5,371	5,371	(4)
Other financial liabilities	-	3,332	3,332	0	4,946	4,946	(1,614)
Derivative financial instruments	**1,397**	**(41)**	**1,356**	**1,091**	**47**	**1,138**	**218**
Total	**5,564**	**73,710**	**79,273**	**7,571**	**74,009**	**81,581**	**(2,308)**

Financial liabilities at amortised cost

Postal current accounts

They represent BancoPosta's direct deposits, and include interest accrued at 31 December 2024, which was settled with customers in January 2025. The increase in this item compared to 31 December 2023 is mainly due to the increase in public administration stocks.

Loans

At 31 December 2024, outstanding liabilities of €7,365 million relate to repurchase agreements entered into by the Parent Company with major financial institutions and Central Counterparties, amounting to a total nominal value of €7,739 million. €5,904 million of this amount regards Long-Term Repos and €1,461 million to ordinary borrowing operations, the resources from both invested in Italian fixed income government securities and as funding for deposits used as collateral. The decrease in the item compared to 31 December 2023 is due to repayments on maturity and early repayment of repurchase agreements.

Finally, financial assets and liabilities relating to repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023).

The fair value[311] of the repurchase agreements in question at 31 December 2024 is €6,103 million.

MEF account held at the Treasury

tab. B8.1.1 - MEF account held at the Treasury

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
Balance of cash flows for advances	-	5,254	5,254	-	5,168	5,168	86
Balance of cash flows from management of postal savings	-	(69)	(69)	-	30	30	(99)
Amounts payable due to theft	-	159	159	-	157	157	2
Amounts payable for operational risks	-	23	23	-	16	16	7
Total	**-**	**5,367**	**5,367**	**-**	**5,371**	**5,371**	**(4)**

311. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

The **balance of cash flows for advances**, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta. These break down as follows:

tab. B8.1.2 - Balance of cash flows for advances

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Net advances	-	5,253	5,253	-	5,167	5,167	86
MEF postal current accounts and other payables	-	670	670	-	670	670	0
Ministry of Justice - Orders for payment	-	1	1	-	1	1	0
MEF - State pensions	-	(670)	(670)	-	(670)	(670)	0
Total	**-**	**5,254**	**5,254**	**-**	**5,168**	**5,168**	**86**

The **balance of cash flows from the management of postal savings**, amounting to a positive €69 million, represents the balance of withdrawals less deposits during the last two days of the year and cleared early in the following year. The balance at 31 December 2024 consists of €31 million payable to Cassa Depositi e Prestiti, and €100 million receivable from the MEF for Interest-bearing Postal Certificates issued on its behalf.

Amounts payable due to thefts from Post Offices of €159 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

Amounts payable for operational risks for €23 million regard the portion of advances obtained to fund the operations of BancoPosta, in relation to which asset under recovery is certain or probable.

Other financial liabilities

Other financial liabilities have a fair value that approximates to their carrying amount.

tab. B8.1.3 - Other financial liabilities - Financial Services

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Domestic and international money transfers	-	959	959	-	1,071	1,071	(112)
Guarantee deposits	-	1,538	1,538	-	2,831	2,831	(1,293)
Cheques to be credited to savings books	-	129	129	-	230	230	(101)
Endorsed cheques	-	273	273	-	408	408	(135)
Amounts to be credited to customers	-	114	114	-	83	83	31
Other amounts payable to third parties	-	84	84	-	139	139	(56)
Other items in process	-	235	235	-	183	183	52
Others	-	-	-	0	-	0	(0)
Total	**-**	**3,332**	**3,332**	**0**	**4,946**	**4,946**	**(1,614)**

Guarantee deposits refer for €1,533 million to amounts received from counterparties for interest rate swap transactions (collateral provided by specific Credit Support Annexes) and for €5 million to amounts received from counterparties for repo transactions (collateral provided by specific Global Master Repurchase Agreements). The decrease in this item compared to 31 December 2023 is mainly due to the reduction of fair value hedge derivatives following early extinguishment transactions and the decrease in the interest rate curve.

Derivative financial instruments

Movements in derivative financial instruments during 2024 are described in note A6 – *Financial assets*.

Insurance activities

tab. B8.2 - Financial liabilities - Insurance Services

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	**10**	**58**	**68**	**10**	**49**	**59**	**9**
Loans	10	0	10	10	0	10	0
Lease payables	0	1	1	0	1	1	0
Other financial liabilities	-	57	57	-	48	48	8
Financial liabilities at FVTPL	**98**	**5**	**103**	**98**	**3**	**101**	**3**
Derivative financial instruments	**-**	**511**	**511**	**-**	**-**	**-**	**511**
Total	**109**	**574**	**682**	**108**	**52**	**160**	**523**

The insurance business includes a 10-year subordinated bond issued by Net Insurance in 2021 with a nominal value of €12.5 million (fair value at 31 December 2024 of €11.2 million).

The increase in this item, compared to 31 December 2023, amounting to €523 million, is almost entirely attributable to the change in trading derivative financial instruments related to foreign currency forward transactions following the line-by-line consolidation of the consolidated UCITS funds, following the completion of the "Multi-Asset Project" (for further details, please refer to Section 2.8 - Basis of consolidation and Note A6 - Financial assets).

Postal and business activities

tab. B8.3 - Financial liabilities - Postal and Business Services

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	**2,968**	**328**	**3,296**	**2,486**	**814**	**3,300**	**(4)**
Loans	2,012	6	2,017	1,446	502	1,948	69
Bonds	499	0	499	498	500	998	(499)
Due to financial institutions	1,513	6	1,519	948	2	950	568
Lease payables	953	308	1,261	1,037	293	1,330	(70)
Other financial liabilities	4	14	18	3	19	22	(4)
Financial liabilities at FVTPL	**64**	**-**	**64**	**70**	**-**	**70**	**(6)**
Total	**3,032**	**328**	**3,360**	**2,556**	**814**	**3,370**	**(10)**

Financial liabilities at amortised cost

Loans

Loans are unsecured and are not subject to financial covenants, which would require sector companies to comply with financial ratios or maintain a certain minimum rating. For the EIB financings and the CEB financing, a minimum rating level of BBB- (or equivalent) is to be maintained by Moody's and S&P for the EIB (BB+ in the EIB contract signed in July 2024) and by at least two of the three rating agencies for Poste Italiane for CEB. In the event of a rating loss, this is without prejudice to the right of both banks to request additional collateral or an increase in the margin. If no agreement is reached, immediate early repayment of the loans may be demanded. Standard negative pledge provisions do apply, however[312].

Bonds

The item **Bonds** refers to the residual nominal value of €500 million of the senior unsecured loan issued by Poste Italiane on 10 December 2020 in two tranches, placed in public form to institutional investors as part of the €2.5 billion Euro Medium Term Notes (EMTN) programme deposited with the Luxembourg Stock Exchange. The first tranche of €500 million was repaid on 10 December 2024[313] while the second tranche of €500 million matures on 10 December 2028, with an issue price below par of €99.758, a fixed annual coupon of 0.50% and an effective yield to maturity of 0.531%. At 31 December 2024, the fair value[314] of the loan was €457 million.

Due to financial institutions

tab. B8.3.1 - Due to financial institutions

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
EIB fixed rate loan maturing 12/03/26	173	-	173	173	-	173	-
EIB fixed rate loan maturing 16/10/26	400	-	400	400	-	400	-
EIB fixed rate loan maturing 02/05/28	100	-	100	100	-	100	-
EIB fixed rate loan maturing 19/05/28	150	-	150	150	-	150	-
EIB variable rate loan maturing 28/11/31	450	-	450	-	-	-	450
CEB variable rate loan maturing 28/12/30	125	-	125	125	-	125	-
CEB variable rate loan maturing 25/01/31	115	-	115	-	-	-	115
Other payables and accrued interest	-	6	6	-	2	2	4
Total	**1,513**	**6**	**1,519**	**948**	**2**	**950**	**569**

TV: variable rate loan. TF: Fixed rate loan.

At 31 December 2024, no committed and uncommitted credit lines were used for short-term financing.

312. A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking pari passu with creditors, unless the same degree of protection is also offered to them.
313. Issue price above par of 100.10, with fixed annual coupon of 0.00% and effective yield to maturity of -0.025%;
314. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 1.

On 25 January 2024, the second tranche of €115 million of the medium-/long-term credit line signed with CEB[315] was disbursed in 2023 for a total of €250 million, with interest at a variable rate (6-month Euribor rate plus a spread), with repayment in constant principal amounts after a four-year grace period and maturity on 25 December 2031. in addition, on 11 July 2024, a new loan of €450million was signed with the EIB. The loan disbursed on 28 November 2024 provides interest at a variable rate (6-month Euribor plus a spread) and matures 28 November 2031.

At 31 December 2024, the fair value[316] of the five EIB financings is €1,273 million and the fair value of the two CEB financings is €247 million.

Lease payables

Lease liabilities at 31 December 2024 amount to €1,261 million. For more details on the change in this item, see Note A4 - *Right-of-use assets*.

Postepay Services activities

tab. 8.4 - Financial liabilities - Postepay Operations

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	**7**	**10,763**	**10,771**	**8**	**10,275**	**10,283**	**487**
Lease payables	7	1	9	8	1	9	(0)
Other financial liabilities	-	10,762	10,762	-	10,274	10,274	488
Management of prepaid cards and other EMI items	-	10,543	10,543	-	10,039	10,039	505
Amounts to be credited to customers	-	23	23	-	60	60	(37)
RAV, F23, F24 and road tax	-	155	155	-	93	93	62
Others	-	38	38	-	81	81	(43)
Total	**7**	**10,763**	**10,771**	**8**	**10,275**	**10,283**	**487**

The change in this item, compared to 31 December 2023, is mainly attributable to the increase in financial liabilities for the management of prepaid cards.

315. *Council of Europe Development Bank.*
316. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.

Net debt/(funds)

The following table provides an analysis of the net debt/(funds) at 31 December 2024, broken down by type of operations:

Balance at 31.12.2024 (€m)	Mail, parcels & distribution	Financial Services	Insurance Services	Postepay Services	Eliminations	Consolidated	of which related parties
Financial liabilities	**4,866**	**91,256**	**949**	**10,879**	**(13,865)**	**94,085**	
Financial liabilities at amortised cost	3,296	79,004	68	10,771	(1,087)	92,051	137
Postal current accounts	-	64,100	-	-	(1,087)	63,013	-
Bonds	499	-	10	-	-	509	-
Due to financial institutions	1,519	6,205	-	-	-	7,724	-
Lease payables	1,261	0	1	9	-	1,271	7
MEF account held at the Treasury	-	5,367	-	-	-	5,367	5,367
Other financial liabilities	18	3,332	57	10,762	-	14,169	130
Financial liabilities at FVTPL	64	-	103	-	-	167	-
Derivative financial instruments	-	1,356	511	-	-	1,867	219
Intersegment financial liabilities	1,506	10,897	267	108	(12,778)	-	-
Liabilities under insurance contracts	**-**	**-**	**162,410**	**-**	**(1)**	**162,408**	**-**
Financial assets	**(1,121)**	**(81,404)**	**(163,134)**	**(11,640)**	**12,761**	**(244,538)**	
Financial instruments at amortised cost	(12)	(44,232)	(2,224)	(285)	-	(46,753)	(13,026)
Financial instruments at FVTOCI	(559)	(33,676)	(107,496)	(6)	-	(141,737)	-
Financial instruments at FVTPL	(0)	(34)	(53,264)	(1)	-	(53,299)	(22)
Derivative financial instruments	(0)	(2,679)	(69)	-	-	(2,748)	-
Intersegment financial assets	(549)	(782)	(81)	(11,349)	12,761	-	-
Tax credits Law no. 77/2020	**(282)**	**(6,723)**	**-**	**-**	**-**	**(7,005)**	**-**
Assets for outward reinsurance	**-**	**-**	**(324)**	**-**	**-**	**(324)**	**-**
Net debt/(net financial surplus)	**3,463**	**3,129**	**(99)**	**(761)**	**(1,105)**	**4,627**	
Cash and deposits attributable to BancoPosta	**-**	**(4,290)**	**-**	**-**	**-**	**(4,290)**	
Cash and cash equivalents	**(617)**	**(394)**	**(4,631)**	**(126)**	**1,087**	**(4,680)**	**(387)**
Net debt/(funds)	**2,846**	**(1,555)**	**(4,730)**	**(887)**	**(18)**	**(4,344)**	

Balance at 31.12.2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Eliminations	Consolidated	of which related parties
Financial liabilities	**5,017**	**93,076**	**429**	**10,478**	**(13,606)**	**95,393**	
Financial liabilities at amortised cost	3,300	81,446	59	10,283	(1,004)	94,084	5,532
Postal current accounts	0	62,913	-	-	(1,004)	61,908	0
Bonds	998	-	10	-	-	1,008	-
Due to financial institutions	950	8,217	-	-	-	9,167	-
Lease payables	1,330	0	1	9	-	1,341	9
MEF account held at the Treasury	-	5,371	-	-	-	5,371	5,371
Other financial liabilities	22	4,946	48	10,274	-	15,290	152
Financial liabilities at FVTPL	70	-	101	-	-	171	-
Derivative financial instruments	0	1,138	-	-	-	1,138	201
Intersegment financial liabilities	1,646	10,492	269	195	(12,602)	-	-
Liabilities under insurance contracts	**-**	**-**	**155,339**	**-**	**(1)**	**155,338**	**-**
Financial assets	**(1,205)**	**(80,636)**	**(156,394)**	**(11,507)**	**12,582**	**(237,159)**	
Financial instruments at amortised cost	(9)	(42,673)	(2,123)	(299)	(0)	(45,103)	(11,877)
Financial instruments at FVTOCI	(636)	(33,100)	(105,852)	(7)	-	(139,594)	-
Financial instruments at FVTPL	(9)	(26)	(48,170)	(1)	-	(48,205)	(22)
Derivative financial instruments	(0)	(4,257)	-	-	-	(4,257)	(167)
Intersegment financial assets	(552)	(581)	(249)	(11,201)	12,582	-	-
Tax credits Law no. 77/2020	**(407)**	**(7,912)**	**-**	**-**	**-**	**(8,318)**	
Assets for outward reinsurance	**-**	**-**	**(233)**	**-**	**-**	**(233)**	**-**
Net debt/(net financial surplus)	**3,405**	**4,528**	**(859)**	**(1,028)**	**(1,025)**	**5,021**	
Cash and deposits attributable to BancoPosta	**-**	**(4,671)**	**-**	**-**	**-**	**(4,671)**	**-**
Cash and cash equivalents	**(650)**	**(940)**	**(3,561)**	**(65)**	**1,004**	**(4,211)**	**(874)**
Net debt/(funds)	**2,755**	**(1,082)**	**(4,420)**	**(1,093)**	**(21)**	**(3,861)**	

Total net debt/(funds) at 31 December 2024 showed funds of €4,344 million, an improvement of €483 million from 31 December 2023 (funds of €3,861 million). The change during the period is attributable to the positive effect from operations of €2,699 million (of which €2,013 million attributable to profit for the year and €929 million to depreciation and amortisation for the year) and the positive valuation effects for the year of approximately €680 million from investments classified in the FVTOCI category, partially offset by the negative effect from the change in working capital and taxes of approximately €461 million, investments of €966 million, dividend payments totalling €1,165 million (of which €427 million related to the interim ordinary dividend planned for the financial year 2024) and other decreases totalling €303 million, mainly attributable to the increase in financial lease liabilities falling under IFRS 16.

An analysis of the Net debt/(funds) of the Mail, Parcels and Distribution segment at 31 December 2024, in accordance with ESMA recommendation 32-382-1138, is provided below:

ESMA financial debt

Description (€m)	At 31.12.2024	At 31.12.2023
A. Cash and cash equivalents	(617)	(650)
B. Cash equivalents	-	-
C. Other current financial assets	(9)	(6)
D. Liquidity (A + B + C)	**(626)**	**(656)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	323	813
F. Current portion of the non-current financial payable	5	1
G. Current financial debt (E + F)	**328**	**814**
H. Net current financial debt (G + D)	**(298)**	**158**
I. Non-current financial debt (excluding current portion and debt instruments)	2,533	2,058
J. Debt instruments	499	498
K. Trade payables and other non-current payables	11	15
L. Non-current financial debt (I + J + K)	**3,043**	**2,571**
M. Total financial debt (H + L)	**2,745**	**2,729**

Reconciliation of financial debt ESMA

Description (€m)	At 31.12.2024	At 31.12.2023
M. Total financial debt (H + L)	**2,745**	**2,729**
Non-current financial assets	(562)	(647)
K. Trade payables and other non-current payables	(11)	(15)
Tax credits Law no. 77/2020	(282)	(407)
Net debt/(funds)	**1,890**	**1,661**
Intersegment financial receivables and borrowings	957	1,094
Net debt/(funds) including intersegment transactions	**2,846**	**2,755**

For information regarding the Poste Group's credit lines and available liquidity at 31 December 2024, reference should be made to note 4.6 - *Risk management - Financial risks - Liquidity risk*.

Changes in liabilities arising from financing activities

The following reconciliation of financial liabilities is provided in accordance with IAS 7, following the amendments introduced by EU Regulation 1990/2017 of 6 November 2017.

tab. B8.5 - Changes in liabilities arising from financing activities

Description (€m)	Balance at 31.12.2023	Net cash flow from/(for) financing activities	Net cash flow from/(for) operating activities	Non-cash flows	Balance at 31.12.2024
Loans	10,175	65	(3,216)	1,209	8,233
Bonds	1,008	(500)	-	1	509
Due to financial institutions	9,167	565	(3,216)	1,209	7,724
Lease payables	1,341	(307)	-	237	1,271
Other financial liabilities	15,290	6	(1,080)	(48)	14,169
Total	**26,803**	**(236)**	**(4,296)**	**1,399**	**23,672**

B9 – Trade payables (€2,097 million)

tab. B9 - Trade payables

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Due to suppliers	1,722	1,625	97
Contract liabilities	317	563	(247)
Due to subsidiaries	-	3	(3)
Due to associates	59	61	(1)
Total	**2,097**	**2,252**	**(155)**

Due to suppliers

tab. B9.1 - Due to suppliers

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Italian suppliers	1,508	1,384	124
Foreign suppliers	82	106	(24)
Overseas counterparties*	132	135	(3)
Total	**1,722**	**1,625**	**97**

* The amount due to overseas counterparties regards fees payable to overseas postal operators and companies in return for postal and telegraphic services received.

Contract liabilities

tab. B9.2 - Movements in contract liabilities

Description (€m)	Balance at 01.01.2024	Reclassifications	Change due to recognition of revenue for period	Other changes	Balance at 31.12.2024
Prepayments and advances from customers	445	-	-	(263)	183
Liabilities for volume discounts	0	-	-	-	0
Liabilities for fees to be refunded	43	-	14	-	58
Other contract liabilities	75	-	1	-	76
Total	**563**	**-**	**16**	**(263)**	**317**

Prepayments and advances from customers relate mainly to amounts received from customers for services to be rendered and listed below:

tab. B9.2.1 - Prepayments and advances from customers

Description (€m)		Balance at 31.12.2024	Balance at 31.12.2023	Changes
Prepayments from overseas counterparties		127	179	(52)
Advances for Publishing from PCM	[tab. A8.1]	-	195	(195)
Advances for shipments		43	59	(16)
Advances for other services		13	13	(0)
Total		**183**	**445**	**(263)**

The decrease compared to 31 December 2023 is due mainly to the offsetting of payables for advances received with receivables for refunds of publisher tariff subsidies, following the release of the related collections (see Note A8 - *Trade receivables*).

Liabilities for fees to be refunded represent the estimated liability linked to the refund of fees on loan products sold after 1 January 2018, under the terms of which the related fees must be refunded if the customer opts for early cancellation of the agreement.

Other contract liabilities primarily regard Postamat and "Postepay Evolution" card fees collected in advance.

B10 - Other liabilities (€4,175 million)

tab. B10 - Other liabilities

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Due to staff	14	685	699	10	682	692	7
Social security payables	13	428	441	16	434	450	(10)
Other taxes payable	1,817	812	2,629	1,826	913	2,739	(110)
Sundry payables	50	164	214	55	199	254	(40)
Accrued liabilities and deferred income	130	62	192	150	56	207	(14)
Total	**2,024**	**2,151**	**4,175**	**2,058**	**2,285**	**4,343**	**(167)**

Due to staff

These items primarily regard accrued amounts that have yet to be paid at 31 December 2024. The breakdown is as follows:

tab. B10.1 - Due to staff

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Fourteenth month salaries	-	208	208	-	211	211	(3)
Incentives	14	373	387	10	372	382	5
Accrued vacation pay	-	37	37	-	43	43	(6)
Other payables to staff	-	66	66	-	55	55	11
Total	**14**	**685**	**699**	**10**	**682**	**692**	**7**

Social security payables

tab. B10.2 - Social security payables

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
INPS	1	323	325	2	333	334	(10)
Pension funds	-	88	88	-	87	87	1
INAIL	11	4	15	15	0	15	(0)
Other agencies	(0)	13	13	(0)	15	15	(2)
Total	**13**	**428**	**441**	**16**	**434**	**450**	**(10)**

Other taxes payable

tab. B10.3 - Other taxes payable

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**	**Changes**
Stamp duty payable	1,817	80	1,897	1,826	132	1,958	(61)
Tax due on insurance provisions	-	466	466	-	496	496	(30)
Withholding tax on employees' and consultants' salaries	-	88	88	-	94	94	(6)
VAT payable	-	33	33	-	23	23	10
Substitute tax	-	3	3	-	40	40	(37)
Withholding tax on postal current accounts	-	78	78	-	74	74	4
Other taxes due	-	64	64	-	55	55	10
Total	**1,817**	**812**	**2,629**	**1,826**	**913**	**2,739**	**(110)**

Specifically:

- The **stamp duty payable** includes the balance due to the Treasury for the tax paid virtually in the 2024 financial year. The non-current portion of the stamp duty mainly relates to the amount accrued at 31 December 2024 on Interest-bearing Postal Certificates outstanding and on Class III and V insurance policies pursuant to the new law referred to in Note A9 – *Other receivables and assets*.
- **Tax due on insurance provisions** relates to Poste Vita SpA and is described in note A9 - *Other receivables and assets*.

Sundry payables

tab. B10.4 - Sundry payables

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**	**Changes**
Sundry payables attributable to BancoPosta	-	17	17	-	3	3	14
Guarantee deposits	5	0	6	16	0	17	(11)
Other payables	45	147	192	39	195	234	(42)
Total	**50**	**164**	**214**	**55**	**199**	**254**	**(40)**

Accrued liabilities and deferred income

Accrued liabilities and deferred income include deferred income of €113 million for the non-repayable grant received in advance from the Parent Company for the implementation of the “Polis Project - House of Digital Services”.

4.3 Notes to the statement of profit or loss

C1 – Revenue from mail, parcels and other (€3,843 million)

This item breaks down as follows:

tab. C1 - Revenue from Mail, Parcels & other

Description (€m)	FY 2024	FY 2023	Changes
Mail	1,803	1,753	50
Parcels	1,586	1,395	191
Other revenue	137	281	(145)
Total external revenue	**3,526**	**3,429**	**96**
Universal Service compensation	262	262	-
Publisher tariff subsidies	55	55	1
Total revenue	**3,843**	**3,746**	**97**
of which Revenue from contracts with customers	3,418	3,120	298
recognised at a point in time	337	376	(39)
recognised over time	3,081	2,744	337

External revenue showed an increase compared to the financial year 2023 of €97 million mainly due to parcel revenue of €191 million, supported by a steady acceleration of the Business to Exchange (B2X) component in terms of higher shipments and higher revenue in the Mail segment of €50 million. This increase is mitigated by the decrease in other revenue, as the 2023 financial year had benefited from the capital gain of approximately €109 million from the sale of the controlling interest in sennder Italia.

Universal Service compensation relates to amounts paid by the MEF to cover the costs of fulfilling the USO. Annual compensation, amounting to €262 million, is established in the Contratto di Programma (Service Contract) for 2020-2024, which took effect on 1 January 2020.

Publisher tariff subsidies[317] relate to the amount receivable by Poste Italiane from the Presidenza del Consiglio dei Ministri - Dipartimento dell'Editoria (Cabinet Office - Publishing department) as compensation for the discounts applied to publishers and non-profit organisations when sending mail. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry of Enterprise and Made in Italy (former MiSE) in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. With AGCom Resolution 454/22/CONS of 30 December 2022, the new universal basic tariffs of the subsidised publishing products included in the Universal Service were defined. The Resolution provided for a gradual increase in the basic tariffs with a consequent increase in the compensation received by Poste Italiane per item sent at a subsidised rate. The amount of the subsidies granted by the Company is covered by the State Budget.

C2 – Net revenue from financial services (€5,521 million)

Net revenue from financial services regard services provided mainly within the Parent Company's BancoPosta RFC and the subsidiary BancoPosta Fondi SGR.

317. Law no. 8 of 28 February 2020 - ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "*for a duration equal to that of the universal postal service*" (i.e. until April 2026).

This item breaks down as follows:

tab. C2 - Revenue from Financial Services

Description (€m)	FY 2024	FY 2023	Changes
Revenue from financial services	5,874	5,516	357
Income from financial activities	247	271	(24)
Other operating income	7	7	(0)
Expenses from financial activities	(607)	(566)	(41)
Total	**5,521**	**5,229**	**292**
of which Revenue from contracts with customers	2,668	2,643	24
recognised at a point in time	223	231	(8)
recognised over time	2,444	2,412	32

Revenue from Financial Services breaks down as follows:

tab. C2.1 - Revenue from financial services

Description (€m)	FY 2024	FY 2023	Changes
Income from investment of postal current account deposits and free cash	2,996	2,702	294
Fees for collection of postal savings deposits	1,725	1,740	(15)
Other revenue from current account services	427	426	0
Distribution of loan products	216	157	59
Commissions on payment of bills by payment slip	193	208	(15)
Mutual fund management fees	181	143	38
Income from delegated services	89	91	(1)
Money transfers	17	17	(0)
Other	29	32	(3)
Total	**5,874**	**5,516**	**357**

Revenue from financial services showed an increase compared to the financial year 2023, mainly due to income from the use of postal current account deposits and free cash and the remuneration of postal savings deposits.

Specifically:

- **Income from investment of postal current account deposits and free cash** breaks down as follows:

tab. C2.1.1 - Income from investment of postal current account deposits and free cash

Description (€m)	FY 2024	FY 2023	Changes
Income from investments in securities	2,284	1,962	322
Interest income on securities at FVOCI	970	936	35
Interest income on securities at amortised cost	833	780	53
Interest income (expense) on asset swaps of FVH on securities at FVOCI and AC	332	171	161
Interest income on repurchase agreements	97	70	27
Interest income (expense) on asset swaps of CFH on securities at FVOCI and AC	52	5	47
Income from deposits held with the MEF	408	446	(38)
Remuneration of current account deposits (deposited with the MEF)	406	441	(35)
Differential on derivatives stabilising returns	2	5	(3)
Income from investments in tax credits	318	309	10
Interest income on tax credits at AC	318	309	10
Portion of interest income on own liquidity (finance income)	(14)	(15)	0
Other income	(0)	0	-
Total	**2,996**	**2,702**	**294**

The increase in the item in question compared to the previous year is mainly attributable to income from investments in securities.

Income from investments in securities relates to interest earned on investment of deposits paid into postal current accounts by private customers. The amount of income includes the impact of the interest rate hedge. The increase in this item compared to financial year 2023 is mainly due to the higher profitability of both the new securities that entered the portfolio in financial year 2024 and those subject to the broader restructuring of fair value hedges as described in Note A6 - *Financial assets* and the simultaneous positive effect produced by the start-up of fair value hedges already present in the portfolio.

Income from investments in tax credits relates to interest accrued during the year on the investments described in Note A10 - *Tax Credits Law no. 77/2020.*

Income from deposits held with the MEF primarily represents accrued interest for the year on amounts deposited at Public Administration entities, remunerated at a variable rate as described in Note A6 - *Financial assets*.

- **Fees for the collection of postal savings deposits** relates to the provision and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from Postal Savings Books provided by Poste Italiane SpA on behalf of Cassa Depositi e Prestiti. This item reflects the fees accrued as of the date under the new Postal Savings Agreement valid for the three-year period 2024-2026, effective as of 1 January 2024.
- Revenue **from current account services** mainly included commissions for account maintenance fees, commissions for collection services, online and over-the-counter transfers and fees, and commissions for reporting services performed for customers.
- Revenue from the **distribution of loan products** relates to commissions received by the Parent Company on the placement of personal loans and mortgages on behalf of third parties.

Income from financial activities breaks down as follows:

tab. C2.2 - Income from financial activities

Description (€m)	FY 2024	FY 2023	Changes
Income from financial instruments at FVTOCI	105	164	(59)
Realised gains	105	164	(59)
Income from financial instruments at amortised cost	83	48	35
Realised gains	83	48	35
Income from financial instruments at FVTPL	8	8	0
Fair value gains	8	7	1
Realised gains	-	1	(1)
Foreign exchange gains	6	3	3
Fair value gains	2	1	1
Realised gains	4	2	2
Other income	45	48	(3)
Total	**247**	**271**	**(24)**

The decrease in **Other income from financial activities,** compared to the previous year, was mainly due to lower realised gains on financial instruments at FVTOCI, partially offset by higher realised gains on financial instruments at Amortised cost (of which €20 million from the early extinguishment of repurchase agreements).

Expenses from financial activities breaks down as follows:

tab. C2.3 - Expenses from financial activities

Description (€m)	FY 2024	FY 2023	Changes
Interest expense	500	505	(5)
in customers' deposits	224	219	5
on repurchase agreements	170	128	42
on guarantee deposits	106	158	(52)
Expense from financial instruments at FVTOCI	70	54	16
Realised losses	70	54	16
Expenses from financial instruments at amortised cost	28	-	28
Realised losses	28	-	28
Expenses from financial instruments at FVTPL	4	7	(3)
Fair value losses	4	4	-
Realised losses	0	3	(3)
Expenses from cash value hedges	3	0	3
Fair value losses	3	0	3
Expenses from fair value hedges	1	-	1
Fair value losses	1	-	1
Total	**607**	**566**	**41**

Expenses from financial activities increased compared to the year 2023 mainly due to higher interest on repurchase agreements and higher losses on the realisation of financial instruments at FVTOCI at Amortised Cost, partially offset by a decrease in interest on guarantee deposits related to the restructuring dynamics of the fair value hedge derivatives portfolio described in Note *A6 - Financial assets.*

C3 – Net revenue from insurance services (€1,640 million)

tab. C3 - Net revenue from Insurance Services

Description (€m)	FY 2024	FY 2023	Changes
Revenue from insurance contracts issued	2,824	2,550	274
Costs arising from insurance contracts issued	(1,234)	(1,058)	(176)
Revenue/(costs) from outward reinsurance	(32)	(15)	(17)
Income and (expenses) from financial activities and other income/expenses	6,430	6,458	(27)
Net financial (costs)/revenue relating to insurance contracts issued	(6,358)	(6,373)	14
Net financial revenue/(costs) related to outward reinsurance	10	5	5
Total	**1,640**	**1,567**	**73**

Net income from insurance services increased from €1,567 million to €1,640 million compared to 2023, mainly due to the higher release of the Contractual Service Margin (CSM) recognised during the period: €1,458 million compared to €1,285 million in the comparative year.

The breakdown of revenue from insurance contracts and costs arising from insurance contracts is shown below.

The breakdown of revenue from insurance contracts issued is as follows:

tab. C3.1 - Revenue from insurance contracts issued

Description (€m)	FY 2024	FY 2023	Changes
Contracts measured according to GMM and VFA	**2,309**	**2,137**	**172**
Change in liability for remaining coverage	2,073	1,923	149
Incurred claims and other insurance service costs expected	551	516	34
Changes in the adjustment for non-financial risks	64	120	(56)
Contractual service margin recognised in the statement of profit or loss for services provided	1,458	1,285	173
Other amounts	(1)	2	(3)
Acquisition costs of recovered insurance contracts	236	214	22
Contracts measured according to the PAA	**514**	**413**	**102**
Total	**2,824**	**2,550**	**274**

At the end of the reporting period, insurance revenue from contracts measured upon transition to IFRS 17 using the Fair Value Approach amounted to €61 million, for carve-out[318] contracts amounted to €2,025 million, with the remainder relating to revenue from new contracts recognised in the period and contracts for which the Full Retrospective Approach was adopted. Details of **Costs from insurance contracts** issued are as follows:

The breakdown of **Costs from insurance contracts issued** is as follows:

tab. C3.2 - Costs from insurance contracts issued

Description (€m)	FY 2024	FY 2023	Changes
Contracts measured according to GMM and VFA	**796**	**703**	**94**
Incurred claims and other directly attributable costs	753	346	407
Changes in the liability for incurred claims	(197)	146	(343)
Losses on onerous contracts and recovery of such losses	4	(3)	7
Amortisation of acquisition costs of insurance contracts	238	214	24
Other	(2)	(1)	(1)
Contracts measured according to the PAA	**438**	**355**	**83**
Total	**1,234**	**1,058**	**176**

318. Contracts for which the annual cohort exemption was applied.

The breakdown of revenue/(costs) from outward reinsurance is as follows:

tab. C3.3 - Revenue/(costs) from outward reinsurance

Description (€m)	FY 2024	FY 2023	Changes
Outward reinsurance measured under GMM	**(56)**	**(48)**	**(9)**
Change in assets for remaining coverage	(56)	(48)	(9)
Amount of claims and other recoverable costs expected	(45)	(35)	(10)
Changes in the adjustment for non-financial risks	(4)	(4)	0
Contractual service margin recognised in the statement of profit or loss for services received	(8)	(6)	(2)
Other	1	(3)	3
Other costs directly attributable to outward reinsurance	0	0	0
Outward reinsurance measured under PAA	**(103)**	**(41)**	**(62)**
Total costs from outward reinsurance	**(160)**	**(89)**	**(71)**
Effects of changes in default risk by reinsurers	0	0	0
Amount of claims and other expenses recovered	0	0	(0)
Changes in the asset for incurred claims	47	38	9
Other recoveries	1	2	(1)
Revenue from outward reinsurance measured under PAA	**80**	**33**	**46**
Total	**(32)**	**(15)**	**(16)**

The breakdown of **Income and (Expenses) from financial activities and other income/expenses** is as follows:

tab. C3.4 - Income and (expenses) from financial activities and other income/expenses

Description (€m)	FY 2024	FY 2023	Changes
Income from financial activities and other income	7,883	6,982	900
Expenses from financial activities and other expenses	(1,452)	(525)	(928)
Total	**6,430**	**6,458**	**(27)**

Income and (expenses) from financial activities and other income/expenses were substantially in line with the previous year. The increase in **Income from financial activities and other income**, offset by the increase in **Expenses from financial activities and other expenses** are due to the line-by-line consolidation of the new UCITS Funds, which entails a look-through presentation of the same with a presentation of the individual assets and liabilities composing them, while previously the effect deriving from the delta NAV of the individual Funds was synthetically presented (for further details, see Note A6 - *Financial assets* and paragraph 2.8 - Basis of consolidation).

These gains and losses, related almost entirely to the investments included in the separately managed accounts, were almost entirely relegated to policyholders through the mirroring mechanism and included in the item “Net financial (costs)/revenue related to insurance contracts issued”.

tab. C3.4.1 - Income from financial activities and other income

Description (€m)	FY 2024	FY 2023	Changes
Income from financial instruments at FVPL	4,284	3,600	684
Interest	1,007	553	454
Fair value gains	2,878	2,893	(15)
Realised gains	392	154	238
Dividends	7	-	7
Income from financial instruments at FVTOCI	3,255	3,217	38
Interest	3,236	3,202	34
Realised gains	18	15	3
Dividends	0	0	0
Income from financial instruments at amortised cost	7	6	1
Interest	7	6	1
Foreign exchange gains	131	-	131
Fair value gains	35	-	35
Realised gains	96	-	96
Other income	206	160	46
Total	**7,883**	**6,982**	**900**

tab. C3.4.2 - Expenses from financial activities and other expenses

Description (€m)	FY 2024	FY 2023	Changes
Expense from financial instruments at FVPL	624	469	154
Realised losses	356	181	175
Fair value losses	265	289	(23)
Interest	1	-	1
Dividends	1	-	1
Expense from financial instruments at FVOCI	83	46	37
Interest	0	0	(0)
Realised losses	83	46	37
Expenses from financial instruments at amortised cost	1	-	1
Interest	1	-	1
Foreign exchange losses	748	-	748
Fair value losses	555	-	555
Losses realised	193	-	193
Impairment losses/(reversals of impairment losses) due to credit risk	(15)	7	(22)
Other expenses	12	3	9
Total	**1,452**	**525**	**928**

tab C3.5 - Net financial (costs)/revenue relating to insurance contracts issued

Description (€m)	FY 2024	FY 2023	Changes
Change in fair value of underlying assets of contracts valued under VFA	(6,333)	(6,359)	26
Accrued interest	(18)	(12)	(6)
Effects of changes in interest rates and other financial assumptions	(7)	(1)	(6)
Effects of exchange rate changes	0	0	-
Other	0	0	-
Total	**(6,358)**	**(6,373)**	**(12)**

tab. C3.6 - Net financial revenue/(costs) related to outward reinsurance

Description (€m)	FY 2024	FY 2023	Changes
Accrued interest	10	5	4
Effects of changes in interest rates and other financial assumptions	1	0	1
Effects of exchange rate changes	0	0	-
Other	0	0	-
Total	**10**	**5**	**5**

C4 – Revenue from PostePay services (€1,923 million)

This item breaks down as follows:

tab. C4 - Revenue from Postepay Services

Description (€m)	FY 2024	FY 2023	Changes
Electronic money	685	623	62
Fees for issue and use of prepaid cards	402	409	(7)
Acquiring fees	104	60	44
Other fees	179	154	25
Mobile	326	327	(2)
Payment services	494	473	21
Payment Slips	294	280	14
Money transfers	155	147	8
Commissions for processing tax payments using forms F23/F24	44	46	(2)
Other products and services	0	(0)	0
Revenue from energy services	415	157	258
Other operating income	4	6	(2)
Total	**1,923**	**1,586**	**337**
of which Revenue from contracts with customers	1,922	1,306	616
recognised at a point in time	695	438	257
recognised over time	1,227	868	359

These consist of revenue from e-money products and payment services, revenue from mobile telephony services and revenue from the energy segment, which are mainly generated by PostePay SpA and its direct subsidiaries.

Revenue from Postepay Service increased by €337 million year-on-year due to the positive contribution of all segments, in particular the energy business for €258 million.

C5 – Cost of goods and services (€3,717 million)

tab. C5 - Cost of goods and services

Description (€m)	FY 2024	FY 2023	Changes
Service costs	3,288	2,906	382
Raw, ancillary and consumable materials and goods for resale	399	303	96
Lease expense	194	163	31
Allocation of costs directly attributable to insurance contracts	(165)	(135)	(30)
Total	**3,717**	**3,237**	**479**

Costs of goods and services (adjusted by costs directly attributable to insurance contracts) increased by a total of €479 million compared to 2023. The change is mainly attributable to higher costs related to the purchase of raw materials, system charges and the transport of electricity and gas and the international inflationary scenario, as well as the incurring of variable costs to support the parcels and payments business.

Service costs

tab. C5.1 - Service costs

Description (€m)	FY 2024	FY 2023	Changes
Transport of mail, parcels and forms	1,250	1,146	104
Credit and debit card fees and charges	385	322	63
Outsourcing fees and external service charges	302	281	21
Routine maintenance and technical assistance	265	247	18
Mobile telecommunication services for customers	176	182	(6)
Personnel services	148	141	6
Energy and water consumption	164	101	63
Electricity and gas transmission	124	34	90
Advertising and promotions	98	78	20
Cleaning, waste disposal and security	91	95	(4)
Exchange of mail and telegraphy	53	44	9
Asset management fees	50	43	7
Transport of cash	48	57	(9)
Telecommunications and data transmission services	33	40	(7)
Consultants' fees and legal expenses	22	19	3
Electronic document management, printing and enveloping services	10	10	(0)
Remuneration and expenses of Statutory Auditors	2	2	0
Other	68	66	2
Total	**3,288**	**2,906**	**382**

The rise in service costs was mainly due to the increase in costs for electricity and gas transmission in the energy segment, costs for energy and water consumption, costs for logistics and delivery services related to the parcels segment, and credit/debit card fees and charges.

Lease expense

tab. C5.2 - Lease expense

Description (€m)	FY 2024	FY 2023	Changes
Equipment hire and software licences	149	113	36
Real estate leases and ancillary costs	27	33	(6)
Vehicle leases	4	4	(0)
Other lease expense	14	13	0
Total	**194**	**163**	**31**

Raw, ancillary and consumable materials and goods for resale

tab. C5.3 - Raw, ancillary and consumable materials and goods for resale

Description (€m)	FY 2024	FY 2023	Changes
Electricity and gas costs	214	115	99
Consumables, advertising materials and goods for resale	103	109	(6)
Fuels and lubricants	67	68	(2)
Electronic money card	15	15	0
Printing of postage and revenue stamps	5	6	(1)
SIM cards and scratch cards	1	1	1
Change in inventories of work in progress, semi-finished and finished goods and goods for resale	4	(8)	12
Change in inventories of raw, ancillary and consumable materials	2	1	1
Change in property held for sale	(12)	(7)	(6)
Others	1	3	(3)
Total	**399**	**303**	**96**

The increase compared to the financial year 2023 was mainly affected by higher costs in the energy segment.

Finally, it should be noted that of the total costs for raw, ancillary and consumable materials and goods for resale, about €2 million refer to costs incurred during the year by PostePay SpA and Poste Air Cargo SpA for the purchase of environmental certificates for the supply of electricity and natural gas.

C6 – Personnel expenses (€5,135 million)

Personnel expenses include the cost of personnel seconded to other organisations. The recovery of such expenses is posted to Other operating income. Personnel expenses break down as follows:

tab. C6 - Personnel expenses

Description (€m)	Note	FY 2024	FY 2023	Changes
Wages and salaries		4,087	4,076	10
Social security contributions		1,169	1,157	12
Employee termination benefits: supplementary pension funds and INPS		240	238	2
Provisions for early retirement incentives	[tab. B6]	128	159	(31)
Share-based payments		16	12	4
Early retirement incentives		7	12	(4)
Agency staff		5	4	1
Remuneration and expenses paid to Directors		5	5	0
Net provisions (reversals) for disputes with staff	[tab. B6]	4	10	(5)
Employee termination benefits: current service cost	[tab. B7]	2	3	(0)
Amounts recovered from staff due to disputes		(3)	(3)	0
Other personnel expenses/(cost recoveries)		(23)	(29)	6
Allocation of costs directly attributable to insurance contracts		(503)	(473)	(30)
Total		**5,135**	**5,170**	**(35)**

Personnel expenses (adjusted for costs directly attributable to insurance contracts) decreased by €35 million compared to 2023, mainly due to lower provisions for early retirement incentives. The change in the ordinary cost component is related to the increase in the unit cost, which is attributable to the increase in the contractual minimums triggered in July 2023 (provided for in the collective labour agreement signed on 23 June 2021), to the portion of the one-off payment made in September 2024 (provided for in the new collective labour agreement signed on 23 July 2024) and to the variable component linked to results.

Net provisions for disputes with staff and provisions for restructuring charges are described in note B6 – *Provisions for risks and charges*.

The following table shows the Group's average and year-end headcount:

tab. C6.1 - Number of employees

	Average		Year end	
Unit	**FY 2024**	**FY 2023**	**31.12.2024**	**31.12.2023**
Executives	735	692	738	688
Middle managers	15,556	15,338	15,654	15,279
Operational staff	86,202	88,540	84,981	86,349
Back-office staff	6,312	6,334	8,137	6,475
Total employees on permanent contracts*	**108,805**	**110,904**	**109,510**	**108,791**

* Figures expressed in full time equivalent terms.

Furthermore, taking account of personnel on flexible contracts, the average number of full-time equivalent personnel in the year is 119,117, of which 90 relating to agency staff/project contracts (in 2023: 119,310, of which 85 related to agency staff/project contracts).

C7 – Depreciation, amortisation and impairments (€855 million)

This item breaks down as follows:

tab. C7 - Depreciation, amortisation and impairments

Description (€m)	FY 2024	FY 2023	Changes
Amortisation and impairments of intangible assets	387	366	21
Depreciation of right-of-use assets	281	271	10
Impairments/recoveries/adjustments of rights of use	2	1	1
Depreciation of property, plant and equipment	255	239	16
Impairments/recoveries/adjustments of property, plant and equipment	3	3	(0)
Depreciation of investment property	1	1	(0)
Allocation of costs directly attributable to insurance contracts	(75)	(72)	(3)
Total	**855**	**811**	**44**

Depreciation, amortisation and impairments (adjusted for costs directly attributable to insurance contracts) showed an increase of €44 million compared to 2023. The increase is attributable to higher amortisation on intangible assets (€21 million) for investments in software applications that have become available for use, as well as higher depreciation of property, plant and equipment (€16 million) and right-of-use assets (€10 million).

C8 – Capitalised costs and expenses (€67 million)

The item breaks down as follows:

tab. C8 - Capitalised costs and expenses

Description (€m)	FY 2024	FY 2023	Changes
Intangible assets:	**56**	**54**	**2**
Personnel expenses	42	39	3
Cost of goods and services	13	14	(2)
Depreciation and amortisation	1	1	0
Property, plant and machinery:	**11**	**2**	**10**
Cost of goods and services	11	2	9
Total	**67**	**56**	**12**

C9 – Other operating costs (€318 million)

Other operating costs break down as follows:

tab. C9 - Other operating costs

Description (€m)	FY 2024	FY 2023	Changes
Municipal property tax, urban waste tax and other taxes and duties	109	113	(4)
Contribution to the Life Insurance Guarantee Fund	74	-	74
Reversal of tax credits for years prior to 2024	57	-	57
Operational risk events	26	28	(3)
Thefts	6	4	2
Loss of BancoPosta assets, net of recoveries	8	3	5
Other operating losses of BancoPosta	11	21	(10)
Capital losses	4	3	1
Net provisions for risks and charges made/(released)	(9)	81	(91)
for disputes with third parties	(2)	(12)	10
for operational risks	(11)	(1)	(10)
for other risks and charges	4	11	(7)
for taxation	0	3	(3)
for risks on tax credit - Law no. 77/2020	-	80	(80)
Other current costs	70	71	(1)
Allocation of costs directly attributable to insurance contracts	(13)	(22)	9
Total	**318**	**275**	**42**

Other operating costs (adjusted for costs directly attributable to insurance contracts) increased by €42 million compared with the previous year, primarily due to the effect of the contribution to the Life Insurance Guarantee Fund[319] totalling €74 million (of which €58 million for insurance companies operating in the Group's life business and €16 million for the Parent Company, Poste Italiane SpA, within BancoPosta) and higher charges for the repayment of instalments relating to years prior to 2024 totalling €57 million in connection with the risk analysis of tax credits (for which reference should be made to note A10 - *Tax credits Law no. 77/2020*) partially offset by lower net accruals for provisions for risks and charges.

C10 – Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets (€424 million)

tab. C10 - Impairment losses/(Reversals of impairment losses) on debt instruments, receivables and other assets

Description (€m)	FY 2024	FY 2023	Changes
Impairment losses/(reversals of impairment losses) on tax credits Law no. 77/2020	380	32	348
Impairment losses/(reversals of impairment losses) on tax credits Law no. 77/2020	548	32	516
Absorption in profit and loss Provision for tax credit risks	(168)	0	(168)
Impairment losses/(reversals of impairment losses) on receivables and other assets (use of the provision for impairment)	55	32	23
Impairment losses/(reversals of impairment losses) on receivables and debt instruments from financial and insurance activities	(11)	7	(18)
Impairment losses (reversal of impairment losses) on receivables	(1)	(0)	(1)
Impairment losses/(reversals of impairment losses) on debt instruments at FVTOCI	(5)	3	(8)
Impairment losses/(reversals of impairment losses) on debt instruments at amortised cost	(5)	4	(9)
Total	**424**	**71**	**354**

319. The contribution to the Life Insurance Guarantee Fund was introduced by Law no. 213 of 30 December 2023 - "Budget Law" in force as of 1 January 2024, establishing the regulation of a Fund whose function will be to intervene to protect the beneficiaries of life insurance policies in the event that the placing insurance company is subject to bankruptcy proceedings. This contribution will be due until the targets set by the Act are reached by 2035. As required by industry best practice, the 2024 contribution was calculated as 0.4 per thousand of the life insurance technical provisions relating to the previous year, determined in accordance with the criteria set out in the Solvency directive, while banking, postal and financial intermediaries (registered in section D of the RUI, Article 109 of the CAP, including Poste Italiane SpA - Divisione servizi di BancoPosta) contribute 0.1 per thousand of the technical provisions corresponding to the contracts intermediated.

The item Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets increased by €354 million compared to the year 2023, mainly due to the accounting effects related to the risk analysis on tax credits analytically described in Note A10 - Tax credits Law no. 77/2020.

C11 – Finance income (€120 million) and costs (€209 million)

Income and Costs incurred on financial instruments relate to assets other than those in which deposits collected by BancoPosta and the financial and insurance businesses are invested.

Finance costs

tab. C11.1 - Finance costs

Description (€m)	FY 2024	FY 2023	Changes
Finance costs on financial liabilities	52	38	14
on lease payables	*33*	*28*	*5*
on due to financial institutions	*16*	*6*	*10*
on bonds	*3*	*5*	*(2)*
from derivative financial instruments	*0*	*0*	*(0)*
Sundry costs on financial assets	3	4	(1)
Realised losses on financial instruments at FVOCI	*3*	*3*	*(1)*
Losses from valuation on financial instruments at FVTPL	*-*	*0*	*(0)*
Expenses from financial liabilities at FVTPL	6	5	1
Finance costs on provisions for employee termination benefits and pension plans	21	26	(5)
Finance costs on provisions for risks	3	4	(2)
Other finance costs	31	34	(3)
Foreign exchange losses	4	8	(4)
Total	**120**	**119**	**1**

For the purposes of reconciliation with the statement of cash flows, in 2024 finance costs after foreign exchange losses amounted to €116 million (€110 million in 2023).

Finance income

tab. C11.2 - Finance income

Description (€m)	FY 2024	FY 2023	Changes
Income from financial instruments at FVTOCI	58	60	(1)
Interest	58	55	3
Accrued differentials on fair value hedges	-	0	(0)
Realised gains	-	0	(0)
Dividends	0	4	(4)
Other income	0	-	0
Income from financial instruments at amortised cost	55	62	(6)
Interest	55	62	(6)
Income from financial liabilities at FVTPL	12	2	10
Income from financial instruments at FVPL	9	10	(1)
Interest	3	-	3
Fair value gains	5	9	(4)
Realised gains	1	-	1
Accrued differentials on derivative financial instruments at FVPL	0	1	(1)
Income from valuation of cash flow hedges	-	6	(6)
Realised gains	-	6	(6)
Other finance income	69	35	34
Remuneration of own liquid funds of Poste Italiane	14	15	(0)
Interest on bank accounts	31	9	22
Finance income on discounted receivables	1	2	(0)
Late payment interest	32	30	2
Impairment of amounts due as late payment interest	(31)	(29)	(2)
Other income	22	8	14
Foreign exchange gains	5	8	(3)
Total	**209**	**181**	**28**

For the purposes of reconciliation with the statement of cash flows, in 2024 finance income after both realised gains, foreign exchange gains and dividends amounted to €204 million (€169 million in 2023).

Financial income increased by €28 million compared to the previous year, mainly due to higher interest on bank deposits as a result of the increase in interest rates recognised by major banks and higher liquidity deposited on bank accounts.

C12 – Income tax expense (€658 million)

tab. C12 - Income tax expense

Description (€m)	FY 2024				FY 2023				Changes
	IRES	IRAP	Other	Total	IRES	IRAP	Other	Total	
Current tax expense	585	179	2	766	597	148	2	746	20
Deferred tax assets	(72)	3	(0)	(69)	(3)	1	-	(2)	(67)
Deferred tax liabilities	(39)	0	-	(39)	43	7	-	50	(89)
Total	**474**	**182**	**2**	**658**	**637**	**156**	**2**	**794**	**(136)**

With regard to the deductibility of losses related to the failure to offset tax credits, the allocation of risk provisions on tax credits and the charges resulting from sharing the Risk Analysis with the Agenzia delle Entrate (see also Note A10 - Tax credits Law no. 77/2020), on 22 November 2024, the Agenzia delle Entrate's response was received to the risk communication of 14 November 2024 submitted by the Parent Company; the response received confirmed the deductibility for IRES purposes of the charges related to the tax credits recognised in the 2022, 2023 and 2024 financial statements, resulting in the recognition of lower taxes amounting to €229 million, including taxes related to previous years.

Below is the reconciliation of the Parent Company's theoretical IRES tax rate and the effective tax rate of 24.64%:

tab. C12.1 - Reconciliation between theoretical and effective IRES rate

Description (€m)	FY 2024		FY 2023	
	Imposta	Incidenza %	Imposta	Incidenza %
Profit before tax	2,671		2,727	
Theoretical tax charge	641	24.0%	655	24.0%
Effect of increases/(decreases) on theoretical tax charge				
Realised gains on investments	-	0.00%	(25)	-0.92%
Non-deductible out-of-period losses	5	0.17%	8	0.30%
Net provisions for risks and charges and impairment of receivables	3	0.10%	23	0.83%
Realignment of tax bases and carrying amounts and taxation for previous years	(172)	-6.43%	(11)	-0.39%
Other differences	(1)	-0.02%	(11)	-0.40%
IRAP Italian companies	182	6.82%	155	5.69%
Effective tax charge	**658**	**24.64%**	**794**	**29.11%**

The item "realignment of tax bases and carrying amounts and taxation for previous years" includes items related to the deductibility of charges related to the Parent Company's failure to offset tax credits related to prior years.

Current tax expense

tab. C12.2 - Movements in current tax assets/(liabilities)

Description (€m)	Current tax expense			
	IRES	IRAP	Foreign companies	
	Assets/(Liabilities)	Assets/(Liabilities)	Assets/(Liabilities)	Total
Balance at 1 January	**8**	**(30)**	**(1)**	**(23)**
Payments	685	178	3	866
Provisions to profit or loss	(585)	(179)	(2)	(766)
Provisions to equity	(4)	(0)	-	(4)
Other	59	(0)	0	58
Balance at 31 December	**163**	**(31)**	**(1)**	**132**
of which:				
Current tax assets	188	9	0	197
Current tax liabilities	(25)	(40)	(1)	(65)

Under IAS 12 – Income Taxes, IRES and IRAP credits are offset against the corresponding current tax liabilities, when applied by the same tax authority to the same taxable entity, which has a legally enforceable right to offset and intends to exercise this right.

In addition to the IRES and IRAP provisions for the year 2024 net of advance payments and receivables from the previous year and for withholding taxes, current tax assets (liabilities) at 31 December 2024 include:
- residual assets for substitute tax of approximately €110 million related to transactions for the redemption of goodwill and other intangible assets carried out by the Parent Company (€20 million) and PostePay SpA (€90 million);
- assets totalling €42 million related to the deductibility of prior years' expenses referring to tax credits and the tax recognition of negative income components arising from the management of postal current account balances, which will become offsettable after the submission of the relevant supplementary tax returns;
- residual assets of €10 million related to the Parent Company's adhesion to the Patent Box regime for the 2018-2019 financial years;
- assets totalling a residual €9 million recognised as a result of the responses received to two petitions filed with the Agenzia delle Entrate concerning the tax effects of implementation of IFRS 9 and 15.

Deferred tax assets and liabilities

tab. C12.3 - Deferred taxes

Description (€m)	Balance at 31 December 2024	Balance at 31 December 20243	Changes
Deferred tax assets	1,997	2,109	(111)
Deferred tax liabilities	(897)	(900)	4
Total	**1,101**	**1,208**	**(108)**

Movements in deferred tax assets and liabilities are shown below:

tab. C12.4 - Movements in deferred tax assets and liabilities

Description (€m)	FY 2024
Balance at 1 January	**1,208**
Net income/(expense) recognised in profit or loss	108
Net income/(expense) recognised in equity	(214)
Change in scope of consolidation and other	(1)
Balance at 31 December	**1,101**
of which:	
deferred tax assets	1,997
deferred tax liabilities	(897)

The following table shows movements in deferred tax assets and liabilities, broken down according to the events that generated such movements:

tab. C12.5 - Movements in deferred tax assets

Description (€m)	Property, plant and equipment and intangible assets	Financial assets and liabilities	Provisions to cover expected losses	Provisions for risks and charges	Insurance assets and liabilities	Other	Total
Balance at 1 January 2024	**49**	**601**	**97**	**218**	**939**	**206**	**2.109**
Income/(expense) recognised in profit or loss	(8)	(0)	13	64	(9)	8	69
Income/(expense) recognised in equity	-	(173)	(7)	-	1	(0)	(179)
Change in scope of consolidation and other	(2)	(0)	(8)	(2)	(1)	12	(1)
Balance at 31 December 2024	**39**	**427**	**95**	**280**	**931**	**226**	**1,997**

tab. C12.6 - Movements in deferred tax liabilities

Description (€m)	Financial assets and liabilities	Intangible assets	Other	Total
Balance at 1 January 2024	**751**	**64**	**86**	**900**
Expense/(income) recognised in profit or loss	(35)	(4)	(1)	(39)
Expense/(income) recognised in equity	35	-	(0)	35
Balance at 31 December 2024	**751**	**60**	**85**	**897**

Movements in deferred tax assets and liabilities recognised directly in equity during the year are as follows:

tab. C12.7 - Deferred taxes recognised in equity

Description (€m)	FY 2024
Fair value reserve for financial assets at FVTOCI	(609)
Reserve for insurance contracts issued and outward reinsurance	406
Cash flow hedge reserve for hedging derivatives	(18)
Actuarial gains/(losses) on employee termination benefits	0
Other changes	7
Total	**(214)**

4.4 Operating segments

The identified operating segments, which are in line with the Group's strategic guidelines, are as follows:

- Mail, Parcels & Distribution
- Financial Services
- Insurance Services
- Postepay Services (previously Payments and Mobile)

For a description of the operating segments as well as the types of products and/or services from which each reportable segment derives its revenue, please refer to the "Foreword" section of this Annual Report.

The result for each segment is based on operating profit/(loss) and gains/losses on intermediation.

In order to provide an understanding of the energy business, included in the Postepay Services operating segment, according to an approach based on the net interest and other banking income, since the Group is not an energy producer, the values shown with an asterix include a management reclassification that provides for the presentation of revenue related to the energy business net of costs related to the purchase of raw materials and the transport of electricity and gas. Therefore, values that deviate from the accounting data are specially marked and reconciled with the figures in the accounting statements.

The following results, which are shown separately in accordance with the management view and with applicable accounting standards, should be read in light of the integration of the services offered by the distribution network within the businesses allocated to all four identified operating segments, also considering the obligation to carry out the Universal Postal Service.

Economic data by operating segment

FY 2024 (€m)	**Mail, Parcels & Distribution**	**Financial Services**	**Insurance Services**	**Postepay Services**	**Adjustments and eliminations**	**Total**
Net external revenue from ordinary activities	3,843	5,521	1,640	1,585*	-	12,589*
Net intersegment revenue from ordinary activities	5,597	919	(160)	274	(6,631)	-
Net operating revenue	**9,441**	**6,440**	**1,480**	**1,858 ***	**(6,631)**	**12,589***
Total costs	**(9,678)**	**(5,556)**	**(109)**	**(1,330)***	**6,630**	**(10,042)***
of which: Depreciation, amortisation and impairment	*(890)*	*(0)*	*(2)*	*(35)*	*74*	*(855)*
of which: Other non-cash expenses	*(559)*	*11*	*4*	*(18)*	*-*	*(562)*
Operating profit/(loss)	**(237)**	**884**	**1,371**	**529**	**(0)**	**2,546**
Finance income/(costs)	(37)	(1)	126	1	-	89
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	13	0	1	0	-	14
Profit/(Loss) on investments accounted for using the equity method	2	20	-	0	-	22
Intersegment finance income/(costs)	4	18	(51)	28	(0)	-
Taxes for the period	168	(248)	(414)	(164)	-	(658)
Profit/(loss) for the period	**(88)**	**674**	**1,033**	**394**	**(0)**	**2,013**

FY 2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Net external revenue from ordinary activities	3,746	5,229	1,567	1,447 *	-	11,989*
Net intersegment revenue from ordinary activities	5,245	866	(148)	264	(6,227)	-
Net operating revenue	**8,991**	**6,095**	**1,419**	**1,710***	**(6,227)**	**11,989***
Total costs	**(9,033)**	**(5,232)**	**(59)**	**(1,271)***	**6,227**	**(9,368)***
of which: Depreciation, amortisation and impairment	*(844)*	*(0)*	*(2)*	*(36)*	*71*	*(811)*
of which: Other non-cash expenses	*(301)*	*(3)*	*(1)*	*(24)*	-	*(330)*
Operating profit/(loss)	**(43)**	**863**	**1,360**	**440**	**0**	**2,620**
Finance income/(costs)	(41)	(1)	102	2	-	62
Impairment losses/(reversals of impairment losses) on financial assets	25	0	(0)	(0)	-	25
Profit/(Loss) on investments accounted for using the equity method	2	18	-	-	-	20
Intersegment finance income/(costs)	8	13	(51)	30	0	-
Income tax expense	2	(246)	(417)	(134)	-	(794)
Net profit/(loss) for the year	**(46)**	**647**	**994**	**338**	**0**	**1,933**

Below is the reconciliation between the accounting figure and the management figure for the year under review and the comparative year:

Description (€m)		2024		2023	
		Postepay Services	Group	Postepay Services	Group
Net external revenue from ordinary activities	Accounting data	1,923	12,927	1,586	12,128
	Reclassification	(338)	(338)	(140)	(140)
	Management data	**1,585**	**12,589**	**1,447**	**11,989**
Net intersegment revenue from ordinary activities	Accounting data	396		275	
	Reclassification	(122)		(11)	
	Management data	**274**		**264**	
Net operating revenue	Accounting data	2,319	12,927	1,861	12,128
	Reclassification	(461)	(338)	(150)	(140)
	Management data	**1,858**	**12,589**	**1,710**	**11,989**
Total costs	Accounting data	1,791	10,381	1,421	9.508
	Reclassification	(461)	(338)	(150)	(140)
	Management data	**1,330**	**10,042**	**1,271**	**9,368**

Statement of financial position data by operating segment

31 December 2024 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Assets	**13,002**	**97,170**	**171,879**	**12,972**	**(17,925)**	**277,098**
Non-current assets	10,112	73,221	147,668	740	(3,697)	228,045
Current assets	2,890	23,949	24,161	12,231	(14,228)	49,003
Non-current assets and disposal groups held for sale	-	-	50	-	-	50
Liabilities	**9,511**	**93,809**	**165,151**	**11,703**	**(14,785)**	**265,388**
Non-current liabilities	4,294	8,011	163,391	74	(617)	175,154
Current liabilities	5,217	85,798	1,760	11,629	(14,169)	90,235
Other information						
Capital expenditure	940	0	4	22	(0)	966
Investments accounted for using the equity method	39	276	0	17	-	332

31 December 2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Assets	**13,223**	**98,450**	**164,024**	**12,712**	**(17,633)**	**270,777**
Non-current assets	9,934	73,325	144,516	737	(3,698)	224,814
Current assets	3,289	25,125	19,508	11,975	(13,936)	45,963
Non-current assets and disposal groups held for sale	-	-	50	-	-	50
Liabilities	**10,340**	**95,640**	**157,634**	**11,269**	**(14,496)**	**260,388**
Non-current liabilities	4,125	10,014	156,402	85	(669)	169,958
Current liabilities	6,215	85,626	1,232	11,185	(13,827)	90,430
Other information						
Capital expenditure	814	0	6	25	-	845
Investments accounted for using the equity method	27	267	-	-	-	294

Disclosure about geographical segments, based on the geographical areas in which the various Group companies are based or the location of its customers, is of no material significance. At 31 December 2024, the entities consolidated on a line-by-line basis are mainly based in Italy and, on a residual and insignificant basis in China, Hong Kong and the United Kingdom[320]; customers are mainly located in Italy: revenue from foreign customers does not account for a significant percentage of total revenue. Assets include those deployed by the segment in the course of ordinary business activities and those that could be allocated to it for the performance of such activities.

320. Total net revenue from ordinary operations by third parties recognised by the fully consolidated companies based in China, Hong Kong and the United Kingdom amounted to €259 million, while EBIT and net trading income amounted to €15 million.

4.5 Related party transactions

The Group include in external related parties the parent company MEF and its direct and indirect subsidiaries and associates. Related parties also include Poste Italiane SpA's key management personnel and the funds representing employment benefit plans for the personnel of BancoPosta RFC and its related parties. The state and public sector entities other than the MEF are not classified as related parties. Related party transactions do not include those deriving from financial assets and liabilities represented by instruments traded on organised markets.

Impact of related party transactions on the financial position and profit or loss

The impact of related party transactions on the financial position and profit or loss is shown below:

Impact of related party transactions on the financial position at 31 December 2024

	Balance at 31.12.2024						
Description (€m)	**Financial assets**	**Trade receivables**	**Other assets Other receivables**	**Cash and cash equivalents**	**Financial liabilities**	**Trade payables**	**Other liabilities**
Subsidiaries							
Casina Poste società sportiva dilettantistica Srl	-	0	-	-	-	-	-
Joint ventures							
Locker Italia SpA	-	0	-	-	-	0	0
Associates							
Anima Holding Group	-	0	-	-	-	7	-
Italia Camp Srl	-	0	-	-	-	-	-
Financit SpA	-	4	-	-	-	19	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	0	-
sennder Italia Srl	-	1	0	-	-	30	(0)
Cronos Vita Assicurazioni SpA	-	0	-	-	-	-	-
N&TS Group Networks & Transactional Systems Group SpA	-	-	-	-	5	2	-
External related parties							
MEF	9,972	296	19	346	5,441	3	0
Cassa Depositi e Prestiti Group	2,925	227	1	-	0	30	-
Enel Group	-	21	-	-	0	15	0
Eni Group	-	4	-	-	-	8	-
Equitalia Group	-	0	-	-	-	-	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	0	-	-	-	12	-
Montepaschi Group	129	1	-	41	270	0	-
Other external related parties	20	47	2	-	11	8	80
Provisions for doubtful receivables owing from external related parties	(25)	(5)	(6)	(0)	-	-	-
Total	**13,021**	**597**	**16**	**387**	**5,728**	**135**	**80**

Impact of related party transactions on the financial position at 31 December 2023

	Balance at 31.12.2023						
Description (€m)	**Financial assets**	**Trade receivables**	**Other assets Other receivables**	**Cash and cash equivalents**	**Financial liabilities**	**Trade payables**	**Other liabilities**
Subsidiaries							
Address Software Srl	-	0	-	-	0	1	0
Kipoint SpA	-	1	0	-	2	2	0
Indabox	-	0	-	-	0	0	0
Associates							
Anima Holding Group	-	0	-	-	-	7	-
Italia Camp Srl	-	1	-	-	-	0	-
Financit SpA	-	3	-	-	-	17	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	0	-
sennder Italia Srl	-	1	-	-	-	36	(0)
Cronos Vita Assicurazioni SpA	-	0	-	-	-	-	-
External related parties							
MEF	8,937	370	19	873	5,376	4	1
Cassa Depositi e Prestiti Group	2,913	253	1	-	0	24	-
Enel Group	-	27	-	-	-	3	0
Eni Group	-	5	-	-	-	3	-
Equitalia Group	-	1	-	-	-	-	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	0	-	-	-	11	-
Montepaschi Group	224	2	-	0	351	(0)	-
Other external related parties	20	50	2	-	4	4	88
Provisions for doubtful receivables owing from external related parties	(27)	(32)	(6)	(0)	-	-	-
Total	**12,066**	**681**	**17**	**874**	**5,734**	**113**	**90**

At 31 December 2024, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to €48 million (€59 million at 31 December 2023).

At 31 December 2024, net provisions for risks and charges used to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to about €0.04 million (€0.1 million at 31 December 2023).

Impact of related party transactions on profit or loss at 31 December 2024

	Balance at 31.12.2024												
	Revenue					Costs							
						Investments		Current expenses					
Description (€m)	Revenue and income from Mail, Parcels and other	Revenue from PostePay Services	Revenue from Financial Services	Net revenue from insurance services	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/ (reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
Subsidiaries													
Casina Poste società sportiva dilettantistica Srl	0	-	-	-	-	-	-	-	-	-	-	-	-
Joint ventures													
Locker Italia SpA	0			-	-	-	-	0	(0)	-	-	-	-
Associates													
Anima Holding Group	2	-	-	-	-	-	-	10	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-	-	-	0	-	-	-	-	-
Financit SpA	29	-	-	-	-	-	-	-	-	-	-	-	-
sennder Italia Srl	0	-	-	-	-	-	-	252	-	-	-	-	-
Cronos Vita Assicurazioni SpA	0	-	-	-	-	-	-	-	(0)	-	-	-	-
N&TS Group Networks & Transactional Systems Group SpA	-	-	-	-	-	-	-	3	-	-	-	-	-
External related parties													
MEF	839	43	466	-	14	0	-	(0)	-	3	-	(2)	0
Cassa Depositi e Prestiti Group	24	3	1.802	1	-	14	2	95	0	0	-	(0)	1
Enel Group	36	-	0	0	-	2	-	96	-	0	-	(0)	-
Eni Group	16	-	0	-	-	1	-	217	-	-	-	-	-
Equitalia Group	2	-	-	-	-	-	-	-	-	-	-	-	-
Sace Group	1	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	-	2	19	-	-	-	-	-
Montepaschi Group	17	-	11	-	-	-	-	0	-	0	5	-	0
Other external related parties	88	19	0	-	-	-	-	26	75	2	3	0	0
Total	**1.055**	**65**	**2.279**	**1**	**14**	**17**	**3**	**720**	**75**	**5**	**8**	**(2)**	**1**

Impact of related party transactions on profit or loss in FY 2023

Description (€m)	Balance at 31.12.2023												
	Revenue					Costs							
	Revenue and income from Mail, Parcels and other	Revenue from PostePay Services	Revenue from Financial Services	Net revenue from insurance services	Finance income	Investments		Current expenses					
						Property, plant and equipment	Intangible assets	Cost of goods and services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/ (reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
Subsidiaries													
Address Software Srl	0	-	-	-	-	-	-	1	(0)	-	-	-	-
Kipoint SpA	1	-	-	-	-	-	-	3	(0)	-	-	-	0
Associates													
Anima Holding Group	2	-	-	-	-	-	-	8	-	-	-	-	-
Indabox	0	-	-	-	-			0	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-			0	(0)	-	-	-	-
Other SDA Group associates	0	-	-	-	(0)	-	-	-	-	-	-	-	-
Financit SpA	30	-	-	-	-	-	-	-	(0)	-	-	-	-
sennder Italia Srl	0	-	-	-	-	-	-	122	(0)	-	-	-	0
Cronos Vita Assicurazioni SpA	0	-	-	-	-	-	-	-	(0)	-	-	-	-
External related parties													
MEF	817	46	503	-	15	-	-	1	-	1	-	(0)	0
Cassa Depositi e Prestiti Group	19	3	1,813	18	-	8	2	69	0	0	-	(0)	0
Enel Group	37	-	0	-	-	0	-	18	-	-	-	-	-
Eni Group	22	-	0	-	-	0	-	42	-	-	-	-	-
Equitalia Group	2	-	-	-	-	-	-	-	-	-	-	-	-
Sace Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	-	3	24	-	0	-	-	-
Montepaschi Group	17	-	1	-	-	-	-	0	-	0	7	-	0
Other external related parties	60	5	0	-	-	-	-	20	74	2	5	0	0
Total	**1,007**	**54**	**2,317**	**18**	**15**	**8**	**6**	**308**	**74**	**3**	**12**	**(0)**	**1**

The tables also show transactions with subsidiaries that, due to their insignificance, are valued at equity and not consolidated on a line-by-line basis.

The nature of the Parent Company's principal related party transactions external to the Group is summarised below in order of relevance:

- Amounts received from the MEF relate primarily to payment for carrying out the USO, the management of postal current accounts, as payment for delegated services, the franking of mail on credit, and for the integrated notification service;
- Amounts received from CDP SpA primarily relate to payment for the collection of postal savings deposits;
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail, franking of mail on credit and postage paid mailing services. The costs incurred primarily relate to the supply of gas and electricity;
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles;
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised sorting equipment, and systems and IT assistance regarding the creation of document storage facilities, specialist consulting services and software maintenance, and the supply of software licences and of hardware;
- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

Impact of related party transactions or positions

The impact of related party transactions on the financial position, profit or loss and cash flows is shown in the following table:

Impact of related party transactions

Description (€m)	Total in financial statements	Total related parties	Impact (%)	Total in financial statements	Total related parties	Impact (%)
	Balance at 31.12.2024			Balance at 31.12.2023		
Financial position						
Financial assets	244,538	13,021	5.3	237,159	12,066	5.1
Trade receivables	2,078	597	28.7	2,407	681	28.3
Other receivables and assets	5,294	16	0.3	5,135	17	0.3
Cash and cash equivalents	4,680	387	8.3	4,211	874	20.8
Provisions for risks and charges	1,083	48	4.4	1,336	59	4.4
Financial liabilities	94,085	5,728	6.1	95,393	5,734	6.0
Trade payables	2,097	135	6.4	2,252	113	5.0
Other liabilities	4,175	80	1.9	4,343	90	2.1

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023		
Profit or loss						
Revenue from Mail, Parcels & other	3,843	1,055	27.5	3,746	1,007	26.9
Net revenue from Financial Services	5,521	2,271	41.1	5,229	2,305	44.1
Net revenue from insurance services	1,640	1	0.0	1,567	18	1.2
Revenue from PostePay Services	1,923	65	3.4	1,586	54	3.4
Cost of goods and services	3,717	720	0	3,237	308	9.5
Personnel expenses	5,135	75	1.5	5,170	74	1.4
Other operating costs	318	5	1.5	275	3	1.2
Finance costs	120	1	0.6	119	1	0.5
Finance income	209	14	6.9	181	15	8.1
Cash flows						
Net cash flow from/(for) operating activities	2,901	(841)	n.a.	1,414	4,420	0
Net cash flow from/(for) investing activities	(986)	(20)	0.	(994)	(14)	0
Net cash flow from/(for) financing activities and shareholder transactions	(1,446)	(733)	0	(1,192)	(564)	0

Key management personnel

Executives with strategic responsibilities are defined as the Directors and the General Manager, the members of the Board of Statutory Auditors and of the Supervisory Board, the heads of the functions reporting directly to the CEO and the General Manager who have the power and responsibility for the planning, management and control of the Parent Company's activities, the Head of Internal Control and the Manager in charge of preparing Poste Italiane's corporate accounting documents. The related remuneration, gross of expenses and social security contributions, of such key management personnel as defined above is as follows:

Remuneration of key management personnel

Description (€m)	FY 2024	FY 2023
Remuneration to be paid in short/medium term	20	14
Post-employment benefits	1	1
Other benefits to be paid in longer term	1	(1)
Share-based payments	6	5
Total	**28**	**19**

Remuneration and expenses of Statutory Auditors

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023
Remuneration	1,711	1,439
Expenses	93	77
Total	**1,804**	**1,516**

The remuneration paid to members of the Parent Company's Supervisory Board for 2024 amounts to approximately €96 thousand. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

No loans were granted to key management personnel during the period and, at 31 December 2024, Group companies do not report receivables in respect of loans granted to key management personnel.

Transactions with personnel pensions funds

The Parent Company and the subsidiaries that apply the National Collective Labour Agreement are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chairman and Deputy Chairman of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the Shareholders' Meeting.

4.6 Risk management

Introduction

The note "Risk management" presents information on the Poste Italiane Group's exposure to risks of various kinds and includes a discussion of financial risks (pursuant to IFRS 7 - *Financial Instruments*: *Disclosures*), risks of an insurance nature (pursuant to the new IFRS 17 - *Insurance Contracts*) as well as other risks for which it is deemed appropriate/necessary to provide information, also taking into account the recommendations published by ESMA and CONSOB[321] during the year.

In this section, qualitative information on the objectives, policies and processes adopted by the Group for risk measurement and management is provided in a separate section from the quantitative information required by the above-mentioned principles.

Qualitative information

Financial risk

Within the Parent Company, the management of lending and risk hedging operations relating to BancoPosta RFC and Poste Italiane are entrusted to BancoPosta Fondi SpA SGR, while finance activities, relating to treasury and medium/long-term funding operations, including on the capital market, as well as extraordinary and subsidised finance initiatives, are entrusted to the Administration, Finance and Control function.

Management of the Group's financial transactions and of the associated risk profiles relates mainly to the operations of Poste Italiane SpA and the Poste Vita insurance group.

- **Poste Italiane SpA**'s financial transactions primarily relate to BancoPosta's operations, asset financing and liquidity investment.
  BancoPosta RFC's operations consist in the active management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties. The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee[322], whilst deposits by Public Administration entities are deposited with the MEF. Moreover, within the 50% of deposits from private customers that can be invested in Italian government-guaranteed securities, BancoPosta RFC may use up to a maximum of 30% of that portion to purchase tax credits transferable pursuant to Law Decree no. 34/2020 (the so-called Decreto Rilancio) and subsequent amendments and additions, or other tax credits transferable pursuant to current legislation[323].
  The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/econometric model that forecasts the interest rates and maturities typical of postal current accounts. Accordingly, the portfolio composition aims to replicate the financial structure of postal current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned model is thus the general reference for the investments, in order to limit exposure to interest rate risk and liquidity risks. The prudential requirements introduced by the third revision of the Bank of Italy Circular 285/2013 require Bancoposta to apply the same regulations applicable to banks in terms of its controls, establishing that its operations are to be conducted in accordance with the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF). BancoPosta RFC is, therefore, required to establish a system of internal controls in line with the provisions of Circular 285[324], which, among other things, requires definition of a Risk Appetite Framework (RAF[325]), the containment of risks within the limits set by the RAF, protection of the value of assets and against losses, and identification of material transactions to be subject to prior examination by the risk control function.

321. Public statement ESMA32-193237008-8369 of 24 October 2024 "*European common enforcement priorities for 2024 annual financial reports" and* **Warning notice no. 2/24 of 20 December 2024.**
322. As provided for by Law no. 296 of 27 December 2006 and subsequent amendments provided for by the 2015 Stability Law, no. 190 of 23 December 2014.
323. As provided for in Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021.
324. See in particular the provisions laid down in Part I – Section IV – Chapter 3.
325. The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits, and risk management policies, together with the processes needed to define and implement them.

BancoPosta's capital structure, which is subject to the prudential provisions introduced with the 3rd update of Bank of Italy Circular 285/2013, is solid due to the CET1 ratio, which, at 31 December 2024, was 19.4% and the Total Capital Ratio, which, at 31 December 2024, was 22.7%. The Leverage Ratio amounted to 3.3%[326] at year-end, up slightly compared to 31 December 2023 as a result of the decrease in assets on the balance sheet, including adjustments for leverage purposes.
By contrast, operations not covered by BancoPosta RFC, primarily relating to management of the Parent Company's own liquidity, are carried out in accordance with investment guidelines, which require the Company to invest in instruments such as government securities, high-quality corporate or bank bonds, term bank deposits and tax credits. Liquidity is also deposited in postal current accounts, subject to the same requirements applied to the investment of deposits by private current account holders.

- Financial instruments held by insurance companies in the **Poste Vita Group,** primarily relate to investments designed to cover its contractual obligations to policyholders on traditional build-up life policies and unit-linked policies. For these types of products, therefore, the financial results recorded not only change the value of financial assets, but also have an impact on insurance liabilities. Other investments in financial instruments regard investment of the insurance companies' free capital.
  As regards life business, in particular for the subsidiary Poste Vita SpA, traditional Life policies, classified under Class I and V, primarily include products whose benefits are revalued based on the return generated through the management of pools of financial assets, which are separately identifiable in accounting terms only, within the company's assets (Separately managed accounts). In the case of policies sold in previous years, the Company has guaranteed a minimum return payable at maturity on such products (at 31 December 2024, this minimum return at maturity on existing policies ranged between 0% and 2%). Valuation gains and losses are retroceded to policyholders and recognised in the Statement of profit or loss and/or in a special reserve recognised in the Statement of Comprehensive Income, net of the over-hedging component. The recognition technique, referred to as mirroring, provides that the component to be reversed to policyholders is identified through the analysis of the income generated by the securities portfolio related to the Separately Managed Accounts (as more fully specified in Section *2.5 - Material information on accounting standards - Insurance contracts and Assets for outward reinsurance*).
  As anticipated, the economic effect of financial risks on investments impacts both the pure investment component, i.e. the financial assets backing the insurance liabilities, and the insurance liability itself, as there is a financial component in the valuation. These effects may be partly passed on to the policyholders. This absorption is generally based on the level and structure of guarantees of minimum returns and the profit-sharing mechanisms of Separately Managed Accounts for the policyholder. The Company determines the sustainability of minimum returns through periodic analyses using an internal financial-actuarial (Asset-Liability Management) model which simulates, for each Separately Managed Account, the change in value of the financial assets and the expected returns, as well as the relevant impacts on insurance liabilities, 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 Company Poste Vita constantly monitors the evolution of the risk profile of individual products.
  The investment policies of the insurance companies **Poste Assicura**, **Net Insurance** and **Net Insurance Life**, which are characterised by businesses that do not envisage a direct correlation between the products placed and financial investments, are aimed at preserving the Group's capital solidity, as outlined in the framework resolution approved by the Board of Directors of **Poste Vita** on 21 June 2024. Periodic analyses are carried out on the macroeconomic context, the market trends of the different asset classes and the related impact on the integrated asset-liability management, which is aimed at the optimal management to cover claims.

Within the above context, balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including the progressive introduction of appropriate information systems.

326. The CET1 ratio and the Total Capital Ratio already take into account the proposed capital strengthening of €61 million by setting aside the profit of the financial year 2024, in application of the provisions of Article 26 of Regulation (EU) no. 575/2013.

In this regard, on 12 December 2024, the Board of Directors of Poste Italiane SpA adopted a revised version of the Guidelines for Internal Control and Risk Management System (SCIGR), which contains integrated guidelines for Poste Italiane SpA's Internal Control and Risk Management System.

From an organisational viewpoint, the model consists of:
- the **Control and Risk Committee**, established in 2015 within the Board, which has the task of supporting, through an appropriate investigative, proposal-making and advisory activity, the evaluations and decisions of the Board of Directors on the internal control and risk management system and on the approval of the relative periodic financial and non-financial reports;
- the **Financial and Insurance Services Committee**, established on 19 March 2018, with the aim of overseeing the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested;
- the **BancoPosta Risk Management function**, responsible for measuring and controlling risk and respect for the principle of ensuring the organisational separation of risk assessment from risk management activities;
- an **Investment Committee established at the Group's insurance company, Poste Vita SpA**, which, based on analyses by the relevant functions, provides advice to senior management on the development, implementation and oversight of investment strategy;
- appropriate functions established within the Parent Company and the subsidiaries providing financial and insurance services (BancoPosta Fondi SGR SpA and Poste Vita SpA) that perform Risk Measurement and Control activities, ensuring the organisational separation of risk assessment from risk management activities; the results of these activities are examined by the relevant advisory Committees, which are responsible for carrying out an integrated assessment of the main risk profiles;
- the **Investment Committee of the insurance companies Net Insurance and Net Insurance Life**, which is entrusted with investment-related tasks, as well as the verification and monitoring of the companies' compliance with investment policies, guidelines and recommendations;
- the **Internal Control Risk and Related Parties Committee of insurance companies Net Insurance and Net Insurance Life**, set up in order to strengthen the control and risk management system, assists the Board of Directors in evaluations and decisions relating to the internal control and risk management system.

In constructing the Risk Model used by BancoPosta RFC, account was also taken of the existing prudential supervisory standards for banks and the specific instructions for BancoPosta, published by the Bank of Italy on 27 May 2014 with the third revision of Circular 285 of 17 December 2013.

The financial risks to which the Poste Italiane Group as a whole is exposed are broken down into the types of risk indicated below. The sensitivity analyses performed on individual risks at the reporting date of this Annual Report, described at a theoretical level below, are common to all operating segments, unless otherwise indicated in the context of insurance operations.
- **Market risk**, defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk:
  - **Fair value interest rate risk**: the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates. The analyses conducted on said type of risk refer mainly to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components of variable rate financial instruments or fixed rate financial instruments converted to variable rate via fair value hedges. The impact of these effects is directly related to the financial instrument's duration. The sensitivity analysis to the interest rate risk of the positions concerned was calculated as a result of a hypothetical parallel shift in the market rate curve of +/- 100 bps, providing a baseline reference that can be used to appreciate potential changes in fair value in the event of interest rate fluctuations.
  - **Price risk**: the risk that the value of a financial instrument fluctuates as a result of market price movements, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market. The analyses conducted refer to financial assets classified as measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL"), and certain derivative financial instruments where changes in value are recognised in profit or loss. The sensitivity analysis took into account positions potentially exposed to the highest fluctuations in value. Financial statement balances have been subjected to a stress test, based on actual volatility during the year, considered to be representative of potential market movements. In its insurance operations, the Group considered a sensitivity analysis represented by a parallel shift in the price curve of +/-25% to be more representative of its risk exposure, in line with the approach adopted in 2023.

  - **Foreign Exchange Risk**: the risk that the value of a financial instrument fluctuates as a result of changes in exchange rates for currencies other than the functional currency. Sensitivity analysis of the items subject to foreign exchange risk was based on the most significant positions, assuming a stress scenario determined by the levels of exchange rate volatility applicable to each foreign currency position. The test applies an exchange rate movement based on volatility during the year, which was considered to be representative of potential market movements.
- **Spread risk**: the risk relates to the potential fall in the value of bonds held, following a deterioration in the creditworthiness of issuers. This is due to the importance that the impact of the spread of returns on government securities had on the fair value of eurozone government and corporate securities, reflecting the market's perception of the credit rating of issuers. The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called risk-free interest rates. This is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning both the fixed and variable rate components. In this latter case, in fact, fair value derivatives, used to convert variable rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and variable instruments. In terms of potential impact on results, only a worsening scenario of the stress conditions, i.e. a parallel shift in the yield curve of Italian government bonds of +100 bps, was deemed more significant. For insurance operations, since the portfolio is also diversified over securities belonging to the corporate sector, stresses are applied and evaluated separately between the purely government and private issue portfolios.
- **Credit risk**: defined as the risk of default of one of the counterparties to which there is an exposure, with the exception of equities and units of mutual investment funds. For more detailed information on the inputs, assumptions and estimation techniques used to calculate Expected Credit Losses (ECL), please see Section "*2.6 - Use of estimates - Impairment and stage allocation for financial instruments*".
- **Liquidity risk**: defined as the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments. In order to minimise this risk, the Poste Italiane Group applies a financial policy based on diversification of the various forms of short-term and long-term borrowings and counterparties; availability of relevant lines of credit in terms of amounts and the number of banks; gradual and consistent distribution of the maturities of medium/long-term borrowings; and use of dedicated analytical models to monitor the maturities of assets and liabilities.
- **Cash flow interest rate risk**: this is defined as the uncertainty related to the generation of future cash flows, due to interest rate fluctuations. It may result from the misalignment - in terms of rate types, indexation methods and maturities - of financial assets and liabilities that tend to remain in place until their contractual and/or expected maturity (so-called *banking book*) that, as such, generate economic effects in terms of net interest income, reflecting on the income results of future periods. The following analysis refers to the uncertainty over future cash flows generated by variable rate instruments and variable rate instruments created through fair value hedges following fluctuations in market interest rates. Sensitivity to cash flow interest rate risk relating to these instruments is calculated by assuming a parallel shift in the yield curve of +/- 100 bps.
- **Cash flow inflation rate risk**: this is defined as the uncertainty related to future cash flows due to changes in the rate of inflation observed in the market.

Insurance risks

This type of risk emerges as a consequence of the placement, by insurance companies belonging to the Group, of products that fall under the definition of insurance contracts. These contracts have conditions, such as technical bases adopted, premium calculation, lapse conditions, etc., which bring out risks typical of the insurance business.

In order to combine strategic and business objectives with those of profitability and quality of the risks assumed, as well as mitigating the exposure to said typical risks, in the process of assuming risks, the Group has defined an underwriting policy which provides for the following:
- the development of products consistent with the needs and characteristics of the various customer segments;
- the assumption of risks for the management of which there are adequate supporting skills and resources;
- the assumption of risks consistent with the Risk Strategy and Risk Appetite;
- the elimination or non-renewal, where possible, of "accepted" risks that are not consistent with the Risk Appetite Framework and/or that imply situations where the limits established by the specific guidelines of the Group are exceeded;
- the underwriting of risks that ensure adequate mitigation techniques, in particular consistency between reinsurance treaties underwritten, product characteristics (e.g. guarantees covered, contract duration) and portfolio mix;
- the adequacy of procedures and control systems to ensure the completeness, relevance and accuracy of the accounting and statistical data used for risk pricing/analysis purposes;

- the evaluation, when designing a new product and/or a new commercial initiative, of the following aspects:
  - adequate reinsurance structures;
  - assumption limits;
  - contractual clauses (possibility of splitting the premium, possibility of tacit renewal, withdrawal in the event of a claim, etc.);
  - expenses (for the acquisition, management and administration of contracts including claims settlement expenses, etc.);
  - changes (in terms of risk and concentration) to the portfolio mix that the issuance of the new product may entail;
  - assessment of the impact of non-payment of premiums (e.g. impossibility of recovering expenses and commissions) with relative repercussions on solvency.

In the risk assuming phase, the Group must therefore undertake to guarantee the sufficiency of the premiums collected with respect to the future commitments made to policyholders and the costs of managing and acquiring contracts, developing the skills and professionalism of the parties involved in product definition, assumption of risks and, more generally, of all parties involved in the underwriting process.

The Group must also guarantee ever-increasing quality standards in the management of underwriting activities in order to avoid reputational losses and anti-selection phenomena.

The underwriting policy is aimed at strengthening the Group's market position, increasing its share in the various insurance lines in which it operates by developing a profitable risk portfolio.

As a result of the assumption of risks typical of the insurance business, types of exposures emerge that are significant for the Group and for which specific monitoring and containment activities need to be implemented. Specifically:

- **Lapse risk**: insurance contracts may theoretically contain implicit options such as lapse options, guaranteed minimum return options and/or annuity conversion options. These options give the policyholder the right or the ability to obtain profits or changes in the relationship that result in a risk being borne by the company, assuming a risk other than the insurance risk associated with taking out the contract. In the specific case of the Poste Italiane Group, for almost all the products in its portfolio, no penalties are envisaged in the event of lapse by the policyholder, so that this risk becomes significant in the event of mass lapses, which cannot be foreseen and are concentrated in specific, excessively short time periods that would not allow for easy management of potential redemptions in the portfolio. This would entail a significant monetary outlay for the companies belonging to the Group, which would find themselves in the situation of having to dispose of assets to cover their liabilities, with the possible realisation of potential capital losses in the event of unfavourable market situations, as well as to use their cash and cash equivalents to cover the contractually guaranteed minimum levels. It is stressed that, considering the historical trend observed to date, the probability of this hypothesis occurring is considered remote (lapse rate for 2024 of approximately 6.6%), and furthermore, any adverse event would be covered by specific reinsurance contracts to cover mass lapse phenomena. The aforementioned phenomenon has a greater impact on the portfolios associated with the Separately Managed Accounts, for which any impairment of securities would entail a loss in the current year and a carry-over effect on future returns, resulting in a significant reduction that could compromise the sound and prudent management of the company, as well as the dynamics of short- and medium-term funding. In the current context of economic uncertainty, an increase in the rate at which customers are exercising the policy lapse option can be observed in the Italian market. This phenomenon in the policy portfolio of the subsidiary Poste Vita remains well below the level observed in the market; however, the characteristics of Multi-class products placed in recent years, which envisage a gradual transfer of investments to the target unit-linked unit chosen by the customer, will lead to a gradual increase in the stock of reserves pertaining to Class III products, which have historically shown a higher lapse rate than traditional build-up products. In light of this consideration, the **lapse risk** was considered significant by the Group, so a sensitivity analysis was performed on this risk equal to the instantaneous +10% of the lapse rate of investment products. Considering the portfolio structure of the Group's companies, the decision was taken to apply only an incremental lapse stress scenario, i.e. only the worst-case scenario for the Poste Italiane Group;
- **Provisioning risk**: referring to the risk that technical provisions are not sufficient to meet obligations to policyholders and damaged parties. This insufficiency may be due to incorrect estimates by the Company and/or changes in the general environment. This risk was considered significant for the P&C business managed by the Group, and a sensitivity analysis was performed to measure exposure under scenarios involving a +/-2% change in the loss ratio[327];

327. Indicator of the cost-effectiveness of insurance technical management representing the ratio of claims incurred to premiums collected in the same financial year and administrative period.

- **Concentration risk**: represents the risk that the business is excessively concentrated only on certain types of risk, products, customers and geographical areas and is therefore not adequately diversified. The Group assesses its exposure to this risk differentially between life and P&C business, evaluating the concentration based on the types of products placed.

The expected evolution of the portfolio and the different degree of risk of the products distributed required the adoption of a careful reinsurance policy, aimed at mitigating the risks to which the Group is exposed.

The reinsurance strategy adopted by **Poste Assicura**, based mainly on a non-proportional approach, makes it possible 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;
- support the development of underwriting activities;
- strengthen the Company's financial soundness, in terms of capital allocation and optimisation.

In particular, reinsurance treaties were entered into with market operators of primary standing, with non-proportional cover in the form of "excess loss" (per risk and/or per event) separately for the various ministerial lines, to cover all Poste Assicura's risks (Retail and Employee Benefits) such as: risks included in the accident, health, fire and other property damage, third-party liability, and "catastrophic risks" such as earthquake or pandemic. For all risks relating to health guarantees (excluding those arising from the Credit Protection line), the reinsurance policy provides for an additional "quota share" treaty[328]. For some accident and credit protection risks, the risk-attaching proportional treaties[329], underwritten during the Company's start-up phase, remain in force.

Poste Assicura defines, on a case-by-case basis, the share of risk and the reinsurance structure deemed most appropriate in relation to the characteristics of the risk in question.

With reference to companies in the **Net Group**, the expected growth of the portfolio and the different degrees of risk associated with the products distributed has required the companies to adopt a highly prudent approach to reinsurance. The reinsurance strategy, based mainly on a proportional approach, but also on some non-proportional covers (especially for hail, suretyship and, to a lesser extent, other insurance lines), makes it possible to:
- mitigate unfavourable technical trends and risks arising from peak exposures;
- optimise reinsurance structures with a view to risk transfer and, if possible, also improve overall costs in economic and capital allocation terms;
- streamline reinsurance structures from a management point of view;
- mitigate risks, stabilising the variability of insurance business results;
- stabilise the Solvency Ratio.

The Group assesses the exposure of the insurance business under stress scenarios in order to verify the solvency of companies even under adverse market conditions, also in line with the Solvency II regulatory framework.

328. Quota share treaties are defined as agreements under which the insurer transfers insurance risk (through the transfer of premiums, claims and reserves) based on a contractually defined percentage share.
329. Reinsurance on a risk attaching basis is defined as a contract under which all policies issued or renewed from the date of validity of the treaty are covered. The reinsurer assumes the risk of all claims related to policies issued in the period following the inception of the cover.

Other non-significant insurance risks

From a technical point of view, one of the main risk factors characterising life underwriting risk is **mortality risk,** i.e. any risk related to the randomness of the life Span of policyholders. Particular attention is paid in selling pure life insurance policies, an area where procedures set underwriting limits to the capital and the age of the policyholder. In terms of “pure life” insured amounts the Group’s insurance companies transfer their risks to reinsurers in keeping with the nature of the products sold and conservation levels adequate to the companies’ capital structure.

For products with the capital sum subject to positive risk, such as term life insurance, this risk has negative consequences if the actual frequency of death exceeds the death probabilities realistically calculated (second order technical bases).

For products with the capital sum subject to negative risk, such as annuities, there are negative consequences when actual death frequencies are lower than the death probabilities realistically calculated (longevity risk).

That said, at 31 December 2024, mortality risk is considered to be of modest significance for the Group, considering the characteristics of the products offered, although this risk represents almost the entire life underwriting risk for Net Insurance Life SpA. The only area where this risk is somewhat significant is term life insurance. With reference to these products, a comparison is periodically made between actual deaths and those predicted by the demographic bases adopted for pricing. On the basis of the above, for risk management purposes, it was decided not to subject mortality risk to sensitivity analysis, but to continuous monitoring over time in order to identify any changes in its significance in the context of the Poste Italiane Group.

The **longevity risk** is also limited, being represented by a small share of insurance exposures to class IV (Long Term Care policies). In fact, for most Life insurance products the probability of annuity conversion is very close to zero, as historical experience shows that policyholders never use the annuity conversion option. Pension products, in particular, still account for a limited share of insurance liabilities. In addition, for these products, the Group may, if certain conditions materialise, change the demographic base and the composition by sex used to calculate the annuity rates.

Pricing risk is defined as the risk of incurring losses due to inappropriate pricing of the insurance products sold, for example: inappropriate choice of technical bases (demographic or financial), incorrect valuation of the options implicit in the products, and/or incorrect valuation of the parameters for calculating loadings for expenses. As the products placed by the Group mostly relate to insurance contracts issued by Poste Vita SpA, i.e. mixed and whole-life policies with mostly cash value build-up features, accumulating in accordance with a technical rate of zero, the technical basis adopted does not affect premium calculation (and/or the insured capital). There is nearly no pricing risk associated with the choice between technical bases in the Poste Italiane Group’s portfolio, except for the term life insurance products discussed above.

Insurance risks in the P&C business include:

Underwriting risk: this is the risk arising from the commitments entered into by the underwriting of insurance contracts, taking into account all the risks covered and the procedures used in the conduct of business. This risk can be subdivided into provisioning risk, already mentioned in the previous section, and **pricing risk** arising from the underwriting of insurance contracts and associated with the events covered, the processes followed for underwriting and selecting risks, the processes followed for pricing, and the unfavourable trend in the actual loss ratio compared to the estimated one.

Early termination risk: this risk refers to the possibility of the policyholder’s early termination of the contract resulting in a claim for reimbursement of the premium. This dynamic, unlike what is shown above for the lapse risk, does not depend directly on economic dynamics and the dynamic behaviour of policyholders, and is therefore less related to the current economic condition. The specific risk of early repayment is not assessed at the Poste Italiane Group level as a significant risk because:
- it depends solely on the willingness to pay off insurance policies on mortgages and loans early, and does not depend directly on market income dynamics;
- it is limited to a portfolio considered non-material, as this business is residual for the Group.

Finally, **catastrophe risk**, which represents the risk of loss resulting from extreme or exceptional events, including major epidemics covered by insurance, is considered by the Group as not significant.

Operational risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This category of risk includes losses resulting from fraud, human error, business disruption, systems failures, breach of contracts and natural disasters. Operational risk includes legal risk, but not strategic and reputational risks.

To protect against this form of risk, BancoPosta RFC has formalised a methodological and organisational framework to identify, measure and manage the operational risk related to its products/processes.

The framework, which is based on an integrated (qualitative and quantitative) measurement model, makes it possible to monitor and manage risk on an increasingly informed basis.

In 2024, activities continued to refine the operational risk management framework, with the aim of making the process of recording operational losses, monitoring and reporting more efficient and mitigating such risks by cross-functional working groups. Support has also been provided to the specialist units and the owner of the process of analysing and assessing IT risk, in keeping with the approach adopted in 2023 and the monitoring of IT risk remedial plans has been enhanced. In the area of cyber risks, adjustments were made to internal regulations in connection with Regulation (EU) 2022/2554 (Digital Operational Resilience Act, "DORA").

Other activities carried out in 2024 include the assessment of the risk profile associated with BancoPosta RFC asset assignment and outsourcing operations and the refinement of the model for ex-ante assessments of the risk profile associated with the innovation of the BancoPosta offering and/or specific project initiatives.

At 31 December 2024, the risk map prepared in accordance with the aforementioned framework shows the type of operational risks BancoPosta RFC's products are exposed to. In particular:

Event type	Number of types
Internal fraud	27
External fraud	44
Employee practices and workplace safety	8
Customers, products and business practices	38
Damage caused by external events	4
Business disruption and system failure	8
Execution, delivery and process management	105
Total at 31 December 2024	**234**

For each type of mapped risk, the related sources of risk (internal losses, external losses, scenario analysis and risk indicators) have been recorded and classified in order to construct complete inputs for the integrated measurement model. Systematic measurement of the mapped risks has enabled the prioritization of mitigation initiatives and the attribution of responsibilities in order to contain any future impact.

The insurance companies belonging to the Group have also drawn up and finalised their own framework for identifying, assessing and managing operational risks. The adopted approach reflects the specific nature of the processes and operational risk events typical of an insurance company. The process of assessing operational risk exposure is carried out in keeping with the related solvency requirements, and involves both qualitative and quantitative analysis, conducted through a structured process for identifying internal losses and assessing potential risks in terms of frequency, impact and mitigation. The exposure to risks is, on the whole, in line with the previous year, and the main types of operating losses are related to customer litigation expenses.

Finally, also for the PostePay Services Sector, relating to the management of payments and e-money services, the Group has adopted internal procedures aimed at ensuring adequate levels of prevention and monitoring, in particular to address the main source of operational risk attributable to the fraudulent use of payment cards.

Energy business risks

In the energy business, the subsidiary PostePay is exposed to the following risks, which were appropriately mitigated at the balance sheet date:

- **Price risk**: this is the risk generated by any difference in price levels between the selling and buying position, managed through physical purchases of commodities at a fixed price, for which the Company has availed itself of the own use exemption;
- **Volume risk**: generated by the difference between the actual consumption of the sales portfolio and the notional initially planned, managed and supplied. The risk is managed through careful forecasting of sales volumes and pricing of the risks themselves;
- **Counterparty risk**: defined as the risk arising from a supplier's failure to fulfil its contractual obligations to supply the physical commodity. This risk is managed through a process of assessing the creditworthiness of counterparties;
- **Credit risk**: defined as the risk arising from a customer's failure to fulfil its payment obligations. This risk is managed through input credit check processes (ex-ante assessment of creditworthiness), credit management and recovery.

For the proper management of the above-mentioned risks, a special governance and monitoring structure has been established within the subsidiary PostePay. The management and operational process of applying the governance principles requires that each risk subject to assessment is monitored using Key Risk Indicators. Verification of the extent of these risks and the effectiveness of any mitigation actions taken is entrusted to a committee of a managerial and advisory nature, the **Control and Risk Operating Committee** dedicated to the energy business.

Reputational risk

The main element of reputational risk to which the Group is, by its nature, exposed is linked to market performance and primarily associated with the placement of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiary, Poste Vita SpA, and mutual funds managed by BancoPosta Fondi SpA SGR).

Climate change risks

The Poste Italiane Group is aware of its importance in terms of extensive coverage of the territory in which it operates and of the risks to which it is exposed. In an attempt to counter these risks, considering the potential economic impacts of climate change risks, the Group:

- aims to reduce its environmental impact and contribute to the *low-carbon* transition of the country's economy; and
- adopts a responsible approach in carrying out its activities.

For the proper handling of environmental issues, a specific internal board committee has been set up. The role of the **Sustainability Committee** is to assist the Board of Directors which approves the sustainability guidelines and strategies, by supporting it in evaluating and deciding on environmental, social and governance factors.

The Poste Italiane Group's approach to climate risk is reported extensively in the specific section of the Sustainability Reporting within the Report on Operations on the management of risks and opportunities related to climate change, to which reference should be made for a complete discussion, as well as in Note 2.7 - *Climate change and the macroeconomic environment* of these financial statements.

Quantitative information of the Poste Italiane Group

Quantitative information on exposure to risks of various kinds is provided separately by operating segment.

Financial activities

Fair value interest rate risk

Financial activities - Fair value interest rate risk

Description (€m)	31 December 2023		31 December 2024			
	Risk exposure		Risk exposure		Equity reserves before taxation	
	Nominal	Fair value	Nominal	Fair value	+100bps	-100bps
Financial assets						
Financial assets at FVTOCI	34,892	33,100	33,828	33,676	(1,201)	1,246
Derivative financial instruments	-	-	452	3	52	(64)
Financial liabilities						
Derivative financial instruments	-	-	150	(1)	18	(23)
Total	**34,892**	**33,100**	**34,430**	**33,678**	**(1,131)**	**1,159**

Financial assets at fair value through other comprehensive income that are relevant to the risk in question relate to fixed-income government securities held primarily by BancoPosta RFC, including: fixed rate securities with a nominal value of €13,376 million, variable rate securities swapped to fixed rate positions via interest rate swaps for cash flow hedges with a nominal value of €6,674 million, variable rate securities with a nominal value of €1,538 million (including €879 million in inflation-indexed securities) and fixed or variable rate securities (originally indexed to inflation) swapped to variable rate positions by means of fair value hedge derivatives with a nominal value of €12,240 million (including €2,697 million in forward starts).

Derivative financial instruments which are relevant to the risk in question relate to forward sales of government bonds with a nominal value of €602 million, classified as cash flow hedges, entered into by BancoPosta RFC.

At 31 December 2024, with reference to the interest rate risk exposure determined by the average financial duration of the portfolios[330], the duration of BancoPosta's overall investments went from 5.06 to 5.74.

Price risk

Financial Activities - Price Risk

Description (€m)	31 December 2023	31 December 2024		
	Risk exposure	Risk exposure	Profit/(Loss) before tax	
			+ Vol 260 days	- Vol 260 days
Financial assets				
Financial assets at FVTPL	26	34	6	(6)
Derivative financial instruments	(3)	(8)	(5)	5
Total	**24**	**26**	**1**	**(1)**

330. Duration is the indicator used to estimate the percentage change in price in response to a shift in market returns.

Financial assets at fair value through profit or loss exposed to price risk relate to shares held by BancoPosta RFC, totalling €34 million consisting of Visa Incorporated preferred shares. For the purpose of the sensitivity analysis, the equities are matched with the corresponding amount of the Class A shares, considering the volatility of the shares listed on the NYSE.

In the area of **Derivative financial instruments**, price risk mainly relates to the forward sale contract for 95,000 of Visa Incorporated ordinary shares entered into by the Parent Company.

Foreign exchange risk

Financial Activities - Currency Risk

Description (€m)	31 December 2023		31 December 2024			
	Position in USD	Position in Euro	Position in USD	Position in Euro	Profit/(Loss) before tax	
	Notional	Notional	Notional	Notional	+ Vol 260 days	- Vol 260 days
Financial assets						
Financial assets at FVTPL	29	26	35	34	2	(2)
Derivative financial instruments	(3)	(3)	(9)	(8)	(2)	2
Total	**26**	**24**	**27**	**26**	**0**	**(0)**

At 31 December 2024, the **financial assets** exposed to the risk in question refer to an equity investment held by BancoPosta RFC in Visa (€34 million), as well as a derivative contract on Visa Incorporated ordinary shares entered into by the Parent Company.

Spread risk

The 2024 financial year was characterised by a reduction in yields on Italian government bonds (the 10-year BTP fell from 3.7% to 3.52%), which brought the BTP-Bund spread to 116 basis points compared to 168 last year. These movements led to an increase in the price of securities.

The result of the sensitivity analysis[331] to spread risk carried out at 31 December 2024 is shown below, limited to the financial assets subject to the risk in question in the context of financial activities:

Financial activities - Spread risk on fair value

Description (€m)	31 December 2023		31 December 2024		
	Risk exposure		Risk exposure		Equity reserves before taxation
	Nominal	Fair value	Nominal	Fair value	+100bps
Financial assets					
Financial assets at FVTOCI	34,892	33,100	33,828	33,676	(3,347)
Financial assets at FVTPL	-	-	-	-	-
Derivative financial instruments	-	-	452	3	56
Financial liabilities					
Derivative financial instruments	-	-	150	(1)	19
Total	**34,892**	**33,100**	**34,430**	**33,678**	**(3,272)**

The portfolio of *Financial assets at fair value through other comprehensive income* held almost entirely by BancoPosta RFC has undergone an overall net increase in fair value of approximately €845 million: this change was recognised in the profit or loss for €252 million for the part relating to the change in the fair value of securities hedged against interest rate risk, whilst the change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in equity for €593 million.

331. For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of 236 bps and the spread of the BTP compared to the 10-year swap rate of 116 bps).

For the purposes of full disclosure, a movement in the spread would have no accounting effect on financial assets measured at amortised cost, but would only impact unrealised gains and losses. In other words, fixed income instruments measured at amortised cost attributable entirely to BancoPosta, which at 31 December 2024 amounted to €31,108 million (nominal value of €30,886 million) and have a fair value of €29,647 million, would be reduced in fair value by approximately €2.8 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Changes in the spread do not impact the capital requirements of BancoPosta RFC, as the fair value reserve is not part of Own Funds considered for supervisory purposes.

Credit risk

Information on credit risk exposure is presented in the following section only for financial assets other than trade and other receivables and assets subject to impairment provisions, for which information is provided in *Note A8 - Trade receivables* and *Note A9 - Other receivables and assets*.

Exposure to credit risk

The following table shows the credit risk exposure of **Financial assets** related to the financial sector for which the general impairment model is used for the application of the impairment provisions. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

Financial Activities - Credit Risk - Rating

Description (€m)	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
2024									
Financial assets at amortised cost									
Gross carrying amount	9	-	44,920	-	-	-			44,929
Provision to cover expected losses	-	-	(17)	-	-	-			(17)
Total amortised cost at 31 December 2024	**9**	**-**	**44,903**	**-**	**-**	**-**	**403**	**(1,082)**	**44,232**
Financial assets at FVTOCI									
Gross carrying amount	-	-	34,531	-	-	-			34,531
Provision to cover expected losses - OCI	-	-	(14)	-	-	-			(14)
Fair value at 31 December 2024	**-**	**-**	**33,676**	**-**	**-**	**-**		**-**	**33,676**
2023									
Financial assets at amortised cost									
Gross carrying amount	-	-	44,289	-	-	-			44,289
Provision to cover expected losses	-	-	(23)	-	-	-			(23)
Total amortised cost at 31 December 2023	**-**	**-**	**44,266**	**-**	**-**	**-**	**351**	**(1,944)**	**42,673**
Financial assets at FVTOCI									
Gross carrying amount	-	-	35,544	-	-	-			35,544
Provision to cover expected losses - OCI	-	-	(19)	-	-	-			(19)
Fair value at 31 December 2023	**-**	**-**	**33,100**	**-**	**-**	**-**			**33,100**

The **Financial assets at amortised cost** that are relevant to the risk in question refer only to Bancoposta RFC and relate mainly to:

- fixed income instruments with a gross carrying amount of €32,203 million, down by a total of €13 million for the related impairment provision and approximately €1,082 million to reflect the effects of fair value hedges;
- financial receivables for MEF deposit for a gross carrying amount of €9,972 million, down by a total of €4 million of the related impairment provision.

Financial assets at fair value through other comprehensive income that are relevant to the risk under review refer exclusively to fixed income instruments held by entities belonging to the financial sector.

The following table shows the counterparty concentration of credit risk by financial asset class.

Financial Activities - Credit risk - Credit risk concentration

Description (€m)	31.12.2024 Gross carrying amount	31.12.2024 Provision to cover expected losses	31.12.2023 Gross carrying amount	31.12.2023 Provision to cover expected losses
Financial assets at amortised cost	44.929	(17)	44.289	(23)
Sovereign	39.273	(16)	38.405	(21)
Corporate	5.044	(1)	4.937	(2)
Banking	612	-	946	-
Financial assets at FVTOCI	34.531	(14)	35.544	(19)
Sovereign	34.531	(14)	35.544	(19)
Corporate	-	-	-	-
Banking	-	-	-	-
Total	**79.460**	**(30)**	**79.833**	**(42)**

Collateral held and other credit enhancements

In order to mitigate credit risk, the Poste Italiane Group adopts credit and counterparty risk mitigation tools in its financial operations. In particular, with reference to BancoPosta RFC, counterparty risk is mitigated, with respect to hedging derivative contracts and repurchase agreements, by entering into master netting agreements and requesting collateral in cash or government securities; with respect to credit risk, there are also government guarantees on certain securities.

At 31 December 2024, the Group does not hold financial assets secured by guarantees or other risk mitigation instruments for which no loss provisions have been made (except for the temporary use of liquidity in repurchase agreements).

In the context of financial operations, the main types of credit risk mitigation instruments are detailed below.

Fixed income instruments

Debt instruments held by the financial segment secured by guarantees or other credit risk mitigation instruments are bonds issued by CDP SpA guaranteed by the Italian State and subscribed by BancoPosta RFC, amounting to a nominal value of €3,000 million at 31 December 2024. These are recognised as financial assets measured at amortised cost and, in determining the expected credit losses, account was taken of the PD of the Italian Republic.

Derivative financial instruments and repurchase agreements

In order to limit the counterparty risk exposure, BancoPosta RFC has concluded standard ISDA master agreements (with attached CSA), and GMRAs which govern the collateralisation of derivative transactions and repurchase agreements respectively.

In addition, in order to mitigate counterparty risk and gain easier access to the market, from December 2017, BancoPosta RFC has entered into repurchase agreements with the Central Counterparty, the Cassa di Compensazione e Garanzia. As of 2021, certain derivatives entered into by Bancoposta RFC through bilateral contracts will be routed to a Qualified Central Counterparty for centralised clearing through the services provided by a clearing broker.

The calculation of positions in derivatives and repurchase agreements and the related risk mitigation instruments are illustrated in Note 4.12 *Additional information - Offsetting financial assets and liabilities*, to which reference should be made.

ECL measurement

The following tables show, for Financial assets belonging to the financial sector, the reconciliation between the opening and closing balances of the ECL provisions required by IFRS 9.

Financial activities - Credit risk - Details of the provision to cover expected losses on financial instruments

Descrizione (€m)	Financial assets at amortised cost		Financial assets at FVOCI	
	Stage 1	Total	Stage 1	Total
Balance at 01 January 2024	**23**	**23**	**19**	**19**
Impairment of securities/receivables held at the beginning of the period	-	-	-	-
Reversal of securities/receivables held at the beginning of the period	(5)	(5)	(4)	(4)
Impairment of securities/receivables purchased/paid in the period	1	1	2	2
Reversal for write-off	-	-	-	-
Reversal due to sale/collection	(1)	(1)	(3)	(3)
Balance at 31 December 2024	**17**	**17**	**14**	**14**

At 31 December 2024, the estimated expected losses on **Financial assets at amortised cost** amounted to approximately €17 million, the provision decreased by approximately €6 million compared to 31 December 2023; the provision mainly relates to expected losses calculated on Fixed income instruments.

The provision to cover expected losses on **Financial assets at fair value through other comprehensive income** amounted to roughly €14 million at 31 December 2024. This provision, which refers entirely to expected losses calculated on fixed income instruments in the portfolio, decreased by approximately €5 million compared to 31 December 2023.

Liquidity risk

The following tables compare financial liabilities and assets belonging to the financial sector and outstanding at 31 December 2024.

Liquidity risk - Liabilities

Description (€m)	31.12.2024				31.12.2023			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial liabilities	35,705	17,323	26,277	79,304	37,391	19,431	26,290	83,112
Trade payables	99	-	-	99	73	-	-	73
Other liabilities	211	1,728	-	1,939	234	1,756	0	1,990
Total Liabilities	**36,015**	**19,051**	**26,277**	**81,342**	**37,697**	**21,187**	**26,290**	**85,174**

In the presentation of financial liabilities, expected cash outflows are broken down by maturity and payables for postal current accounts are represented on the basis of the statistic/econometric model that forecasts the interest rates and maturities typical of postal current accounts. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2024.

Liquidity risk - Assets

Description (€m)	31.12.2024 Within 12 months	Between 1 and 5 years	Over 5 years	Total	31.12.2023 Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial assets	18,586	18,799	76,634	114,019	19,866	19,155	76,154	115,175
Trade receivables	551	-	-	551	588	-	-	588
Other receivables and assets	795	1,723	0	2,518	603	1,752	0	2,356
Tax credits Law no. 77/2020	1,833	4,153	1,462	7,447	1,701	4,905	2,241	8,847
Cash and deposits attributable to BancoPosta	4,290	-	-	4,290	4,671	-	-	4,671
Cash and cash equivalents*	394	-	-	394	940	-	-	940
Total Assets	**26,449**	**24,674**	**78,096**	**129,219**	**28,368**	**25,812**	**78,396**	**132,576**

* Shown before elimination of liquidity.

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by interest receivable. Held-to-maturity and available-for-sale financial assets include financial instruments held by BancoPosta RFC and to a residual degree by the company BancoPosta Fondi SpA SGR, shown on the basis of expected cash flows, consisting of principal and interest paid at the various payment dates.

In terms of BancoPosta RFC's specific operations, the liquidity risk regards current account deposits and prepaid cards[332], the related investment of the deposits in Eurozone government securities and/or securities guaranteed by the Italian government, and the margins on derivative transactions, as well as tax credits acquired in relation to Decreto Rilancio no. 34/2020 (then converted with Law no. 77 of 17 July 2020). The potential risk derives from a mismatch between the maturities of investments in securities and those of liabilities, represented by current accounts where the funds are available on demand, thus compromising the ability to meet its obligations to current account holders. Any potential mismatch between assets and liabilities is monitored via comparison of the maturity schedule for assets with the statistical model of the performance of current account deposits, in accordance with the various likely maturity schedules and assuming the progressive total withdrawal of deposits over a period of twenty-three years for retail customers, six years for business customers, ten years for PostePay cards and six years for Public Administration customers.

Lastly, for the proper evaluation of the liquidity risk, it is appropriate to take into account that investments in "euro-government bonds", if unencumbered, may be assimilated with highly liquid assets; these securities can be used as collateral in interbank repurchase agreements to obtain short-term financing (normally carried out in BancoPosta).

For the purposes of effective risk management, there are also uncommitted revocable credit lines available for BancoPosta RFC's overnight operations, a three-year committed credit line granted by Cassa Depositi e Prestiti for repurchase agreement transactions up to a maximum of €3 billion, undrawn at 31 December 2024 and, finally, for intraday interbank transactions, BancoPosta RFC can access an intraday advance from the Bank of Italy and secured by securities with a nominal value of €2,900 million, undrawn at 31 December 2024.

Additional liquidity needs can be met by resorting to credit lines stipulated by the Parent Company, for details of which please refer to the section on liquidity risk of postal and business operations.

Based on the above information, the existing credit lines and the loans are adequate to meet financing requirements expected to date.

332. Since 1 October 2018, prepaid cards are the responsibility of PostePay SpA. The liquidity raised through these cards is transferred to BancoPosta, which invests the funds raised in euro area government bonds or bonds guaranteed by the Italian State. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposits continue to apply.

Cash flow interest rate risk

Financial activities - Cash flow interest rate risk

Description (€m)	31 December 2023	31 December 2024		
	Risk exposure	Risk exposure	Profit/(Loss) before tax	
	Nominal	Nominal	+100 bps	-100 bps
Financial assets				
Financial assets at amortised cost	16,616	20,487	205	(205)
Financial assets at FVTOCI	8,905	11,105	111	(111)
Financial assets at FVTPL	-	-	-	-
Cash and deposits attributable to BancoPosta	762	133	1	(1)
Cash and cash equivalents	875	347	3	(3)
Financial liabilities				
Loans	(3,996)	(2,225)	(22)	22
Other financial liabilities	(2,831)	(1,538)	(15)	15
Total	**20,330**	**28,309**	**283**	**(283)**

With respect to **Financial assets**, cash flow interest rate risk primarily relates to:

- **Financial receivables at amortised cost** represented by:
  - guarantee deposits lent as collateral for liabilities for derivative financial instruments and repurchase agreements held by BancoPosta RFC and for the liquidity reserve deposited with CC&G for any intraday margining with a total nominal value of €1,187 million;
  - investment by the Parent Company of the funds deriving from the current account deposits of Public Administration entities in the following: deposits with the MEF, with a nominal value of €9,972 million;
- fixed-income government securities held by BancoPosta RFC, of which €9,327 million classified as **Financial assets at amortised cost** and €11,105 million classified as **Financial assets at fair value through other comprehensive income**. In particular, variable rate securities with a total nominal value of €650 million, fixed rate securities converted to variable rate positions by entering into fair value hedge derivative contracts with a total nominal value of €17,212 million (of which €2,351 million in securities whose fair value hedges begin to produce their effects in the 12 months following the period under review) and securities with a total nominal value of €2,570 million with an inflation-linked yield, subject to fair value hedges, bank deposits held by BancoPosta RFC, including €346 million for the deposit held with the MEF on the operating current account known as the "Buffer" account.

In the area of **Financial liabilities**, the risk in question relates to loans for repurchase agreements put in place by the Parent Company and guarantee deposits referable exclusively to the Parent Company.

Cash flow inflation risk

At 31 December 2024, cash flow inflation risk relates to inflation-linked government securities not subject to cash flow hedges or fair value hedges, held entirely by BancoPosta RFC for a nominal amount of €1,025 million (€1,301 million at 31 December 2023). The results of the sensitivity analyses performed on these securities do not show any significant effects on the pre-tax result.

Insurance activities

In relation to insurance liabilities, given the way in which they are determined, it is not practicable to identify which component of the unit of account is exposed to individual risks of a financial nature, also in relation to the concept of mutuality that governs the products issued by the Group (for the definition of "mutuality", see Section *2.5 - Material information on accounting standards - Insurance contracts and Assets for outward reinsurance*). For this reason, the Group's exposure to risks is represented by the totality of its insurance liabilities, which are therefore subjected to individual stresses, assessing their overall impacts.

Following the line-by-line consolidation of the Multi-Asset Funds (for further details, please refer to Section 2.8 - *Basis of consolidation*), the risk exposure of these investments is presented in line with how the Group manages these investments and how the information is provided internally to senior management, i.e., based on the fair value of the net risk exposure corresponding to the NAV of the Funds. Therefore, the information on the Funds' exposure to risks is provided, consistent with the previous year, considering the group of assets and liabilities as a whole.

Fair value interest rate risk

Insurance activities - Fair value interest rate risk

Description (€m)	31 December 2023		31 December 2024	
	Nominal	Fair value	Nominal	Fair value
Financial assets	**114,434**	**146,477**	**114,893**	**155,398**
Financial assets at FVTOCI	114,434	105,847	114,893	107,492
Financial assets at FVTPL		40,630		47,906
Insurance liabilities		**155,338**		**162,408**

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

- fixed income government bonds held by Poste Vita SpA, totalling €87,679 million; of this amount, €84,382 million is used to cover Class I and V policies linked to separately managed accounts, €1,893 million relates to the company's free capital and €1,404 million to securities linked to Class I insurance investment products (specific assets);
- non-government debt securities held by Poste Vita SpA for a total fair value of €18,934 million, used mainly to meet obligations towards policyholders;
- the remainder relates to approximately €879 million in investments in fixed income instruments, both government and corporate exposures made by the other companies in the sector.

Financial assets at fair value through profit or loss, which are relevant to the risk in question, are primarily used to cover commitments to policyholders. They relate to a portion of the investments used in fixed income instruments totalling €5,181 million, of which €5,171 million related to Poste Vita, and to the position in *Other investments* totalling €47,061 million, consisting mainly of units in Class III funds and multi-asset funds linked to Separately Managed Accounts. Finally, the remaining €22 million is represented by the bond issued by Cassa Depositi e Prestiti as a private placement.

The **Insurance liabilities** relevant to the risk in question relate to commitments for insurance contracts placed by companies belonging to the sector, amounting to €162,408 million.

With respect to Class I and Class V policies sold by Poste Vita SpA, the duration of the matching assets went from 6.27 at 31 December 2023 to 6.39 at 31 December 2024, whilst the duration of the liabilities went from 7.45 to 7.29 (assessment of the duration was carried out using the new Coherent Duration method[333]. The financial instruments intended to cover the technical provisions for Class III policies have maturities that match those of the liabilities.

333. The Coherent Duration of assets and liabilities is defined as changes in the value of assets and liabilities, in proportion to the total amount of assets exposed to interest rate risk, following parallel shocks raising and lowering interest rates by 10 basis points.

Below is the result of the sensitivity analysis performed at 31 December 2024 on the assets and liabilities exposed to the risk in question.

Insurance activities - Stress Effects of Fair value interest rate risk

Description (€m)	Change in value	
	+100bps	-100bps
Contractual service margin	(59)	(429)
Profit/(Loss) before tax	18	(43)
Equity reserves before taxation	(126)	142

The results of the sensitivities[334] in summary show that:

- as a result of the increase in the interest rate curve, a negative change in the Contractual Service Margin of €59 million would be generated due to an increase in the coverage unit; an increase in the pre-tax result of €18 million arising from the higher release of the Contractual Service Margin determined by the increase in the coverage unit, only partly offset by the financial result[335]; and finally, a negative change in Equity Reserves of €126 million generated by the decrease in the fair value of FVOCI securities not retroceded to policyholders;
- as a result of the decrease in the interest rate curve, a negative change of €429 million in the contractual service margin would be generated due to a reduction in commissions on assets under management; a negative impact of €43 million on pre-tax profit due to the lower release of the contractual service margin as a result of the reduction in the coverage unit, partially offset by the financial result; and finally a positive change of €142 million in Equity Reserves generated by the increase in the fair value of FVOCI securities not retroceded to policyholders.

Price risk

Insurance activities - Price Risk

Description (€m)	Risk exposure	
	31 December 2023	31 December 2024
Financial assets	**40,785**	**45,830**
Financial assets at FVTPL	40,785	45,830
Insurance liabilities	**154,560**	**161,017**

Financial assets at fair value through profit or loss, exposed to the risk in question refer to:

- investments in units of mutual investment funds held by Poste Vita SpA, with a fair value of €45,289 million, including approximately €24,163 million used to cover Class I policies, approximately €16,973 million used to cover Class III policies and €4,153 million relating to the free capital;
- equity instruments held by Poste Vita SpA, totalling €541 million, used to cover Class I policies linked to separately managed accounts and to cover Class III policies.

Insurance liabilities exposed to the risk in question refer exclusively to insurance contracts placed by Poste Vita SpA for a total amount of €161,017 million.

Below is the result of the sensitivity analysis performed at 31 December 2024 on the instruments exposed to the risk in question:

Insurance activities - Stress effects of Price Risk

Description (€m)	Change in value	
	+25%	-25%
Contractual service margin	235	(265)
Profit/(Loss) before tax	33	(35)
Equity reserves before taxation	-	-

334. For sensitivity purposes, the swap component was stressed by the end-2023 risk-free curve as published by EIOPA.
335. IFRS9 income from FVTPL securities not passed back to policyholders.

The results of the sensitivities show that:

- in the scenario characterised by the increase in the value of market prices, the sensitivity results show an increase in the contractual service margin of about €235 million as a result of the increase in income generated by assets, only partially offset by the higher value of liabilities, as well as an increase in pre-tax result of about €33 million as a result of the combined effect of the higher release of the contractual service margin (due to the increase in stock) and the increase in the fair value of FVOCI securities for the portion not retroceded to policyholders;
- the opposite scenario, i.e. characterised by a decrease in the value of market prices, would entail a decrease in the contractual service margin of approximately €265 million as a result of the simultaneous decrease in income generated by assets, only partially offset by the reduction in value observed on liabilities, and a decrease in pre-tax result of approximately €35 million as a result of the combined effect of the lower release of the contractual service margin (due to the reduction in stock) and the decrease in the fair value of FVOCI securities for the portion not retroceded to policyholders.

Foreign exchange risk

Insurance activities - Currency Risk

Description (€m)	31 December 2023		31 December 2024			
	Position in USD	Position in Euro	Position in USD	Position in Euro	Profit/(Loss) before tax + Vol 260 days	Profit/(Loss) before tax - Vol 260 days
Financial assets						
Financial assets at FVTPL	106	95	121	116	7	(7)
Total	**106**	**95**	**121**	**116**	**7**	**(7)**

In the area of insurance operations, the **Financial assets** exposed to the risk in question refer exclusively to units in US dollar mutual funds held by Poste Vita SpA.

Spread risk

Since the portfolio is diversified between government and corporate securities, the spread risk analysis for insurance operations was performed separately between securities related to government issuers and securities related to private issues.

Insurance activities - Government spread risk on fair value

Description (€m)	Risk exposure			
	31 December 2023		31 December 2024	
	Nominal	Fair value	Nominal	Fair value
Financial assets	94,007	99,021	95,105	106,349
Financial assets at FVTOCI	94,007	86,663	95,105	88,346
Financial assets at FVTPL		12,358		18,003
Insurance liabilities		155,338		162,408

In the period under review, the portfolio of *Financial assets at fair value through other comprehensive income* exposed to this risk, referring exclusively to fixed-income government bonds, amounted to €88,346 million.

Financial assets at fair value through profit or loss exposed to the risk in question, amounting to a fair value of about €18,003 million, mainly refer to units of mutual funds held by Poste Vita SpA.

Insurance liabilities exposed to risk amount to approximately €162,408 million.

Insurance activities - Government spread risk on fair value

Description (€m)	Change in value +100bps
Contractual service margin	(126)
Profit/(Loss) before tax	7
Equity reserves before taxation	(86)

The results of the sensitivities[336] show a negative change in the contractual service margin of approximately €126 million due to capital losses impacting the returns of the underlying assets related to the portfolios of the Separately Managed Accounts; a positive pre-tax result effect of €7 million, mainly attributable to the higher release of the contractual service margin determined by the increase in the coverage unit, partially offset by the reduction in the pre-release value of the contractual service margin; and, lastly, a negative change in Equity Reserves of €86 million, generated by the reduction in the fair value of FVOCI instruments not retroceded to policyholders, which represent the majority of stressed securities.

Insurance activities - Corporate spread risk on fair value

Description (€m)	Risk exposure			
	31 December 2023		31 December 2024	
	Nominal	Fair value	Nominal	Fair value
Financial assets	20,427	59,800	19,788	67,226
Financial assets at FVTOCI	20,427	19,184	19,788	19,146
Financial assets at FVTPL		40,616		48,080
Insurance liabilities		155,338		162,408

The portfolio of *financial assets at fair value through other comprehensive income* exposed to this risk amounted to approximately €19,146 million, exclusively related to corporate bond exposures.

Financial assets at fair value through profit or loss exposed to risk amounted to about €48,080 million, of which €43,393 million related to mutual funds held by Poste Vita SpA, €4,665 million to exposures in debt securities issued by corporate counterparties, and €22 million to bonds issued by Cassa Depositi e Prestiti.

Insurance liabilities exposed to risk amount to approximately €162,408 million.

Insurance activities - Corporate spread risk on fair value

Description (€m)	Change in value +100bps
Contractual service margin	(13)
Profit/(Loss) before tax	(6)
Equity reserves before taxation	(13)

The results of the sensitivities[337] lead to a negative change in the contractual service margin of about €13 million, due to capital losses impacting the returns of the underlying assets; a reduction in the pre-tax result of €6 million and, finally, a negative change of €13 million in Equity Reserves, generated by the reduction in the fair value of FVOCI securities that was not retroceded to policyholders.

336. For the purposes of sensitivity on government bonds, the risk-free curve of end-2024 as published by EIOPA was used, with the Illiquidity Premium calibrated to the outstanding government portfolio and including the 100bps stress on the Italian spread.
337. For the purposes of sensitivity on corporate bonds, the risk-free curve of end-2024 as published by EIOPA was used, with the Illiquidity Premium calibrated to the outstanding corporate portfolio and including the 100 bps stress on the corporate spread.

Credit risk

Information on credit risk exposure is presented in the following section only for financial assets other than trade and other receivables and assets subject to impairment provisions, for which information is provided in *Note A8 - Trade receivables* and *Note A9 - Other receivables and assets*.

Exposure to credit risk

The following table presents an analysis of the risk exposure at 31 December 2024 of **Financial assets** belonging to the insurance segment for which the general deterioration model is used. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

Insurance Activities - Credit Risk - Rating

Description (€m)	from AAA to AA-		from A+ to BBB-		from BB+ to C			Not rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3			
2024										
Financial assets at amortised cost										
Gross carrying amount	201	-	2,021	-	2	0	-			2,224
Provision to cover expected losses	(0)	-	(1)	-	(0)	(0)	-			(1)
Total amortised cost at 31 December 2024	**201**	**-**	**2,020**	**-**	**2**	**0**	**-**	**1**	**-**	**2,224**
Financial assets at FVTOCI										
Gross carrying amount	14,589	-	95,140	68	2,391	91	-			112,279
Provision to cover expected losses - OCI	(1)	-	(32)	(1)	(5)	(1)	-			(39)
Fair value at 31 December 2024	**14,019**	**-**	**90,982**	**64**	**2,337**	**88**	**-**		**-**	**107,491**
2023										
Financial assets at amortised cost										
Gross carrying amount	133	-	1,988	-	2	0	-			2,124
Provision to cover expected losses	(0)	-	(1)	-	(0)	(0)	-			(1)
Total amortised cost at 31 December 2023	**133**	**-**	**1,987**	**-**	**2**	**0**	**-**			**2,123**
Financial assets at FVTOCI										
Gross carrying amount	13,486	-	95,735	46	20	2,640	124			112,051
Provision to cover expected losses - OCI	(1)	-	(44)	(0)	(0)	(8)	(2)			(55)
Fair value at 31 December 2023	**13,103**	**-**	**90,072**	**44**	**20**	**2,493**	**114**	**-**	**-**	**105,847**

Financial assets at amortised cost, which are recognised at risk, refer exclusively to fixed income instruments in the free assets held by companies belonging to the insurance sector with a gross carrying amount of €2,161 million, decreased by a total of €1 million to account for the related impairment provision.

Financial assets at fair value through other comprehensive income that are relevant to the risk under comment relate exclusively to fixed income instruments with a gross carrying amount of €112,279 million.

The following table shows the counterparty concentration of credit risk by financial asset class. Amounts refer to the gross carrying amount. Of the provision to cover expected losses on financial instruments at fair value in other comprehensive income, an amount of approximately €38 million was retroceded to policyholders.

Insurance activities - Credit risk - Credit risk concentration

Description (€m)	31.12.2024 Gross carrying amount	31.12.2024 Provision to cover expected losses	31.12.2023 Gross carrying amount	31.12.2023 Provision to cover expected losses
Financial assets at amortised cost	2,224	(1)	2,124	(1)
Sovereign	2,091	(1)	2,050	(1)
Corporate	124	(0)	64	(0)
Banking	10	(0)	9	(0)
Financial assets at FVTOCI	112,279	(39)	112,051	(55)
Sovereign	88,828	(27)	88,892	(38)
Corporate	16,880	(10)	16,270	(14)
Banking	6,571	(2)	6,889	(3)
Total	**114,503**	**(40)**	**114,175**	**(56)**

ECL measurement

The following tables show, for each accounting category, the reconciliation between the opening and closing balances of the provisions required by IFRS 9 to cover expected losses related exclusively to the free capital of companies in the sector.

At the end of the reporting period, the estimated expected losses on financial instruments at FVOCI amounted to approximately €39 million, of which €38 million was passed on to policyholders. This provision decreased by approximately €16 million compared to 31 December 2023, mainly as a result of sales in the period. The net exposure following the reversal to policyholders is €1 million.

Lastly, with regard to financial instruments at amortised cost, at 31 December 2024 the estimated expected losses amounted to approximately €1 million and did not change significantly compared to 31 December 2023.

Insurance activities - Credit risk - Details of the provision to cover expected losses on financial instruments

Description (€m)	Financial assets at amortised cost		Financial assets at FVOCI	
	Stage 1	Total	Stage 1	Total
Balance at 01 January 2024	**1**	**1**	**1**	**1**
Impairment of securities/receivables held at the beginning of the period		-	0	0
Reversal of securities/receivables held at the beginning of the period	(0)	(0)	(0)	(0)
Impairment of securities/receivables purchased/paid in the period	-	-	0	0
Reversal for write-off	-	-	(0)	(0)
Reversal due to sale/collection	(0)	(0)	-	-
Balance at 31 December 2024	**1**	**1**	**1**	**1**

Collateral held and other credit enhancements

In order to mitigate the exposure to credit risk, the Poste Vita Group invests in, among other things, corporate bonds that are guaranteed in order to mitigate the overall exposure to credit risk.

At 31 December 2024, the insurance Group does not hold financial instruments secured by guarantees or other credit risk mitigation instruments for which a loss coverage provision has been recognised.

Within the insurance business, the main types of financial instruments backed by guarantees or other credit risk mitigation instruments are bonds held by the Poste Vita Group, with a nominal amount of €6,919 million at 31 December 2024. In these cases, the guarantee covers 100% of the nominal value of the securities. The guarantees securing these financial instruments are as follows:

- corporate bonds backed by personal guarantees provided the parent company or another associate, amounting to a nominal value of €5,824 million;
- covered bonds backed by property mortgages, primarily property mortgages, amounting to a nominal value of €318 million;
- bonds guaranteed by sovereign states, amounting to a nominal value of €775 million.

In the case of instruments backed by personal guarantees provided by a sovereign state or one or more companies, expected losses are calculated on the basis of the credit rating of the guarantor. With regard to covered securities, the determination of the provision to cover expected losses was made taking into account not only the rating of the issuing institution, but also the type of underlying security.

Exposure to credit risk - insurance components

The following table presents an analysis of the risk exposure in question at 31 December 2024, by counterparty rating class, generated as a result of the placement of outstanding insurance and reinsurance contracts.

Insurance activities - Credit Risk - Rating

Description (€m)	from AAA to AA-	from A+ to BBB-	from BB+ to C	Not rated	Total
2024					
Assets for outward reinsurance					**324**
Net receivables from reinsurers	10	-	-	-	**10**
Insurance liabilities					**162,408**
Due from policyholders	-	-	-	128	**128**
2023					
Assets for outward reinsurance					**233**
Net receivables from reinsurers	-	-	-	-	**-**
Insurance liabilities					**155,338**
Due from policyholders	-	-	-	170	**170**

Assets for outward reinsurance that are relevant to the risk in question refer to the component of the item relating to the net exposure to reinsurers, which is included in the valuation. These receivables are not subject to impairment as the credit or debit balance is used to offset the payment or collection of reinsurance items. The reinsurance structure has very tight deadlines, annual at most, so the possibility of balances remaining unpaid for a period longer than 12 months is remote. Moreover, since these receivables are related to contracts falling under IFRS 17, they are not to be impaired as required by IFRS 9. At 31 December 2024, the balance of these net receivables was €10 million.

The **insurance liabilities** that are taken into account in the valuation of this risk refer to the component relating to receivables from policyholders. Receivables from policyholders relate to contracts issued at the reporting date for which the customer has not yet paid the premium. As with net receivables from reinsurers, this type of receivable also arises as a result of insurance contracts, and therefore does not have to be subject to impairment testing as required by IFRS 9. In any case, the Group performs recoverability analyses of the receivable in question, and in fact a full write-down of the receivable is made if it is more than six months old.

Liquidity risk

The following tables compare the financial liabilities and assets belonging to the insurance segment and outstanding at 31 December 2024.

Insurance activities - Liquidity Risk – Liabilities

Description (€m)	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
2024							
Flows from Poste Vita group's policies	7,759	5,977	4,696	7,065	5,055	174,420	**204,972**
Financial liabilities	56	0	1	0	0	11	**68**
Trade payables	105	-	-	-	-	-	**105**
Other liabilities	604	4	-	1	-	94	**704**
Total at 31 December 2024	**8,524**	**5,982**	**4,696**	**7,066**	**5,055**	**174,525**	**205,848**
2023							
Flows from Poste Vita group's policies	10,574	9,053	8,543	8,523	9,930	175,196	**221,818**
Financial liabilities	59	0	0	-	-	-	**59**
Trade payables	41	-	-	-	-	-	**41**
Other liabilities	702	3	-	-	-	74	**778**
Total at 31 December 2023	**11,375**	**9,056**	**8,543**	**8,523**	**9,930**	**175,270**	**222,697**

Projected cash outflows are broken down by maturity in the presentation of financial liabilities. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2024. The commitments of the Group insurance companies are represented in the item *"Portfolio flow from Poste Vita group's policies".*

Insurance activities - Liquidity Risk - Assets

Description (€m)	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
2024							
Financial assets	21,633	12,774	14,743	13,445	10,769	182,866	**256,230**
Trade receivables	0	-	-	-	-	-	**0**
Other receivables and assets	175	-	-	-	-	2,187	**2,361**
Cash and cash equivalents*	4,631	-	-	-	-	-	**4,631**
Total at 31 December 2024	**26,439**	**12,774**	**14,743**	**13,445**	**10,769**	**185,052**	**263,223**
2023							
Financial assets	19,132	13,159	11,588	13,843	12,861	173,474	**244,057**
Trade receivables	2	-	-	-	-	-	**2**
Other receivables and assets	134	-	-	-	-	2,280	**2,414**
Cash and cash equivalents*	3,561						**3,561**
Total at 31 December 2023	**22,830**	**13,159**	**11,588**	**13,843**	**12,861**	**175,754**	**250,035**

* Exposed to their liquidity elimination.

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by main interest receivable. Held-to-maturity and available-for-sale financial assets include financial instruments held by the Group's insurance companies, shown on the basis of expected cash flows, consisting of principal and interest paid at the various payment dates.

The liquidity risk stemming from Class I and V policies issued by Poste Vita SpA is mainly of relevance in the analysis in question. For said reason, for the purposes of the analysis of the liquidity risk profile, for the policies sold by Poste Vita SpA, the company performs Asset/liability management (ALM) analysis to manage assets effectively in relation to its obligations to policyholders, and also develops projections of the effects deriving from financial market shocks (asset dynamics) and of the behaviour of policyholders (liability dynamics).

At 31 December 2024, there were uncommitted credit lines for unsecured loans of about €5 million, of which about €2 million were drawn down.

Additional liquidity needs can be met by resorting to credit lines stipulated by the Parent Company, for details of which please refer to the section on liquidity risk of postal and business operations.

Based on the above information, the existing credit lines and the loans are adequate to meet financing requirements expected to date.

For the purposes of liquidity risk disclosure, the table of amounts payable on request and the balance sheet value of insurance contracts issued and outward reinsurance that constitute liabilities with lapse clauses is also shown:

Amounts payable on request

Description (€m)	31 December 2024	
	Amounts payable on request	Carrying amount
Insurance contracts issued with direct participation features	161,424	159,059
Investment contracts issued with discretionary participation features	-	-
Investment contracts issued without discretionary participation features	162	164
Outward reinsurance	-	-

Cash flow interest rate risk

Insurance activities - Cash flow interest rate risk

Description (€m)	31 December 2023	31 December 2024		
	Risk exposure	Risk exposure	Profit/(Loss) before tax	
	Nominal	Nominal	+100 bps	-100 bps
Financial assets				
Financial assets at FVTOCI	3,332	2,197	2	(2)
Financial assets at FVTPL	112	91	1	(1)
Cash and deposits attributable to BancoPosta	-	-	-	-
Cash and cash equivalents	2,852	3,757	14	(14)
Total	**6,296**	**6,045**	**16**	**(16)**

Within **Financial assets**, Cash flow interest rate risk mainly relates to fixed income instruments at fair value in other comprehensive income and variable rate bank deposits held by companies within the insurance segment:

- a portion of the investment portfolio held by Poste Vita SpA, with a total nominal value of €2,136 million;
- a portion of the investment portfolio held by Poste Assicura SpA, with a total nominal value of €51 million.

With regard to insurance liabilities, the risk exposure is not deemed to be significant.

Cash flow inflation risk

Cash flow inflation risk

Description (€m)	31 December 2023		31 December 2024			
	Risk exposure		Risk exposure		Profit/(Loss) before tax	
	Nominal	Carrying amount	Nominal	Carrying amount	+100bps	-100bps
Financial assets						
Financial assets at amortised cost	72	91	72	93	0	(0)
Financial assets at FVTOCI	6,676	7,893	5,364	6,715	1	(1)
Total	**6,748**	**7,984**	**5,436**	**6,808**	**1**	**(1)**

At 31 December 2024, the cash flow inflation rate risk relates to inflation-indexed government bonds. Of the total nominal value, securities totalling €5,390 million are held by Poste Vita SpA and securities totalling €40 million by Poste Assicura SpA.

With regard to insurance liabilities, the risk exposure is not deemed to be significant.

Lapse risk

For the purpose of the sensitivity analysis at 31 December 2024 on the lapse risk, insurance liabilities exposed to value fluctuations were taken into account and subjected to a stress of a 10% increase in the lapse rate. The exposures to this risk are shown below:

Insurance activities - Lapse risk

Description (€m)	31 December 2023	31 December 2024			
	Risk exposure	Risk exposure	Contractual service margin	Profit/(Loss) before tax	Equity reserves before taxation
	Fair value	Fair value	+10%	+10%	+10%
Insurance liabilities	**154,560**	**161,017**	(374)	(4)	-

The sensitivity analysis shows that a possible 10% increase in the lapse rate would generate a negative change in the Contractual Service Margin of €374 million, mainly attributable to the reduction in the duration of liabilities due to higher outflows, and a negative change in the pre-tax result of €4 million, mainly attributable to the lower release of the CSM resulting from the reduction in stock.

With regard to the effects net of reinsurance mitigation, these are substantially in line with what is presented in the table since the existing cover is not activated in the event of a 10% increase in the lapse rate.

With regard to the investment in Cronos Vita, which is recognised in the statement of financial position at its acquisition value, as defined by *IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations*, please refer to paragraph A14 - Non-current assets and disposal groups held for sale.

Provisioning risk

For the purpose of the sensitivity analysis at 31 December 2024 of the provisioning risk, insurance liabilities exposed to value fluctuations were taken into account and subjected to a variability stress, calculated with reference to possible changes in the loss ratio of an increase/decrease of 2%. Below are the exposures and this risk both gross and net of the mitigation effect related to reinsurance:

Insurance activities - Gross reinsurance provisioning risk

Description (€m)	31 December 2023	31 December 2024						
	Risk exposure	Risk exposure	Contractual service margin		Profit/(Loss) before tax		Equity reserves before taxation	
	Fair value	Fair value	+2%	-2%	+2%	-2%	+2%	-2%
Insurance liabilities	**499**	**587**	(1)	2	(2)	3	1	(0)

Insurance activities - Net reinsurance provisioning risk

Description (€m)	31 December 2023	31 December 2024						
	Risk exposure	Risk exposure	Contractual service margin		Profit/(Loss) before tax		Equity reserves before taxation	
	Fair value	Fair value	+2%	-2%	+2%	-2%	+2%	-2%
Insurance liabilities	**409**	**450**	(0)	1	(2)	3	1	(0)

Concentration risk

As regards Life business, the products currently placed have fairly standardised characteristics and relatively low minimum guarantees for the majority of the portfolio that are not consolidated year by year. The geographical distribution of these products is homogeneous throughout the country as a result of the widespread distribution network. The Group's product portfolio is still particularly concentrated in traditional build-up products. On the basis of these considerations, the risk of Life business concentration is medium.

Below is a representation of the concentration of Life business at 31 December 2024 by product type, where it can be seen that the highest concentration of risks relates to build-up products (separately managed accounts).

Insurance activities - Concentration Risk - Life

Product type	31 December 2024
Products linked to Separately Managed Accounts	89%
Protection products	0%
Index/unit-linked products	10%

With regard to P&C business, the products currently placed by the Group have fairly standardised characteristics. The geographical distribution of these products is homogeneous throughout the country as a result of the widespread distribution network. The product portfolio is mainly concentrated on health products (Medical Expenses and Income Protection Line of business). On the basis of these considerations, the risk of P&C business concentration is medium.

Below is a breakdown of gross funding at 31 December 2024 by product type, from which it can be seen that the highest concentration of risks relates to products belonging to the “modular” line and the “Welfare” segment, the latter referring to collective policies taken out with corporate customers (Employee Benefits).

Insurance activities - Concentration Risk - P&C

Product type	31 December 2024
Property & Personal Protection Line & Modular	34%
Third-party networks	10%
Payment protection line	9%
Salary-backed loans	6%
Life/P&C integration	4%
Welfare and other management	38%

Claims development

Below is information on the development of undiscounted claims, both in terms of cumulative amount paid at the date and in terms of ultimate cost values[338], gross and net of reinsurance.

338. Ultimate cost value means the estimate of the final settlement that the insurer expects to pay for a single claim or for an entire generation of claims. This amount includes all values to be paid to the insured and/or injured party, including settlement costs.

The table below shows the development of cumulative paid claims and ultimate cost by year of generation.

Insurance activities - Claims development before reinsurance

	Accumulated paid claims and other directly attributable costs paid (A)										
Claims/Times	**Year T-9**	**Year T-8**	**Year T-7**	**Year T-6**	**Year T-5**	**Year T-4**	**Year T-3**	**Year T-2**	**Year T-1**	**Year T**	**Total**
1. At the end of the year of occurrence	(28)	(20)	(16)	(19)	(13)	(13)	(101)	(122)	(174)	(216)	
2. One year later	(52)	(38)	(28)	(30)	(23)	(113)	(175)	(215)	(282)		
3. Two years later	(57)	(42)	(30)	(32)	(113)	(121)	(189)	(235)			
4. Three years later	(58)	(42)	(31)	(72)	(115)	(123)	(195)				
5. Four years later	(57)	(42)	(59)	(71)	(116)	(125)					
6. Five years later	(56)	(64)	(59)	(72)	(117)						
7. Six years later	(77)	(63)	(58)	(73)							
8. Seven years later	(76)	(63)	(59)								
9. Eight years later	(75)	(63)									
10. Nine years later	(76)										
Total	**(76)**	**(63)**	**(59)**	**(73)**	**(117)**	**(125)**	**(195)**	**(235)**	**(282)**	**(216)**	**(1,440)**

	Estimated ultimate cumulative claims cost (amount before reinsurance and undiscounted) (B)										
Claims/Times	**Year T-9**	**Year T-8**	**Year T-7**	**Year T-6**	**Year T-5**	**Year T-4**	**Year T-3**	**Year T-2**	**Year T-1**	**Year T**	**Total**
1. At the end of the year of occurrence	(58)	(31)	(20)	(21)	(13)	(13)	(201)	(256)	(346)	(426)	
2. One year later	(83)	(52)	(32)	(32)	(23)	(143)	(217)	(271)	(349)		
3. Two years later	(89)	(54)	(34)	(34)	(129)	(137)	(211)	(267)			
4. Three years later	(75)	(52)	(33)	(79)	(124)	(133)	(206)				
5. Four years later	(73)	(47)	(65)	(75)	(121)	(132)					
6. Five years later	(71)	(69)	(61)	(74)	(121)						
7. Six years later	(96)	(66)	(60)	(74)							
8. Seven years later	(93)	(66)	(59)								
9. Eight years later	(95)	(63)									
10. Nine years later	(69)										
Total	**(69)**	**(63)**	**(59)**	**(74)**	**(121)**	**(132)**	**(206)**	**(267)**	**(349)**	**(426)**	**(1,766)**
C. Gross liability for incurred claims - T to T-9 (B - A)	6	(0)	(0)	(1)	(4)	(7)	(12)	(32)	(67)	(210)	(326)
D. Gross undiscounted liability for incurred claims - years prior to T-9											(1)
E. Discount effect											11
F. Effect of adjustment for non-financial risks											(14)
G. Gross liability for incurred claims of insurance contracts issued											(330)

Cumulative paid claims, at 31 December 2024, amounted to €1,440 million, of which more than 50% related to claims occurring between 2021 and 2024.

Cumulative paid claims, including the ultimate cost estimate, amounted to €1,766 million at 31 December 2024, of which more than 60% related to claims occurring between 2021 and 2024.

At the balance sheet date, approximately 80% of cumulative claims including the ultimate cost estimate had been settled. In fact, the closing balance of the undiscounted liability for remaining coverage at 31 December 2024 amounts to €326[339] million. This amount remains set aside to support commitments to policyholders for future years and relates, for approximately 64%, to claims incurred during the financial year 2024.

339. This amount relates to the liability for claims incurred of Poste Assicura SpA and the reserve for claims incurred of Net Insurance SpA gross of the amounts attributable to flows related to receivables for amounts to be recovered on such claims incurred.

The discount effect on these expected future cash flows amounts to €11 million, while the adjustment for non-financial risk amounts to approximately €14 million.

Insurance activities - Claims development net of reinsurance

	Accumulated paid claims and other directly attributable costs paid (A)										
Claims/Times	**Year T-9**	**Year T-8**	**Year T-7**	**Year T-6**	**Year T-5**	**Year T-4**	**Year T-3**	**Year T-2**	**Year T-1**	**Year T**	**Total**
1. At the end of the year of occurrence	(20)	(7)	(5)	(10)	(1)	(5)	(86)	(111)	(155)	(158)	
2. One year later	(35)	(14)	(8)	(14)	(5)	(92)	(150)	(198)	(230)		
3. Two years later	(37)	(15)	(8)	(15)	(83)	(98)	(162)	(213)			
4. Three years later	(37)	(15)	(9)	(43)	(84)	(99)	(164)				
5. Four years later	(37)	(15)	(29)	(43)	(85)	(99)					
6. Five years later	(35)	(31)	(29)	(43)	(85)						
7. Six years later	(50)	(31)	(29)	(43)							
8. Seven years later	(49)	(31)	(29)								
9. Eight years later	(49)	(31)									
10. Nine years later	(49)										
Total	**(49)**	**(31)**	**(29)**	**(43)**	**(85)**	**(99)**	**(164)**	**(213)**	**(230)**	**(158)**	**(1,102)**

	Estimated ultimate cumulative claims cost (amount net of reinsurance and undiscounted) (B)										
Claims/Times	**Year T-9**	**Year T-8**	**Year T-7**	**Year T-6**	**Year T-5**	**Year T-4**	**Year T-3**	**Year T-2**	**Year T-1**	**Year T**	**Total**
1. At the end of the year of occurrence	(38)	(14)	(7)	(12)	(1)	(5)	(181)	(244)	(299)	(327)	
2. One year later	(52)	(23)	(10)	(15)	(5)	(118)	(189)	(253)	(290)		
3. Two years later	(53)	(21)	(10)	(16)	(95)	(112)	(183)	(243)			
4. Three years later	(37)	(17)	(10)	(48)	(91)	(108)	(175)				
5. Four years later	(42)	(15)	(32)	(45)	(89)	(105)					
6. Five years later	(41)	(33)	(30)	(44)	(88)						
7. Six years later	(59)	(32)	(29)	(43)							
8. Seven years later	(55)	(33)	(29)								
9. Eight years later	(58)	(31)									
10. Nine years later	(43)										
Total	**(43)**	**(31)**	**(29)**	**(43)**	**(88)**	**(105)**	**(175)**	**(243)**	**(290)**	**(327)**	**(1,375)**
C. Net undiscounted liability for incurred claims - accident year T to T-9 (Total B - Total A)	6	0	0	(0)	(2)	(6)	(11)	(31)	(60)	(170)	(273)
D. Net undiscounted liability for incurred claims - years prior to T-9											(0)
E. Discount effect											10
F. Effect of adjustment for non-financial risks											3
G. Net liability for incurred claims of insurance contracts issued											(260)

Postal and business activities

Fair value interest rate risk

Description (€m)	31 December 2023		31 December 2024			
	Risk exposure		Risk exposure		Equity reserves before taxation	
	Fair value	Fair value	Fair value	Fair value	+100bps	-100bps
Financial assets						
Financial assets at FVTOCI	110	99	110	102	(3)	3
Total	**110**	**99**	**110**	**102**	**(3)**	**3**

Within the framework of postal and business operations, the risk exposure in question relates to **Financial assets at fair value through other comprehensive income** represented by fixed-income government bonds held by the Parent Company.

Price risk

Postal and business operations - Price risk

Description (€m)	31 December 2023	31 December 2024		
	Risk exposure	Risk exposure	Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days
Financial assets				
Financial assets at FVTOCI	345	249	70	(70)
Total	**345**	**249**	**70**	**(70)**

Financial assets at fair value through other comprehensive income refer to Nexi shares held by Poste Italiane SpA and recorded at €249 million. For further information on the corporate transaction, please refer to section 3.2 Events after the end of the reporting date of 31 December 2024.

The Parent Company holds additional shares in *Moneyfarm, sennderTechnologies GmbH, Milkman and Scalapay Limited,* which are also classified as Financial assets at fair value through other comprehensive income, not subject to sensitivity in the above table.

Foreign exchange risk

Postal and business operations - Currency Risk

Description (€m)	31 December 2023		31 December 2024			
	Position in GBP	Position in Euro	Position in GBP	Position in Euro	Equity reserves before taxation	
					+ Vol 260 days	- Vol 260 days
Financial assets						
Financial assets at FVTOCI	48	55	47	56	2	(2)
Total	**48**	**55**	**47**	**56**	**2**	**(2)**

At 31 December 2024, the risk in question related exclusively to an investment held by the Parent Company in *Moneyfarm*.

In addition, foreign exchange risk referring to the net receivable/(payable) position in SDRs, a synthetic currency resulting from the weighted average of the exchange rates of four major currencies (the Euro, US dollar, British pound and Japanese yen) held by Poste Italiane SpA and used worldwide to settle debts and credits among postal operators is shown below.

Description (€m)	31 December 2023		31 December 2024			
	Position in GBP	Position in Euro	Position in GBP	Position in Euro	Equity reserves before taxation	
					+ Vol 260 days	- Vol 260 days
Current assets in SDRs	77	94	88	107	3	(3)
Current liabilities in SDRs	(67)	(82)	(64)	(78)	(2)	2
Total	**10**	**12**	**24**	**29**	**1**	**(1)**

Lastly, it should be noted that the Poste Italiane Group is subject to translation currency risk, which is the exchange rate risk associated with the conversion into euro of items relating to investments in companies whose functional currency is not the euro. For details on these companies, please refer to the section "Scope of consolidation and highlights of investments".

At 31 December 2024, however, a significant change in exchange rates would not have a material impact on the Group's consolidated financial statements.

Spread risk

The following is the result of the analysis of sensitivity[340] to spread risk carried out at 31 December 2024 limited to the Financial assets at FVTOCI involving fixed-income government bonds:

Postal and business operations - Fair Value Spread Risk

Description (€m)	31 December 2023		31 December 2024		
	Risk exposure		Risk exposure		Equity reserves before taxation
	Fair value	Fair value	Fair value	Fair value	+100bps
Financial assets					
Financial assets at FVTOCI	110	99	110	102	(3)
Total	**110**	**99**	**110**	**102**	**(3)**

Credit risk

Information on credit risk exposure is presented in the following section only for financial assets other than trade and other receivables and assets subject to impairment provisions, for which information is provided in *Note A8 - Trade receivables* and *Note A9 - Other receivables and assets*.

Exposure to credit risk

The table below provides an analysis of the exposure at 31 December 2024 of the **Financial assets** pertaining to the Postal and Business sector for which the General impairment model is used. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

340. For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of 236 bps and the spread of the BTP compared to the 10-year swap rate of 116 bps).

Postal and business operations - Credit Risk - Rating

Description (€m)	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
2024									
Financial assets at amortised cost									
Gross carrying amount	-	-	21	-	-	-			**21**
Provision to cover expected losses	-	-	(20)	-	-	-			**(20)**
Total amortised cost at 31 December 2024	**-**	**-**	**1**	**-**	**-**	**-**	**4**		**6**
Financial assets at FVTOCI									
Gross carrying amount	-	-	103	-	-	-			**103**
Fair value at 31 December 2024	**-**	**-**	**102**	**-**	**-**	**-**			**102**
2023									
Financial assets at amortised cost									
Gross carrying amount	-	-	20	-	-	-			**20**
Provision to cover expected losses	-	-	(20)	-	-	-			**(20)**
Total amortised cost at 31 December 2023	**-**	**-**	**(0)**	**-**	**-**	**-**	**4**		**4**
Financial assets at FVTOCI									
Gross carrying amount	-	-	101	-	-	-			**101**
Fair value at 31 December 2023	**-**	**-**	**99**	**-**	**-**	**-**			**99**

The **financial assets** that are relevant to the risk in question refer to financial receivables held by the Parent Company and measured at amortised cost for a gross carrying amount of approximately €21 million, almost entirely written down; as well as fixed income instruments measured at **fair value through other comprehensive income** for a carrying amount of €102 million.

The following table shows an analysis of credit risk concentration by financial asset class based on the counterparty.

Poste Italiane Group - Credit risk - Credit risk concentration

Description (€m)	31.12.2024		31.12.2023	
	Gross carrying amount	Provision to cover expected losses	Gross carrying amount	Provision to cover expected losses
Financial assets at amortised cost	21	(20)	20	(20)
Corporate	21	(20)	20	(20)
Financial assets at FVTOCI	103	(0)	101	-
Sovereign	103	(0)	101	-
Total	**124**	**(20)**	**121**	**(20)**

ECL measurement

At 31 December 2024, estimated expected losses on financial instruments relate almost exclusively to financial receivables at amortised cost for approximately €20 million. The provision remained unchanged from 31 December 2023.

Liquidity risk

The following tables present a comparison of the financial liabilities and assets of the Postal and business segment at 31 December 2023.

Liquidity risk - Liabilities

Description (€m)	31.12.2024				31.12.2023			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial liabilities	328	2,076	955	3,359	825	2,219	304	3,348
Trade payables	1,471	-	-	1,471	1,749	-	-	1,749
Other liabilities	1,251	196	0	1,447	1,264	224	1	1,489
Total Liabilities	**3,050**	**2,272**	**955**	**6,277**	**3,838**	**2,443**	**305**	**6,586**

Projected cash outflows are broken down by maturity in the table above. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2023.

Liquidity risk - Assets

Description (€m)	31.12.2024				31.12.2023			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial assets	8	111	3	122	2	122	2	125
Trade receivables	1,330	2	-	1,332	1,658	2	-	1,660
Other receivables and assets	349	29	12	391	320	37	16	373
Tax credits Law no. 77/2020	-	-	265	265	59	273	137	469
Cash and cash equivalents*	617	-	-	617	650	-	-	650
Total Assets	**2,305**	**142**	**280**	**2,726**	**2,688**	**434**	**155**	**3,277**

* Shown before elimination of liquidity.

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by main interest receivable. Held-to-maturity and available-for-sale financial assets include financial instruments held by the Parent Company, shown on the basis of expected cash flows, consisting of principal and interest paid at the various payment dates.

The committed and uncommitted credit lines available to the Group companies belonging to the operating segment in question, and the related uses are summarised in the table below.

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023
Committed credit lines	**2,750**	**2,450**
Short-term loans	2,750	2,450
Uncommitted credit lines	**2,225**	**2,162**
Short-term loans	910	960
Current account overdrafts	185	185
Unsecured loans	1,130	1,017
Total	**4,975**	**4,612**
Uncommitted uses	**675**	**554**
Short-term loans	-	0
Unsecured loans	675	554
Total	**675**	**554**

No collateral has been provided to secure the credit lines obtained.

At 31 December 2024, the Parent Company had an EMTN - Euro Medium Term Note program of €2.5 billion in place, thanks to which the Group can raise an additional €2 billion on the capital market.

As part of this programme, the first tranche with a nominal value of €500 million of the senior unsecured loan issued by Poste Italiane on 10 December 2020 was repaid in December 2024.

The existing credit lines and the loans are adequate to meet financing requirements expected to date.

Cash flow interest rate risk

Within **Financial assets** belonging to the postal and commercial sector, the cash flow interest rate risk relates to variable rate bank deposits held by the Parent Company for about €324 million (€75 million at 31 December 2023), while under Financial liabilities it relates to the variable rate CEB financing taken out by the Parent Company for €240 million and the variable rate EIB financing for €450 million. The sensitivity analyses performed at 31 December 2024 do not show any significant effects on the pre-tax result.

Postepay services activities

Foreign exchange risk

Within the Postepay services segment, the **Financial assets** exposed to the risk under comment relate to the investment held by Postepay in Volanté (€6 million at 31 December 2024 and €7 million at 31 December 2023) and the convertible loan issued by Volanté subscribed in 2024 by Postepay and recognised in financial assets at fair value through profit or loss for approximately €1 million. The sensitivity analyses performed did not reveal any significant effects on the company's pre-tax profit or equity reserves.

Credit risk

See *Note A8 - Trade receivables* and *Note A9 - Other* receivables and assets for information on credit risk exposure on trade receivables and other receivables and assets subject to impairment provisions.

The financial assets exposed to risk at 31 December 2024 relate to financial receivables from corporate counterparties, measured at amortised cost, in the A+/BB- rating category for a gross carrying amount of approximately €15 million and stage 1, and in the BB+/C rating category and stage 1 for a gross carrying amount of approximately €7 million. At 31 December 2024, the estimated expected losses on these financial instruments were not significant.

Liquidity risk

The tables below show the comparison of financial liabilities and assets falling within the Postepay services segment and outstanding at 31 December 2024.

Liquidity risk - Liabilities

	31.12.2024				31.12.2023			
Description (€m)	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Financial liabilities	10,762	7	-	10,770	10,275	8	-	10,282
Trade payables	422	-	-	422	390	-	-	390
Other liabilities	89	1	0	91	84	2	0	85
Total Liabilities	**11,274**	**9**	**0**	**11,282**	**10,748**	**10**	**0**	**10,757**

Projected cash outflows are broken down by maturity in the table above. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2024.

Liquidity risk - Assets

Description (€m)	31.12.2024				31.12.2023			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial assets	291	0	-	291	299	0	-	299
Trade receivables	195	-	-	195	155	-	-	155
Other receivables and assets	56	2	-	58	56	2	-	58
Cash and cash equivalents*	126	-	-	126	65	-	-	65
Total Assets	**668**	**2**	**-**	**670**	**575**	**2**	**-**	**577**

* Exposed before liquidity elimination.

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by main interest receivable.

At 31 December 2024, the companies in this segment also had credit lines of about €35 million for unsecured loans, of which around €5 million drawn down.

Additional liquidity needs can be met by resorting to credit lines stipulated by the Parent Company, for details of which please refer to the section on liquidity risk of postal and business operations.

No collateral has been provided to secure the credit lines obtained.

The existing credit lines and the loans are adequate to meet financing requirements expected to date.

Cash flow interest rate risk

As part of the Postepay services business, the **financial assets** exposed to the risk in question relate entirely to variable rate bank deposits held by LIS Pay with a nominal value, at 31 December 2024, of approximately €79 million. The sensitivity analyses performed show that as a result of a parallel shift of +/- 100 bps in the interest rate, the impact on the pre-tax result would be positive in both cases by approximately €3 million and €2 million, respectively.

4.7. Fair value of financial instruments

4.7.1 Fair value measurement techniques

The Poste Italiane Group has adopted a fair value policy, setting out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance departments of the various Group entities. The general principles for the fair value measurement of financial instruments have not changed with respect to 31 December 2023, except for the appropriate integration of the same in order to take into account the new exposure within the Poste Italiane Group's securities portfolio of the individual components of the consolidated Multi-asset Funds, whose components are measured in accordance with the techniques used to value them in line with the provisions of the Bank of Italy's Provision of 19 January 2015, as amended, setting forth the Regulations for Collective Asset Management. These general principles have been identified in compliance with the guidelines from the reference accounting standards and from the various Regulators (banking and insurance), ensuring uniformity in the valuation techniques adopted within the Group. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the year.

In compliance with **IFRS 13** - *Fair Value Measurement*, the following section provides information regarding the techniques used to measure the fair value of financial instruments within the Poste Italiane Group.

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

The hierarchy consists of the following 3 levels.

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

Bonds quoted on active markets:
- **Bonds issued by EU government bodies or non-government bodies:** measurement is based on bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Composite Bloomberg Bond Trader) third;
- **Financial liabilities:** measurement is based on the ask prices quoted by CBBT (Composite Bloomberg Bond Trader).

Equity securities and ETFs (Exchange Traded Funds) listed on active markets: the valuation is made considering the price resulting from the last contract traded on the day on the relevant stock exchange.

Quoted open-end investment funds: measurement is based on the daily closing market price as provided by Bloomberg or the fund manager. Level 1 bond price quotations incorporate a credit risk component. Exchange rates published by the European Central Bank are used in determining the value of financial instruments denominated in currencies other than the euro.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability[341]. For the Poste Italiane Group the following categories of financial instrument apply:

Bonds either quoted on inactive markets or not at all:

- **Straight Italian and international government and non-government bonds:** valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on spreads determined with reference to quoted and liquid benchmark securities issued by the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component - which considering the features of the bonds included in the portfolio of the Poste Italiane Group relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

Unquoted equities: this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount, quoted by primary market counterparties, which represents the implicit cost in the process to align the value of the unquoted shares to the quoted ones.

Unquoted open-end investment funds: measurement is based on the latest available NAV (Net Asset Value) as provided by Bloomberg or as determined by the fund manager.

Derivative financial instruments:

- **Interest Rate Swaps:**

Plain vanilla interest rate swaps: valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.

Interest rate swaps with an embedded option: valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the financial derivatives held in the Poste Italiane portfolio as an example, the option component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.

- ***Bond forwards*****:** valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.
- ***Warrants*****:** considering the features of the securities held, measurement is based on the local volatility model. In particular, considering that buyback agreements have been entered into with the counterparties that structured these warrants, and that such counterparties use valuation models consistent with those used by the Group, these instruments are measured on the basis of the bid price quoted by the counterparties.
- **Currency forwards:** valuation is based on the differential between the reciprocal currency registered at the measurement date and the reciprocal currency fixed at the trade date.

341. Given the nature of Poste Italiane Group's operations, the observable data used as input to determine the fair value of the various instruments include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.

The derivatives held in Poste Italiane's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty risk. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by the Poste Italiane Group.

In the rare instances where collateral agreements do not substantially reduce counterparty risk, measurement takes place by discounting to present value the cash flows generated by the securities held as collateral, using as the input a yield curve that reflects the spread applicable to the issuer's credit risk. Alternatively, use is made of fair value to calculate the CVA/DVA (Credit Valuation Adjustment/Debit Valuation Adjustment), in relation to the main technical and financial characteristics of the agreements and the counterparty's probability of default.

Reverse Repos: are valued using discounted cash flow techniques involving the computation of future contractual cash flows. These instruments may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

Fixed rate and variable rate loans: valuation is performed using *discounted cash flow*techniques. The counterparty's credit spread is considered through:
- use of the Italian government yield curve or the credit default swap (CDS) of the Italian Republic, in the case of Italian government agencies;
- use of quoted CDS yield curves or, if not available, the adoption of "synthetic" CDS yield curves represented by the counterparty's rating, as constructed starting from the input data observable on the market;
- use of yield curves based on the specific issuer's quoted bond prices.

Financial liabilities either quoted on inactive markets or not at all:
- **Straight bonds:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the issuer's credit risk.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component, attributable to interest rate risk considering the features of the bonds included in the portfolio of the Poste Italiane Group, is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.
- **Borrowings:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the credit risk.
- **Repurchase agreements:** are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed, in addition to Level 2 inputs. For the Poste Italiane Group the following categories of financial instrument apply:

Fixed and variable rate loans: the measurement is carried out using discounted cash flow techniques. The counterparty's credit spread is set according to best practices, by using the probability of default and transition matrices created by external information providers and loss given default parameters determined by prudential regulations for banks or in accordance with market standards.

Closed-end unquoted funds: these include funds that invest mainly in unquoted instruments. Their fair value is determined by considering the latest NAV (Net Asset Value), available at least every six months, reported by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers which occurred between the latest NAV date and the valuation date.

Investment property (excluding former service accommodation) and inventories of properties held for sale: The fair value of both investment property and inventories has been determined mainly by discounting to present value the cash flows expected to be generated by the rental agreements and/or proceeds from sales, net of related costs. The process uses a discount rate that considers analytically the risks typical of the property.

Investment property (former service accommodation): the value of this investment property is determined on the basis of the applicable law (Law 560 of 24 December 1993), which sets the selling price in case of sale.

Unquoted shares: this category includes shares for which no price is observable directly or indirectly in the market. Measurement of these instruments is based on the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of the unquoted shares to the quoted ones. In the specific case of equities relating to unlisted companies at the "start-up" phase, fair value is instead determined by considering the implicit valuation at the time of acquisition, adjusted by value adjustments to take account of any changes in price resulting from[342] significant transactions observable on the market in the 12 months prior to the reporting date. Alternatively, and in the absence of significant transactions, the fair value of the share is determined using alternative methods (verification of financial data that can be inferred from the company's Business Plans if available and analysis of the company's performance, multiple market use, etc.).

Tax credits Law no. 77/2020: this category includes credits acquired with reference to the Decreto Rilancio no. 34/2020 (later converted into Law no. 77 of 17 July 2020) for which no directly or indirectly observable market prices are available. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.

Forwards on unquoted equities: for these instruments, the valuation of the counterparty is recalculated by discounting the difference between the forward price of the equity security underlying the derivative updated to the valuation date and the settlement price.

Equity held in cooperative banks: this category includes shares that have been admitted to the Hi-MTF market (Vorvel) in light of CONSOB Communication no. 92492 of 1/10/2016 "Recommendation on the distribution of financial instruments through a multilateral trading venue" as well as following the changes introduced by Directive 2014/65/EU of 15 May 2014 (MiFID II) and EU Regulation no. 600/2014 (MiFIR). For these actions, the alternative model of "Hi-MTF market transactions" was adopted, which provides for:

- use the price of the last available transaction on the Hi-MTF market, provided there are at least two transactions per month over a 3-month horizon;
- application of a liquidity discount on the price equal to a maximum of between zero and the ratio between the value of the position held by the Group and the accumulated value of all transactions in the last 6 months, minus one.

Alternative and Level 3 Funds: this category includes quoted and unquoted open-ended funds that cannot be categorised as Level 2 and all alternative funds. The fair value of these Funds is represented by the NAV, based on the value of the underlying assets, adjusted if necessary on the basis of the internal control system.

342. A significant transaction in this context is defined as a minimum investment of €10 million or at least 5% of the share capital of the investee entity over the last twelve months from the reporting date.

4.7.2 Fair value hierarchy

The following table shows an analysis of financial instruments measured at fair value at 31 December 2024, classified by level in the fair value hierarchy.

Fair value hierarchy

Description (€m)	31.12.2024				31.12.2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVTOCI	134,832	6,679	225	141,737	136,848	2,447	299	139,594
Equity instruments	249	-	217	467	345	0	204	549
Fixed income instruments	134,583	6,679	8	141,270	136,503	2,447	95	139,046
Financial assets at FVTPL	8,629	36,806	7,864	53,299	4,441	35,892	7,873	48,205
Receivables	-	808	11	820	-	-	-	-
Equity instruments	540	1,328	17	1,886	482	3	27	512
Fixed income instruments	5,109	22,920	0	28,029	2,440	120	3	2,564
Other investments	2,980	11,749	7,835	22,564	1,519	35,768	7,843	45,129
Derivative financial instruments	0	2,749	-	2,749	-	4,257	-	4,257
Total	**143,462**	**46,234**	**8,089**	**197,784**	**141,289**	**42,596**	**8,172**	**192,056**
Financial liabilities								
Financial liabilities at fair value	-	-	-	-	-	-	-	-
Derivative financial instruments	-	(1,859)	(8)	(1,867)	(0)	(1,136)	(3)	(1,138)
Total	**-**	**(1,859)**	**(8)**	**(1,867)**	**(0)**	**(1,136)**	**(3)**	**(1,138)**

Transfers between levels 1 and 2, relating entirely to the Poste Vita insurance group, are shown below:

Transfers from Level 1 to Level 2

Description (€m)	From Level 1 to Level 2		From Level 1 to Level 2	
	Level 1	Level 2	Level 1	Level 2
Transfers of financial assets				
Financial assets at FVTOCI	(3,158)	3,158	404	(404)
Equity instruments				
Fixed income instruments	(3,158)	3,158	404	(404)
Other investments				
Financial assets at FVTPL	(169)	169	1,538	(1,538)
Receivables				
Equity instruments	-	-	-	-
Fixed income instruments	(2)	2	42	(42)
Other investments	(167)	167	1,497	(1,497)
Net transfers from Level 1 to Level 2	**(3,326)**	**3,326**	**1,942**	**(1,942)**

Reclassifications from level 1 to level 2 relate to financial instruments whose value, at 31 December 2024, is not observable in a liquid and active market, as defined in the Group's Fair Value Policy. Reclassifications from level 2 to level 1, on the other hand, relate to financial instruments whose value, at 31 December 2024, is observable in a liquid and active market.

Movements in level 3 during the year are shown below:

Changes in financial instruments - level 3

Description (€m)	Financial assets: Financial assets at FVTOCI	Financial assets: Financial assets at FVTPL	Financial assets: Derivative financial instruments	Total
Balance at 1 January 2024	**299**	**7,873**	**-**	**8,172**
Purchases/Issues	0	1,009	-	1,009
Sales/Extinguishment of initial accruals	(2)	(304)	-	(307)
Redemptions	-	(0)	-	(0)
Changes in fair value through profit or loss	-	3	-	3
Changes in fair value through equity	3	-	-	3
Transfers to profit or loss	-	0	-	0
Gains/Losses in profit or loss due to sales	-	-	-	-
Transfers to level 3	-	5	-	5
Transfers to other levels	(85)	(713)	-	(798)
Changes in amortised cost	0	1	-	1
Write-off	-	-	-	-
Other changes (including accruals at end of period)	9	(9)	-	-
Change in scope	-	-	-	-
Balance at 31 December 2024	**225**	**7,864**	**-**	**8,089**

Financial instruments classified in level 3 are held primarily by Poste Vita SpA and, to a residual extent, by Poste Italiane SpA, PostePay SpA, Net Life and Net Insurance.

In the case of the Group's insurance company, instruments in level 3 regard funds that invest primarily in unquoted instruments, whose fair value measurement is based on the latest available NAV (Net Asset Value) as announced by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers and occurring between the latest NAV date and the measurement date. These financial instruments primarily consist of investments in private equity funds and, to a lesser extent, real estate funds associated entirely with Class I products related to separately managed accounts. Movements during the period regard the purchase of new investments, redemptions of units of unquoted close-end funds and changes in fair value during the period.

At 31 December 2024, in compliance with both the aforementioned Fair Value Guidelines of the Poste Italiane Group and additional requirements contained in the Supplementary Guidelines approved by the Board of Directors of the Poste Vita Company, the following were reclassified, with reference to the category in question:
- approximately €0.2 billion of Level 1 to Level 2 financial instruments related to listed open-ended funds (ETFs) that do not meet the liquidity criteria of the Technical Annex;
- approximately €1.5 billion of Level 2 to Level 1 financial instruments related to listed open-ended funds (ETFs) that meet the liquidity criteria of the Technical Annex;
- €0.7 billion of financial instruments from fair value level 3 to level 2 related mainly to class III UCITS funds that met the liquidity criteria at the measurement date.

4.8 Hedging transactions

The following is a description of the hedging policies implemented by the Poste Italiane Group divided between fair value hedges and cash flow hedges and to which the related accounting rules set forth in IFRS 9 - Financial Instruments to which Poste Italiane has transitioned with retroactive effect as of 1 January 2024 are applied, as better described in Section *2.4- Changes to accounting policies*. The fair value hedges and cash flow hedges described below refer mainly to fixed income instruments or inflation-indexed securities held under BancoPosta operations.

Hedging transactions - Fair value hedges

Fair value hedges refer to the following types of hedged items:
- fixed income government bonds;
- inflation-indexed government bonds; and
- repurchase agreements.

In order to hedge the risks associated with these elements and described in the following paragraphs, the Poste Italiane Group enters into derivative financial transactions and assesses the effectiveness of the derivative designated in each hedging relationship in order to verify that the following effectiveness criteria are met:
- the existence of an economic relationship between the hedging instrument and the hedged item;
- the effect of credit risk does not prevail over the changes in value deriving from the economic relationship;
- the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes.

These assessments are performed by the Group on an ongoing basis at each reporting date, or when there is a significant change in the drivers affecting individual hedging relationships.

The requirements of hedge effectiveness can be assessed by the Group on the basis of a qualitative assessment of the critical terms[343] only in cases where the hedging instrument and the related hedged instrument are perfectly aligned and their fair values move speculatively in opposite directions.

In cases where the qualitative analysis reveals potential sources of ineffectiveness and consequently the critical terms approach is not applicable, the Group performs a quantitative assessment of the hedging relationship in order to identify, at source, all potential sources of ineffectiveness that could impact the valuation of the hedging relationship (hedge relationship).

In order to measure ineffectiveness at each reporting date, the Group uses the "Dollar offset approach through the hypothetical derivative[344]". This method consists of comparing the changes in fair value of the hedging instrument and the hedged item between the inception date of the hedging relationship and the reporting date. The hedged item considered for the use of the Dollar Offset method is the hypothetical derivative. The hypothetical derivative and the actual hedging instrument have a settlement date consistent with the hedge inception (spot or forward start) and differ solely in their spread which is considered, as already indicated, the main source of ineffectiveness[345]. The partial ineffectiveness of the hedge, equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

The risk management strategy and how it is applied by type of hedged item are defined below.

343. The critical terms approach involves a comparison between the critical terms of the hedging instrument with those of the hedged item. The hedging relationship is highly effective when all the critical terms of the two instruments match perfectly and there are no features or options that might invalidate the hedge. Critical terms include, for example: notional amount of the derivative and principal of the underlying, credit risk, timing, currency of the cash flows.
344. The Dollar offset method is a quantitative method that involves a comparison between movements in the fair value or cash flow of the hedging instrument and the movements in the fair value or cash flow of the hedged instrument attributable to the risk hedged. Depending on the policy selected, this approach can be used:
- on a cumulative basis, by observing the performance of the hedge since inception;
- on a periodic basis, by comparing the hedge performance with that of the last test.

The dollar offset method can be implemented through a hypothetical derivative, that is by constructing a theoretical derivative to compare the relevant theoretical movements in far value or cash flow with those of the hedged instrument (actual derivative).
345. With reference to Repos, hedging is performed by defining the variable-rate component simply indexed to Euribor and the fixed-rate component incorporating market conditions. The hypothetical derivative uses the mid-market fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.

Hedging transactions on fixed-income and inflation-linked government bonds

The Poste Italiane Group has a government bond portfolio – made up of fixed rate BTPs and inflation-linked BTPs – subject to movements in fair value due to changes in interest rates and in the inflation rate.

To limit the effects of interest rates on fair value, BancoPosta RFC enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the bonds held in the portfolio. The objective of these transactions is to have instruments that can offset changes in fair value of the portfolio due to interest rate fluctuations and the rate of inflation. The credit risk of the Italian Republic is not hedged and is set for the duration of the swap.

Full hedges and partial hedges are implemented, with the start date equal to the date of purchase of the instrument (swap spot start) and after the purchase of the instrument (swap forward start), respectively.

In addition to what has been reported in the previous paragraph on the methods used by the Group to verify the existence of the requirements of effectiveness of fair value hedges, it should be noted that the Group also carries out a prospective assessment of the hedge using different approaches depending on the characteristics of the derivative instrument. Specifically:

- the “Critical terms” approach for swap spot starts, for which it has been determined at inception that the characteristics of the fixed leg make it possible to replicate exactly the fixed cash flows generated by the hedged item;
- the “Dollar offset through the hypothetical derivative” approach for forward start swaps, for which the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[346].

Hedging on repurchase agreements

The Poste Italiane Group carries out transactions in repurchase agreements, on euro-government securities or with the guarantee of the Italian state for various purposes, including to invest in government securities, to meet liquidity needs arising from the dynamics of funding on current accounts, and to actively manage the treasury position and deposits as collateral for collateralisation transactions. These transactions are mainly fixed rate transactions and are therefore exposed to changes in *fair value* due to fluctuations in interest rates.

To limit the effects of interest rates on fair value, the Group enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the repurchase agreements held in the portfolio.

In addition to what is reported in the previous paragraph on the methods used by the Group to verify the existence of the effectiveness requirements of *fair value hedges*, it is specified that the Group also carries out a prospective hedge valuation adopting the “*Dollar offset through the hypothetical derivative*” approach, carried out by calculating the Hedge Ratio as the ratio between the change in the fair value of the hypothetical derivative and the change in the fair value of the effective derivative[347].

346. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.
347. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.

Effects of fair value hedging transactions on profit or loss and financial position

The following tables present the time distribution by contractual residual maturity of fair value hedging derivatives as well as the statement of financial position and profit or loss effects of this type of hedging transaction.

Time distribution based on remaining duration of fair value hedge contracts

Description (€m)	Maturity			
	Up to 1 year	1 - 5 years	Over 5 years	Total
Fair value hedges - Interest rate risk				
Interest rate swaps				
Nominal	-	-	24,452	**24,452**

Fair value hedges - Interest rate risk

(€m)	Nominal	Carrying amount*		Accumulated amount of fair value hedge adjustments on the hedged item		Change in value used to recognise ineffective portion of hedge	Accumulated amount of fair value hedge adjustments on the hedged item in case of discontinuing
		Assets	Liabilities	Assets	Liabilities		
Hedged items							
Fixed income instruments, of which:							
at amortised cost		11,392	-	(1,082)	-	207	(109)
at FVTOCI		12,240	-		-	252	(46)
Repurchase agreements		-	-	-	-	(38)	-
Hedging instruments							
Interest rate swaps	24,452	2,667	(806)			(423)	
Profits/(losses) on hedging recognised in P&L						**(2)**	

* Not including credit loss provisions.

Hedging transactions – Cash flow hedges

Hedging transactions on inflation-linked government bonds and forecast transactions

To limit the exposure to interest rate risk deriving from the need to reinvest the cash generated by maturing bonds held in portfolio and the 10-year indexed component of returns on deposits with the MEF of Public Administration funding, BancoPosta RFC enters, if necessary, into forward purchases. In addition, to pursue the stabilisation of returns, forward sales are entered into. These derivatives qualify as cash flow hedges of forecast transactions.

In addition, the Group has a portfolio of inflation-linked BTPs subject to cash flow variability in relation to inflation.

To limit the effects of interest rates on cash flows deriving from the types of instruments described previously, the Group enters into OTC interest rate swaps or inflation swaps to hedge the cash flows of the bonds held in portfolio. The objective of these transactions is to stabilise until maturity the return of the instrument, regardless of movements of the variable parameter.

The Group evaluates the effectiveness of the designated derivative in every hedging relationship in the stabilisation of cash flow changes of the hedged instrument through a qualitative and quantitative test.

With regard to forecast transaction hedges, in cases where the qualitative analysis of critical terms reveals potential sources of ineffectiveness and, consequently, the critical terms approach is not applicable, the Group performs a quantitative assessment of the hedging relationship in order to intercept, at source, all potential sources of ineffectiveness that could impact the measurement of the hedge relationship.

In said context, in order to limit the ineffectiveness at each reporting date, the quantitative test involves the calculation of a hedge ratio defined as the ratio of the difference between the fair value of the forward transaction entered into with the counterparty on the test and inception date and the present value of the difference between the theoretical forward price of the BTP calculated as of the test and inception date[348].

For the purposes of the prospective hedge effectiveness test, the critical terms approach is applied, considering at inception the consistency between the hedging instrument and the hedged item on the basis of the qualitative characteristics of the contracts[349].

With regard to the hedging of inflation-indexed securities, in cases where the qualitative analysis of the “Critical terms” reveals potential sources of ineffectiveness and consequently the “Critical terms” approach is not applicable, the Group performs a quantitative test by considering the ratio (Hedge Ratio) between the change in the fair value of the derivative actually entered into and the change in the fair value of the hypothetical derivative, occurring in the time interval between the date the transaction was entered into and the valuation date.

The hypothetical derivative and the actual derivative have the settlement date that matches the inception of the hedge and differ in terms of their fixed income component[350]. Moreover, for the derivatives used to hedge inflation-linked BTP, the fair value at the settlement date reflects also the interest accrued of the instrument accrued from the latest interest payment date to the date of settlement of the derivative. As such, both are considered the main sources of ineffectiveness.

The change in fair value of the actual derivative is recognised through equity, for the effective portion of the hedge, while the change in fair value of the ineffective portion is recognised through profit or loss.

For the purposes of the prospective hedge effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. Specifically:

- the “Critical terms” approach for derivatives for which it has been determined at inception that the characteristics of the indexed leg of the swap make it possible to replicate exactly the variable cash flows generated by the hedged item;
- the “Dollar offset through the hypothetical derivative” approach for derivative contracts with a fixed rate applicable to a nominal amount growing constantly at six-month intervals until the derivative expires. For these contracts the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[351].

348. Assuming a perfect match between the forward prices of the counterparties and the theoretical forward prices, the hedge ratio is always equal to 100%. As such, there are no sources of ineffectiveness.
349. The notional amount of the forward contract must be set, at the settlement date, as equal to the nominal amount of the instrument in case of purchase, and equal or lower than the nominal amount of the instrument in case of sale. The underlying of the forward contract must coincide with the instrument that must be purchased or sold (in this case it must be an instrument in the portfolio) at the settlement date. The settlement date must be the same as the date on which the cash flow to be hedged is expected, in case of forward purchase, or must be related to the year in which the total return must be stabilised, in case of forward sale.
350. The hypothetical derivative uses the fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.
351. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.

Effects of cash flow hedges on profit or loss and financial position

The following tables present the time distribution by contractual residual maturity of cash flow hedging derivatives, the effects on profit or loss and financial position of this type of hedging transactions, and the effects of cash flow hedges on other comprehensive income.

The average interest rate of the interest rate swaps shown represents the contractually expected average fixed rate of the hedging transaction by maturity band.

Time distribution based on remaining duration of cash flow hedge contracts

Description (€m)	Maturity			
	Up to 1 year	1 - 5 years	Over 5 years	Total
Cash flow hedges - Interest rate risk				
Forward sales				
Nominal	602	-	-	**602**
Settlement price	547	-	-	**547**
Interest rate swaps				
Nominal	-	609	5,347	**5,956**
Average rate %	-	4.832%	4.073%	**4.151%**

Cash flow hedges - Rate risk

(€m)	Nominal	Carrying amount		Change in value used to recognise ineffective portion of hedge	Cash flow hedges		
		Assets	Liabilities		Hedge reserve	Discontinued	
Hedged items							
Fixed income instruments, of which:							
at FVTOCI		6,674	-	26			
Hedging instruments							
Forward purchases	-	-	-	-	42	-	-
Forward sales	602	3	(1)	2	2	-	-
Interest rate swaps	5,956	9	(541)	(28)	(396)	-	-
Profits/(losses) on hedging recognised in P&L				**-**			

Impact on OCI of cash flow hedges - Rate risk

(€m)	Profits/(losses) on hedging recognised in OCI, period fair value (inc./dec.)	Transfers to profit or loss:	
		Hedge accounting effects	Discontinued
Fixed income instruments	111	(48)	-
Total	**111**	**(48)**	**-**

Reform of reference indices for determining interest rates

The reform of key interest rate benchmarks, called the "InterBank Offered Rate (IBOR) Reform", involved regulators in various jurisdictions around the world with the aim of replacing some interbank rates with risk-free alternative rates and preparing guidelines to update contract models.

Currently, the main benchmarks for the euro area are:
- the Euro Short Term Rate - ESTR (administered by the European Central Bank and published as of 2 October 2019) which replaced the Euro OverNight Index Average (EONIA - no longer listed as of 1 January 2022) redefining it as ESTR plus 8.5 bps;
- the EURIBOR (administered by the European Money Market Institute), whose reform process ended in November 2019.

The Group has financial instruments indexed to both ESTR and EURIBOR. The latter continues to be quoted daily and the related cash flows continue to be traded with counterparties as usual. In relation to this parameter, there is therefore no uncertainty resulting from the IBOR reform on 31 December 2024. These instruments are subject to daily collateralisation remunerated at ESTR plus 8.5 bps (formerly EONIA).

In addition, the Group holds interest rate swaps designated as fair value hedges that have the variable "leg" indexed to the EURIBOR, with a nominal value of €24,452 million, held almost entirely by Bancoposta RFC. With particular reference to almost all of these instruments, the cash flows at 31 December 2024 are discounted at the EONIA rate defined as ESTR plus 8.5 bps and not at the ESTR rate as defined in the contracts in place with the counterparties.

4.9 Contingent liabilities and main proceedings pending with the authorities

Contingent liabilities

The following information is provided in accordance with accounting standard IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

At 31 December 2024, there were 63 judicial and extrajudicial disputes pending for which the risk of losing is assessed as possible. The total amounts involved in the claims stand at approximately €59 million, plus interest. The main outstanding disputes, of an individually insignificant amount, relate to litigation brought by third parties in various capacities.

It should be noted that the Group, in view of the number of disputes brought by third parties, makes an assessment on a probabilistic historical basis, for cases with individually non-significant claims, reflected in the provisions for risks and charges.

In the context of disputes where the risk of losing the case is considered possible, it should be noted that on 20 December 2024, the Agenzia delle Entrate notified SDA of an pre-assessment deed ("Pre-assessment") resulting from an audit carried out on certain business relationships referring to the 2018 tax year with certain companies supplying pick-up, transport and handling activities, contesting an alleged undue deduction of VAT for approximately €20 million, IRAP for approximately €2 million, plus penalties and interest. The purpose of the Pre-assessment deed is to establish a consultation with the company, which sent its observations on 14 February 2025, following which the Agenzia delle Entrate may proceed, within 120 days of the deadline for submitting them, with the filing or notification of a tax assessment notice.

Moreover, on 27 March 2024, the company **SDA Express Courier** was notified by the Economic and Financial Police Unit of the Guardia di Finanza (Finance Police), by order of the Public Prosecutor's Office of Rome, of a Search and Seizure Decree pursuant to Article 247 et seq. of the Italian Criminal Code, in order to acquire correspondence, contractual documents, invoices and accounting records relating to the relations in place with some commercial counterparties. The proceedings are still at the preliminary investigation stage.

Lastly, on 11 December 2024, the Company SDA Express Courier was notified by the Agenzia delle Entrate-Taxpayers' Division of an access and document acquisition report for the purpose of carrying out an audit aimed at verifying the correctness of certain business relationships and related invoicing for the tax periods from 2019 to 2020.

Main proceedings pending with the authorities

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

On 24 January 2024, AGCom notified **PostePay** of the opening of an investigation, having assessed, on a preliminary basis and pending PostePay's considerations, that there might be a risk that certain aspects of the Offer and of the related conduct (the "Conduct"), in particular the adoption of measures to limit the speed of Internet connection for certain customers in relation to the telephony offer "PosteMobile Casa Web", might potentially prove to be in conflict with the applicable regulatory framework.

On this point, the Company clarified how its conduct was and is in line with the applicable legislative and regulatory framework and with the provisions of both the mobile network access contract signed with its network service provider for the latter's protection, and the Conditions of Contract signed by end customers.

This being the case, PostePay, without acknowledging the validity of the allegations made and without acquiescing to the Authority's determinations, in the spirit of utmost care and attention to its customers and cooperation with the Authority, decided to submit, on 18 March 2024, a proposal for commitments, extended to customers who had subscribed to all PostePay offers on mobile radio technology with "unlimited" data traffic, then approved by the Authority on 30 July 2024 by Resolution 280/24/CONS.

The Company has already internally started the activities aimed at implementing its commitments within the planned time-frame.

Law Decree 201 of 6 December 2011, converted into Law 214 of 22 December 2011, transferred responsibility for regulation and supervision of the postal sector to the Italian Communications Authority (AGCom).

Following transposition into Italian law of the third European postal services directive (Directive 2008/6/EC), the so-called "net avoided cost" method has been applied in quantifying the cost of the universal service"[352].

In this regard, with reference to the audits carried out by the Authority for the years 2011 to 2016[353], the Company had filed an appeal with the Regional Administrative Court, but subsequently justified a lack of interest, therefore the Regional Administrative Court, in November and December 2024, declared the relative appeals inadmissible due to the applicant's lack of interest. For the subsequent verifications carried out by the Authority, it should be noted that:

i. On 18 December 2024, AGCom Resolution 505/24/CONS was published, which initiated the procedure to verify the net cost of the universal postal service, the quantification of the inequitable cost and the methods of its financing for the years 2022 and 2023. On 14 March 2025, Resolution AGCom 52/25/CONS was published, with which the Authority launched the public consultation whereby the burden of the universal postal service for the years 2022 and 2023 was quantified at €522 million and €736 million respectively;
ii. On 14 March 2024, AGCom Resolution 62/24/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2020 and 2021. In particular, the universal postal service charge for these years has been quantified at €585 and €480 million respectively. The Authority also established that the universal service charge for the years 2020 and 2021 is inequitable and that, for the same years, unlike with what was established in previous years, the necessary procedure will be initiated for assessing the injection of resources to the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999;
iii. On 1 July 2021, AGCom Resolution 199/21/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019. In particular, the universal postal service charge for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge

352. This method defines the cost incurred as the difference between the net operating cost incurred by a designated universal service provider when subject to universal service obligations and the net operating cost without such obligations.
353. Resolution 412/14/CONS concerning the audit of the years 2011 and 2012, Resolution 298/17/CONS concerning the audit of the years 2013 and 2014 and Resolution 214/19/CONS concerning the audit of the years 2015 and 2016.

for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established. On 22 September 2021, Poste Italiane filed an appeal against the aforementioned resolution with the Lazio Regional Administrative Court. The hearing on the merits of the challenge has yet to be scheduled.

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

On 3 October 2018, Poste Italiane proceeded to pay the fine of €23 million plus interest due to the Authority's ruling in January 2018, that Poste Italiane had abused its dominant market position in the period from 2014 to 2017 (proceedings **A493**), as per art. 102 of the TFEU. This did not constitute acceptance or admission of liability in relation to the alleged misconduct and does not affect the Company's right to defend its position through the appropriate channels. Poste Italiane challenged the above-mentioned measure before the Lazio Regional Administrative Court, which, with ruling no. 13477/2023, rejected the appeal. Poste Italiane appealed to the Council of State whose hearing on the merits is scheduled for 16 December 2025.

On 19 November 2019, the AGCM initiated proceedings **PS/11563** against **Poste Italiane** in order to ascertain allegedly unfair commercial practice in the delivery of mail and, in particular, registered mail, in possible violation of Articles 20, 21 and 22 of the Consumer Code. In particular, according to some customers: i) the advertised features of the "registered mail delivery" service are not reflected in the service actually provided; ii) the advertising for the "digital registered mail collection" service does not make it clear that the service may no longer be free of charge in the near future and that, in any case, there are restrictions on its use, since it can only be accessed if the sender has authorised it. At the conclusion of the proceedings, by way of a measure notified on 15 September 2020, the Authority imposed an administrative fine of €5 million, payment of which was made on 5 January 2021. The Authority acknowledged that Poste had correctly complied with the provision. However, the company appealed to the Lazio Regional Administrative Court, which was not upheld, and appealed to the Council of State. The Council of State in its judgement no. 3175 of 5 April 2024 upheld the appeal limited to a reduction of the penalty by 50%. Following the repayment request submitted by the Company, the Authority resolved to grant approval for the return of approximately €2.5 million (plus legal interest) from MIMIT, as the difference between the penalty recalculated by the Authority and the sums already paid by Poste Italiane. The Ministry of Enterprise and Made in Italy (MIMIT) made the payment in August 2024.

On 6 April 2020, pursuant to art. 9, paragraph 3-*bis* of Law 192/98 and art. 14 of Law 287/90, AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of more than €11 million for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane appealed against the above-mentioned measure before the Lazio Regional Administrative Court, which found that Poste Italiane's actions were lawful and annulled the sanction with ruling no. 10044/23 issued on 13 June 2023. AGCM appealed against the Lazio Regional Administrative Court's ruling on 10 October 2023, while Poste Italiane lodged a cross-appeal on 9 November 2023. The court merit is set for 17 July 2025.

By means of a measure adopted at a meeting held on 30 January 2024 and notified to Poste Italiane on 7 February 2024, the AGCM, without taking into account the exemption enjoyed by Poste Italiane from the application of Article 14 of Law 287/1990, initiated investigative proceedings against the Company in order to ascertain the existence of a possible breach of Article 8, paragraph 2-*quater* of the aforesaid Law. At the same time, the Authority initiated proceedings to verify the actual existence of the requirements for the adoption of precautionary measures pursuant to Article 14-*bis* of the same Law. Specifically, the Authority observed that Poste Italiane, through its subsidiary PostePay SpA, is active in the electricity and gas supply sector and has allegedly denied two of the latter's competing companies access - pursuant to Article 8, paragraph 2-*quater* of Law no. 287/90 - to the resources made available to PostePay, which it has exclusive access to as a result of its activities within the perimeter of the universal postal service. On 14 February, the Company filed its memorandum in the precautionary proceedings, contesting the Authority's approach and, in particular, the non-application of the provisions of Article 1, paragraph 6 of Law Decree no. 59/2021 as amended and supplemented, exempting Poste from the application of Article 8, paragraph 2-*quater*, of Law 287/1990 until 31 December 2026. On 2 April 2024, the AGCM notified Poste of Order no. 31138 by which it decided to adopt precautionary measures pursuant to Article 14-*bis* of Law no. 287/1990. The Company challenged the measure in court. The Council of State on 20 May 2024 upheld the appeal and cautiously suspended the effectiveness of the precautionary measures. At its meeting on 16 July 2024, the Authority passed the final decision notified to the Company on

19 July. The AGCM is of the opinion that there are no grounds to justify an absolute refusal such as the one opposed by Poste to the persons requesting access pursuant to Article 8, paragraph 2-*quater*, and that such refusal is not justified, since the exemption provided for in Article 1, paragraph 6 of Law Decree no. 59/2021 (the "Polis Waiver") does not extend to all Post Offices but only to those included in the Polis Project. According to the Authority, the access methods pursuant to Article 8, paragraph 2-*quater* must in any case be defined by Poste Italiane on the basis of the negotiating autonomy granted to it and on the basis of the information at its sole disposal, in order to reasonably and proportionately balance the conflicting needs related to access requests and the protection of other interests. For these reasons, Poste Italiane shall guarantee, to PostePay's competitors who so request, access pursuant to Article 8, paragraph 2-*quater* to all Post Offices not included in the Polis Project, according to modalities defined by Poste Italiane, which need not be identical to those guaranteed to PostePay. To this end, Poste Italiane must appoint a trustee ("Monitoring Trustee") responsible for monitoring compliance with the obligations set forth in Article 8, paragraph 2-*quater*, submitting the appointment to the Authority for approval, within sixty days from the notification of the measure. However, it is necessary to point out that Article 8, paragraph 2-*quater* was repealed by Law Decree no. 113 of 9 August 2024 (Article 10, paragraph 2), converted into Law no. 143 of 7 October 2024, with the consequent disappearance of the access obligations for Poste Italiane. In any event, in order to assert the legitimacy of its actions regardless of the effects of the repeal of the rule in question, on 18 October 2024 the Company challenged the provision before the Lazio Regional Administrative Court.

On 22 April 2024, the AGCM notified **Poste Italiane** of the notice of initiation of proceeding **PS/12768** and the simultaneous request for information, in relation to certain anti-fraud messages that holders of BancoPosta and PostePay accounts, who use the services through the relevant Apps (installed on Android devices), allegedly received when accessing them, starting from the first days of April. According to the AGCM, the Company's conduct would constitute an aggressive or in any case unfair commercial practice, in that users would be "induced" to allow access to their data in a situation of undue conditioning, since failure to consent - after three accesses - would preclude them from continuing to use BancoPosta and PostePay services via the App. On 13 May 2024, Poste Italiane sent the AGCM a memorandum in which it replied to the request for information and to the objections contained in the writ. On 6 June 2024, the Company filed the integration of the previous defence memorandum and the commitment form containing the initiatives it undertakes to implement (subject to integration/amendment), on a voluntary basis, aimed at eliminating the Authority's alleged critical issues, without lending acquiescence to the objections raised in the proceedings. Some of the commitments presented were subsequently implemented by the Company, which, on 18 July 2024, replied to the second request for information on certain aspects that had emerged during the technical hearing with the Authority held on 18 June 2024 (e.g. on the subject of Bank of Italy controls and indications and the results of anti-fraud activities). On 10 September 2024, the Authority communicated to Poste Italiane the rejection of the commitments, deeming them "unsuitable to remedy the aspects of possible unfairness subject to investigation, insofar as they consist for the most part in merely informative measures, as such not responding to the critical issues contested at the time of the opening of the proceedings relating to the elements of aggressiveness, or in any case not resolving the objections formulated" and extending the deadline for the conclusion of the proceedings by 60 days (18 November 2024). On 26 September, the Authority sent a further request for information to which Poste Italiane replied on 17 October. On 11 November 2024, Poste Italiane filed an application to reopen the obligations' sub-proceedings with the simultaneous submission of a further measure, which was rejected by the Authority.

On 9 August 2022, the Italian Antitrust Authority ("AGCM" or "Authority") - as a result of proceedings PS/11936 ("Proceeding") - notified **PostePay** of measure no. 30286 ("Measure"), in which it criticised the conduct of the Company, claiming that, for mobile telephony offers subscribed to at a flat fee, PostePay charges a consumption-based fee - more expensive than the ordinary one - when it is impossible to periodically renew the offer due to lack of sufficient credit "in order to guarantee the continuity of the service" without adequate information and without, therefore, a prior and informed consent of the consumer. Therefore, in the Authority's view, the conduct engaged in by PostePay would constitute a breach of Article 26, paragraph 1, letter f) of the Consumer Code.

As a result, the Company was ordered to pay an administrative fine.

Due, inter alia, to the partial and insufficient acknowledgement of the measures adopted by the Company, the refusal to examine the further measures proposed and the failure to accept the defence petitions submitted, the Company deemed it appropriate to lodge an appeal against the Measure before the Lazio Regional Administrative Court with an appeal filed on 28 October 2022. Therefore, the payment of the fine imposed was made by PostePay with express reservation of appeal and, in the event, of repayment of the amount paid in the event of annulment (total or partial) of the Measure by the Lazio Regional Administrative Court and/or the Council of State. The purpose of the appeal before the Lazio Regional Administrative Court is to obtain (i) as a preliminary step, the annulment of the measure, (ii) in the alternative, the annulment of the fine imposed or (iii) in the further alternative, its reduction to the minimum amount. The setting of the first trial hearing is pending.

On 7 November 2022, PostePay, while not lending any acquiescence to the Resolution, forwarded to AGCM the required compliance report, which illustrated the measures adopted by PostePay to overcome AGCM's objections, even though it had contested their grounds in the appeal pending before the Lazio Regional Administrative Court. On 2 December 2022, the Authority, having received a response from PostePay to its request for further information, informed PostePay after the Board meeting of 13 December 2022 that it had taken note of its compliance with the order.

Bank of Italy

On 20 July 2022, the Authority sent a notice to Poste Italiane SpA - BancoPosta RFC and PostePay concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMI provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of Bancoposta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of "credit institution" under the relevant European legislation. The issue found a favourable conclusion with Law no. 207 of 30 December 2024 (2025 Budget Law), which introduced, among the activities that Poste Italiane SpA - BancoPosta RFC may carry out, the possibility of "collecting sums of money received by electronic money institutions for the issuance of electronic money and by payment institutions for the provision of payment services referred to in Articles 114-*quinquies*.1 and 114-*duodecies* of the Consolidated Law on Banking" (see Article 2, paragraph 1)(a-*bis*) of Presidential Decree no. 144/2001 "Regulation containing rules on BancoPosta services").

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

With reference to the notice of objection for the alleged breach of article 183, paragraph 1, letter "a", of the Private Insurance Code, deriving from the alleged tardiness of the settlement of insurance benefits beyond the contractual deadline, notified to Poste Vita SpA on 27 February 2024 by the "Sanctions and Settlements Service" of IVASS, on 30 July 2024, IVASS notified the Company of the proposed application of an administrative fine of €0.08 million. With respect to this proposed fine, Poste Vita filed its observations within the time limits set forth in the industry regulations, and subsequently, on 13 December 2024, the Authority notified the sanctioning measure with which, at the conclusion of these proceedings, it imposed a fine of approximately €0.06 million. The fine in question has been paid and the company has decided to postpone with the lodging of an appeal.

In addition, on 1 August 2024, IVASS served Poste Vita with a notice of objection for the alleged breach of art. 183, paragraph 1, letter "a", of the Private Insurance Code (i.e. settlement of insurance benefits beyond the contractual deadline), for which €0.03 million was set aside. Poste Vita filed its counter-arguments within the deadlines provided for by the industry regulations; it is therefore waiting for IVASS's determinations.

Garante per la protezione dei dati personali (the Italian Data Protection Authority)

On 16 April 2024, the Garante per la protezione dei dati personali (GPDP) opened a preliminary investigation with a request for information in relation to the same event that led to the initiation of proceedings PS/12768 of ACGM, i.e. the anti-fraud messages received by BancoPosta and PostePay account holders, who use the services through the relevant apps installed on their Android devices, when accessing them from the first days of April 2024. After several requests for information and related replies, the last of which was sent in January 2025, aimed at providing the GPDP with both the regulatory basis and information on the processing of personal data of the BancoPosta and Postepay apps, carried out for anti-fraud purposes, the Authority's investigative activity continues.

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

On 15 December 2023, the Garante per la Protezione dei Dati Personali (GPDP - Italian Data Protection Authority) notified Postel SpA of the commencement of proceedings for the adoption of measures and sanctions under Article 83 of the GDPR.

On 23 October 2024, the Company, after having filed its defence briefs and having been heard at a hearing in January 2024, decided to lend acquiescence to the measure of the GPDP, notified on 23 September 2024, which ordered it to pay a fine in the amount of €0.9 million within 30 days from the notification of the same, under penalty of the adoption of the consequent executive acts pursuant to Article 27 of Law no. 689/1981, without prejudice to the right to settle the dispute through the payment of an amount equal to half of the fine imposed, within the term set forth in Article 10, paragraph 3, of Legislative Decree no. 150 of 1.9.2011 provided for the lodging of the appeal. The Company availed itself of this right, waiving its objection to the measure and paying a fine reduced to €0.45 million.

Finally, the Company has taken steps to carry out all the necessary consequent actions and implement the security, organisational and technical measures indicated by the Italian Data Protection Authority in the Measure, which Postel acknowledged on 20 January 2025 to the Italian Data Protection Authority be sending the appropriate compliance report. On 3 March 2025, Postel was informed that the file on the personal data breach had been closed, without prejudice in any case to the Authority's requirements with which the company must comply.

Tax disputes

In November 2018, **Consorzio Postemotori** received notice of an order issued by the Criminal Court in Rome and of a precautionary seizure regarding the consortium, amounting to €4.6 million. On 13 May 2019, the G.U.P. (Preliminary judge) of the Ordinary Court of Rome downgraded the original charges, ordering the committal for trial only in relation to a portion of the charges relating to the passive invoicing transactions of a subcontractor and a tax consultant of one of the partners. in respect of the release request, on 24 December 2021, the Court of Rome issued an order for partial restitution of the sum of €0.3 million.

On 13 December 2024, the Criminal Court of Rome issued a ruling of first instance, from which it emerges that all charges to which the seizure refers have been dropped, and on 26 February 2025, the Guardia di Finanza - Nucleo Speciale Polizia Valutaria (Financial Police - Special Currency Unit) - notified the Consortium of the order to revoke the preventive seizure and return the residual amount due, credited to the Consortium's current account on 19 March 2025.

Social security disputes

Since 2012 and until 31 December 2024, the Istituto Nazionale per la Previdenza Sociale (INPS, the National Institute of Social Security) office at Genoa Ponente and Roma Eur has issued **Postel** some payment orders, for a total amount payable of €25.48 million, with which the payment of contributions funding CIG (income support), CIGS (extraordinary income support), unemployment benefit and CUAF (family benefits) not covered by the contributions paid to IPOST was requested. Appeals against these requests were brought before the Court of Genoa.

On 20 and 21 February 2024, the Court of Cassation filed its judgements rejecting the first appeals brought by INPS and absorbing the cross-appeals brought by the Company. The Court stated that given the special and exclusive nature of the Ipost scheme - which is a self-contained social security and welfare system - nothing else is owed by the Company by way of social security and welfare contributions.

On 30 September 2024, the Company filed a self-protection petition with INPS with which it asked the Institute to comply with the final decision of the Supreme Court of Cassation in the aforementioned rulings, in addition to cancelling all the adjustment notes still present in the Company's social security file and any other deed referring to the CIG, CIGS and Mobility contributions, as well as the CUAF contributions for all periods prior to 1 January 2020.

On 8 October 2024, INPS announced that it had made the necessary adjustments to the social security classification of Postel and recalculated the adjustment notes issued to the Company on the social security file. The Company is currently verifying the changes in classification and the recalculation of the adjustment notes made by INPS in the social security file. On 19 December 2024, INPS, in execution of the aforementioned Court of Cassation rulings of 20 and 21 February 2024, repaid to the Company the sums paid, totalling €0.2 million.

With reference to the judgements already decided and those awaiting settlement, with regard to the judgement of 19 September 2019, the Court of Genoa confirmed the position by sentencing Postel to pay INPS, by way of CUAF contributions relating to the period from May 2011 to November 2012, the sum of €0.08 million, deeming that the higher sums claimed in the debit notices (amounting in total to approximately €4 million) were not due. By judgement of 21 May 2021, the Court of Appeal of Genoa dismissed the main appeal and the cross-appeal. INPS appealed in cassation and Postel joined the proceedings. On 26 January 2023, the Court of Cassation ordered the case to be remitted to the register for processing together with other appeals. The hearing before the Court of Cassation was held on 10 October 2023 and on 11 January 2024, the Court of Cassation declared that the appeal brought by INPS against the judgement published on 21 May 2021 was inadmissible because it was out of time, and ordered the Institute to reimburse the Company for its legal costs. On 11 July 2024, INPS lodged an appeal for revision against the latter judgement of the Supreme Court. The case was heard on 14 January 2025 and the Court reserved its decision.

Taking into account the judgements issued thus far, the reasons given and the latest claims brought by INPS, the Company has adjusted its provisions for risks.

4.10 Material non-recurring events and/or transactions

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, the effects arising from significant non-recurring events and transactions recognised by the Parent Company and by the Poste Italiane Group in 2024 related to the risk analysis on tax credits (see in this regard Note A10 - Tax credits Law no. 77/2020), amounted to a total of €341 million as detailed below:

- derecognition of tax credits relating to years after 2024 in the amount of €284 million recognised under “Adjustments on debt instruments, receivables and other assets”;
- charges of €57 million recognised in “Other operating costs” related to the repayment of portions of receivables pertaining to years prior to 2024.

4.11 Exceptional and/or unusual transactions

Under the definition provided by the CONSOB ruling of 28 July 2006, the Poste Italiane Group did not conduct any exceptional and/or unusual transactions[354] in 2024.

354. Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company’s financial position and protections for non-controlling shareholders.

4.12 Additional information

This note represents an area in which qualitative/quantitative information is provided on issues residually required by accounting standards, not specifically dealt with in the previous notes.

Offsetting financial assets and liabilities

In compliance with IFRS 7 – *Financial instruments: Disclosures*, this section provides details of financial assets and liabilities that are subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset in keeping with paragraph 42 of IAS 32[355].

In particular, the disclosures in question concern the following positions relating to Poste Italiane SpA at 31 December 2024:
- derivative assets and liabilities and related collateral, represented both by cash and government securities;
- repurchase agreements and reverse repurchase agreements and the related collateral, represented both by cash and government securities.

The positions in question are subject to standard bilateral netting agreements that allow, in the event of the counterparty's default, the offsetting of debit and credit positions covered by ISDA contracts and repurchase agreements, for which GMRA agreements have been entered into.

Repurchase agreement positions managed through the Central Counterparty that meet the requirements of IAS 32 are shown net of offsetting.

In order to present the tables in compliance with the requirements of IFRS 7, repurchase agreements are shown at amortised cost, whilst derivative transactions are shown at fair value; the relevant financial guarantees are measured at fair value.

Financial assets offset in the financial statements or subject to framework master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial assets* (a)	Amount of financial liabilities offset in financial statements (b)	Financial assets, net (c=a-b)	Related amounts not subject to offset in the financial statements – Collateral		Financial assets/ (liabilities), net (f=c-d-e)
				Financial instruments (d)	Cash deposits provided/(received) as collateral (e)	
FY 2024						
Financial assets BancoPosta RFC						
Derivatives	2,679	-	2,679	1,122	1,498	59
Repurchase agreements	2,726	1,160	1,566	1,560	-	6
Total at 31 December 2024	**5,405**	**1,160**	**4,245**	**2,682**	**1,498**	**65**
FY 2023						
Financial assets BancoPosta RFC						
Derivatives	4,257	-	4,257	1,068	2,812	377
Repurchase agreements	4,106	2,337	1,769	1,769	-	-
Total at 31 December 2023	**8,363**	**2,337**	**6,026**	**2,837**	**2,812**	**377**

355. Paragraph 42 of IAS 32 provides that "A financial asset and a financial liability can be offset and the net amount presented in the statement of financial position when, and only when, an entity:
(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis or to realise the asset and settle the liability simultaneously".

Financial liabilities offset in the financial statements or subject to master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial assets* (a)	Amount of financial liabilities offset in financial statements (b)	Financial assets, net (c=a-b)	Related amounts not subject to offset in the financial statements - Collateral - Financial instruments (d)	Related amounts not subject to offset in the financial statements - Collateral - Cash deposits provided/(received) as collateral (e)	Financial assets/ (liabilities), net (f=c-d-e)
FY 2024						
Financial liabilities BancoPosta RFC						
Derivatives	1.348	-	1.348	1.126	208	14
Repurchase agreements	7.365	1.160	6.205	6.104	101	-
Total at 31 December 2024	**8.713**	**1.160**	**7.553**	**7.230**	**309**	**14**
FY 2023						
Financial liabilities BancoPosta RFC						
Derivatives	1.136	-	1.136	1.053	83	-
Repurchase agreements	10.554	2.337	8.217	7.762	455	-
Total at 31 December 2023	**11.690**	**2.337**	**9.353**	**8.815**	**538**	**-**

* The gross amount of financial assets and liabilities includes the financial instruments subject to offsetting and those subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset.

Transfers of financial assets that are not derecognised

In accordance with IFRS 7 - *Financial Instruments: Disclosures*, this section provides additional information on the transfer of financial assets that are not derecognised (continuing involvement).

At 31 December 2024, these assets concern reverse repurchase agreements entered into with primary financial intermediaries and entirely attributable to the Parent Company.

Transfers of financial assets that are not derecognised

Description (€m)	Notes	31 December 2024 Nominal value	31 December 2024 Carrying amount	31 December 2024 Fair value	31 December 2023 Nominal value	31 December 2023 Carrying amount	31 December 2023 Fair value
Financial assets BancoPosta RFC	[A6]						
Financial assets at amortised cost		5,440	5,588	5,323	6,679	6,822	6,291
Financial assets at FVTOCI		2,299	2,251	2,251	4,386	4,093	4,093
Financial liabilities BancoPosta RFC	[B6]						
Financial liabilities arising from repos		(7,338)	(7,365)	(7,263)	(10,559)	(10,553)	(10,332)
Total		**401**	**474**	**311**	**506**	**362**	**52**

Financial assets subject to encumbrances

This paragraph provides information on the nominal value and carrying amount of financial assets delivered to counterparties as collateral for repurchase agreements and interest rate swaps, and financial assets delivered to the Bank of Italy as collateral for intraday credit granted to the Parent Company and as collateral for SEPA Direct Debits.

Financial assets subject to encumbrances

Description (€m)	31 December 2024		31 December 2023	
	Nominal value	Carrying amount	Nominal value	Carrying amount
Financial assets BancoPosta RFC				
Financial assets at amortised cost				
Loans and receivables	**801**	**801**	**1,224**	**1,224**
Receivables used as collateral provided by CSAs	193	193	83	83
Receivables used as collateral provided by GMRAs	299	299	1,006	1,006
Receivables in the form of guarantee deposits (Clearing House margin requirements)	214	214	89	89
Receivables in the form of guarantee deposits (OTC Clearing House)	95	95	46	46
Fixed income instruments	**7,793**	**8,091**	**7,523**	**7,761**
Securities involved in repurchase agreements	5,440	5,588	6,679	6,822
Securities used as collateral provided by CSAs and GMRAs	8	8	-	-
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	2,345	2,495	844	939
Financial assets at FVTOCI				
Fixed income instruments	**2,854**	**2,807**	**6,336**	**6,026**
Securities involved in repurchase agreements	2,299	2,251	4,386	4,093
Securities used as collateral provided by CSAs and GMRAs	-	-	-	-
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	555	556	1,950	1,933
Financial assets outside the ring-fence				
Financial assets at amortised cost				
Loans and receivables	-	-	-	-
Receivables used as collateral provided by CSAs	-	-	-	-
Receivables used as collateral provided by GMRAs	-	-	-	-
Financial assets at FVTOCI				
Fixed income instruments	-	-	-	-
Securities involved in repurchase agreements	-	-	-	-
Total financial assets subject to encumbrances	**11,448**	**11,699**	**15,083**	**15,011**

At 31 December 2024, the Parent Company has received financial assets as collateral for repurchase agreements, having a notional value of €2,611 million and a fair value of €2,709 million.

In addition securities with a nominal value of €1,205 million are committed for repurchase agreements entered into with Cassa Compensazione e Garanzia in December 2024 and settled in early January 2025.

Exposure to sovereign debt

With regard to financial assets, as required by Communication DEM/11070007 of 28 July 2011, implementing Document 2011/266 published by the European Securities and Markets Authority (ESMA) and later amendments, the Group's exposure to sovereign debt at 31 December 2024[356] is shown in the table below.

Poste Italiane Group - Exposure to sovereign debt

Descrizione (€m)	31.12.2024			31.12.2023		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
Italy	**132,336**	**130,486**	**128,897**	**133,977**	**128,548**	**126,362**
Financial assets at amortised cost	29,619	30,049	28,460	29,757	29,475	27,289
Financial assets at FVTOCI	102,431	100,143	100,143	104,207	99,060	99,060
Financial assets at FVTPL	286	294	294	13	13	13
Austria	**1,256**	**1,213**	**1,213**	**1,023**	**1,003**	**1,003**
Financial assets at amortised cost	16	17	17	-	-	-
Financial assets at FVTOCI	1,046	1,018	1,018	1,023	1,003	1,003
Financial assets at FVTPL	194	178	178	-	-	-
Belgium	**5,667**	**4,922**	**4,921**	**4,545**	**3,968**	**3,968**
Financial assets at amortised cost	89	87	87	13	12	12
Financial assets at FVTOCI	5,293	4,562	4,562	4,532	3,956	3,956
Financial assets at FVTPL	285	272	272	-	-	-
Brazil	**228**	**205**	**205**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	-	-	-	-	-	-
Financial assets at FVTPL	228	205	205	-	-	-
Finland	**950**	**906**	**906**	**1,026**	**1,002**	**1,002**
Financial assets at amortised cost	20	13	13	-	-	-
Financial assets at FVTOCI	828	799	799	1,026	1,002	1,002
Financial assets at FVTPL	102	94	94	-	-	-
France	**9,077**	**7,102**	**7,099**	**7,780**	**6,287**	**6,287**
Financial assets at amortised cost	108	80	77	-	-	-
Financial assets at FVTOCI	7,972	6,066	6,066	7,780	6,287	6,287
Financial assets at FVTPL	997	956	956	-	-	-
Germany	**1,567**	**1,513**	**1,513**	**1,183**	**1,133**	**1,133**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	829	783	783	1,183	1,133	1,133
Financial assets at FVTPL	738	730	730	-	-	-
Indonesia	**301**	**303**	**303**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	-	-	-	-	-	-
Financial assets at FVTPL	301	303	303	-	-	-
Ireland	**883**	**804**	**804**	**811**	**741**	**741**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	834	757	757	811	741	741
Financial assets at FVTPL	49	47	47	-	-	-
Mexico	**470**	**425**	**425**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	2	2	2	-	-	-
Financial assets at FVTPL	468	423	423	-	-	-

356. The carrying amount of the exposure to Other Countries not detailed in the table does not individually exceed the threshold of €200 million.

Descrizione (€m)	31.12.2024			31.12.2023		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
Holland	**226**	**206**	**206**	**328**	**335**	**335**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	90	90	90	328	335	335
Financial assets at FVTPL	137	115	115	-	-	-
Poland	**234**	**229**	**229**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	2	2	2	-	-	-
Financial assets at FVTPL	231	227	227	-	-	-
Portugal	**547**	**473**	**473**	**458**	**374**	**374**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	408	330	330	458	374	374
Financial assets at FVTPL	139	143	143	-	-	-
Romania	**235**	**214**	**214**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	-	-	-	-	-	-
Financial assets at FVTPL	235	214	214	-	-	-
Spain	**5,846**	**4,276**	**4,276**	**4,045**	**2,607**	**2,606**
Financial assets at amortised cost	3	3	3	3	3	3
Financial assets at FVTOCI	4,574	3,109	3,109	4,042	2,604	2,604
Financial assets at FVTPL	1,269	1,164	1,164	-	-	-
South Africa	**252**	**225**	**225**	**-**	**-**	**-**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	-	-	-	-	-	-
Financial assets at FVTPL	252	225	225	-	-	-
USA	**2,409**	**2,171**	**2,171**	**111**	**100**	**100**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	201	194	194	111	100	100
Financial assets at FVTPL	2,208	1,978	1,978	-	-	-
Other countries	**3,341**	**3,122**	**3,122**	**202**	**181**	**181**
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	365	355	355	202	181	181
Financial assets at FVTPL	2,976	2,767	2,767	0	0	0
Total	**165,826**	**158,795**	**157,203**	**155,489**	**146,278**	**144,092**

Of the overall total of exposures to Other Countries (with a carrying amount of €3,265 million), about €42 million refer to bonds issued by countries characterised by significant macroeconomic and geopolitical uncertainty arising from the continuation of armed conflicts (Ukraine and Israel).

The carrying amount of government securities increased by €12,517 million in the period under review, of which €9,829 million related to securities held by the Multi-asset Funds (for a description of the transaction, see Section 2.8 - Basis of consolidation and A6 - Financial assets.

Unconsolidated structured entities

In order to make investments as consistent as possible with the risk-return profiles of the policies issued, ensuring management flexibility and efficiency, in certain cases Poste Vita SpA has purchased over 50% of the assets managed by certain investment funds. In these cases, tests have been performed in keeping with IFRS to determine the existence of control. The results of the tests on such funds suggest that the company does not exercise any control within the meaning of IFRS 10 – *Consolidated Financial Statements*. However, these Funds fall within the definition of unconsolidated structured entities: a structured entity is an entity designed in such a way as not to make voting rights the key factor in determining control over it, as in the case where voting rights refer solely to administrative activities and the relevant operations are managed on the basis of contractual arrangements.

Nature of the involvement in the unconsolidated structured entity

			NAV		
ISIN - Name	**Nature of entity**	**Activity of the Fund**	**% investment**	**Ref. date**	**Amount**
QU0006738052 - Prima EU Private Debt Opportunity Fund	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/09/2024	526
IT0004937691 - Prima Hedge Platinum Growth Isin IE00BK1KDS71	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets.	100%	29/11/2024	469
QU0006744795 - Prima European Direct Lending 1 Fund	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/09/2024	470
IT0005174450 - Diamond Eurozone Fund Office Ubs	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated.	100%	30/09/2024	415
IT0005247819 - Diamond Core	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	30/06/2024	290
IT0005386666 - i3-Dante Fund Convivio sub-fund	Italian-registered, closed-end alternative real estate multi-segment investment fund	Investment in "core" and "core plus" income real estate located in the central areas of the main Italian cities, starting with Rome and Milan.	100%	30/06/2024	276
QU0006746865 - ALC Prima European Private Credit Feeder Fund	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/09/2024	281
IT0005215113 - Cbre Diamond Fund	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in real estate assets, real estate rights, including those deriving from real estate lease contracts, in any case carried out without particular geographical location constraints but in any case in Italy, may be used for the following purposes: logistics, retirement homes, residential, hotel, mixed-use and office or commercial use.	100%	30/09/2024	304
QU0006745081 - Prima Real Estate Europe Fund I	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/09/2024	286
IT0005212193 - diamond Italian Properties	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100%	30/06/2024	163
QU0006742476 - Prima Global Equity Partners Fund	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/09/2024	201
QU0006738854 - Prima Credit Opportunity Fund	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100%	30/11/2024	106
IT0005210593 - Diamond Other Sector Italy	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and the professional management and development of the fund's assets.	100%	30/06/2024	115
IT0005210387 - Diamond Eurozone Retail Property Fund	Closed-end real estate alternative investment fund under Italian law falling within the scope of Directive 2011/61/EU	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated.	100%	30/09/2024	87

ISIN - Name	Nature of entity	Activity of the Fund	NAV		
			% investment	Ref. date	Amount
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	Open-ended fund falling within the scope of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds, loans and equities).	100%	29/11/2024	91
LU1081427665 - Shopping Property Fund 2	Closed-end fund within the scope of Directive 2011/61/EU	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.	65%	30/09/2024	43

Nature of the involvement in the unconsolidated structured entity

The purpose of Poste Vita's investment in the funds is to diversify its portfolio of financial instruments intended to cover Class I products (Separately Managed Accounts), with the objective of mitigating the concentration of investments in Italian government securities. The entities primarily regard open-end harmonised funds that invest in a mix of assets, such as corporate bonds, government bonds and equities, and closed-end real estate funds that invest in property and property rights. Certain details are provided below.

Risk nature

ISIN - Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum exposure	Method to determine maximum loss exposure
IT0004937691 - PRIMA HEDGE PLATINUM GROWTH ISIN IE00BK1KDS71	FVTPL	469	158	311	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	FVTPL	415	187	228	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006744795 - Prima European Direct Lending 1 Fund	FVTPL	470	58	412	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006738052 - Prima EU Private Debt Opportunity Fund	FVTPL	526	53	473	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005247819 - Diamond Core	FVTPL	290	94	196	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005386666 - i3-Dante Fund Convivio sub-fund	FVTPL	276	69	207	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006746865 - ALC Prima European Private Credit Feeder Fund	FVTPL	281	24	257	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006745081 - Prima Real Estate Europe Fund I	FVTPL	286	134	153	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005212193 - DIAMOND ITALIAN PROPERTIES	FVTPL	163	64	100	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005215113 - CBRE DIAMOND FUND	FVTPL	304	109	195	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006738854 - Prima Credit Opportunity Fund	FVTPL	106	7	99	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	FVTPL	201	121	80	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005210593 - DIAMOND OTHER SECTOR ITALY	FVTPL	115	38	77	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	FVTPL	87	33	54	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets

ISIN - Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum exposure	Method to determine maximum loss exposure
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	FVTPL	91	10	82	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
LU1081427665 - SHOPPING PROPERTY FUND 2	FVTPL	28	11	17	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets

Risk nature

The company's investments in the funds in question are reported at fair value (mainly level 2 of the fair value hierarchy), on the basis of the NAV reported from time to time by the fund manager. These investments were made in connection with Class I policies and, as such, any changes in fair value are passed on to the policyholder under the mirroring mechanism.

Asset class and reference markets relative to NAVs

Asset class (€m)	Fair Value
Financial instruments	
Corporate bonds	292
Government bonds	34
Other investments net of liabilities	2,534
Equity instruments	577
Cash	694
Derivative financial instruments	
Swaps	1
Futures	0
Forwards	(24)
Total	**4,107**

Market traded on and UCITS (€m)	Fair Value
Germany (Frankfurt, Berlin, Munich)	36
Dublin	-
New York	156
Trace	23
London	14
Paris	1
Euronext	23
Tokyo	1
Singapore	5
Euromtf	1
Luxembourg	0
Eurotlx	1
Hong Kong	4
Others	3,824
Provisions	18
Total	**4,107**

Share-based payment arrangements

Long-term incentive scheme: Performance Share Plan

starting from the 2019 financial year, the Shareholders' Meeting of Poste Italiane SpA approved the Information Document prepared pursuant to Article 84-*bis* of the Issuers' Regulation on Incentive Plans based on financial instruments, respectively, 2019-2021 Performance Share LTIP, 2020-2022 Performance Share LTIP, 2021-2023 Performance Share LTIP, 2022-2024 Performance Share LTIP, 2023-2025 Performance Share LTIP, 2024-2026 Performance Share LTIP.

These incentive systems, constructed in line with market practices, aim to strengthen the link between the variable component of remuneration and the Group's medium to long-term strategy, in line with the budget and the goals in the Strategic Plan, over a multi-year period.

Description of the Plans

The "Performance Share LTIPs", as described in the relevant Information Circulars, provide for the assignment of Rights to the Poste Italiane's ordinary shares. The number of Rights to be granted to Beneficiaries is subject to the achievement of Performance Targets over a three-year period, following confirmation of achievement of the Hurdle and the Qualifying Conditions (the latter for BancoPosta Beneficiaries, hereinafter "BP Beneficiaries"). The key characteristics of the Plans are described below.

Beneficiaries

The Beneficiaries are: Poste Italiane's Chief Executive Officer, the General Manager, certain managers within the Poste Italiane Group, including key management personnel, and some staff of BancoPosta RFC.

Plans' terms and conditions

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, are highlighted below:

- a profitability indicator identified in the Group's three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- the attainment of an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure the value created for Poste Italiane's shareholders compared with the FTSE MIB index[357].

For the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIP, the following KPIs are added for the ESG component to the two targets indicated above:

- 2021-2023 Performance Share LTIP: sustainable finance, target linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of products offered with ESG components to the total number of products offered;
- 2022-2024 Performance Share LTIP: equal gender representation in succession plans, an objective linked to strengthening the presence of women in managerial succession plans, to help increase the presence of women in positions of greater responsibility in the Poste Italiane Group. Specifically, the indicator is calculated by comparing the number of succession applications occupied by women to the total number of applications;
- 2023-2025 Performance Share LTIP: Green Transition, a target related to the reduction of tCO_2 emissions. This objective aims to measure the reduction of the Group's total emissions (tCO_2e) over the 2023-2025 time horizon. Creating value for the country, an objective that takes into account the progress of the construction sites related to the "Polis Project". In particular, the indicator is calculated as the ratio of the number of initiated works to the total number of physically feasible works;

357. The objective linked to the "relative Total Shareholder Return" (rTSR) includes a "negative threshold" provision: if Poste Italiane's TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

- 2024-2026 Performance Share LTIP: Green Transition, a target that measures the reduction of the Group's direct GHG emissions (Scope 1) from buildings (tCO_2e). People development, an objective that includes a focus on skills development through the provision of training hours.

Finally, for the 2024-2026 Performance Share LTIP, a further indicator of shareholder value creation is envisaged in addition to the "Relative Total Shareholder Return", identified as "Shareholder Remuneration", which takes into account shareholder remuneration in the form of dividends paid and possible share buybacks aimed at remunerating shareholders.

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Hurdle Condition corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period assessed at the end of each Performance Period. In addition, for BancoPosta RFC's Beneficiaries, vesting of the Rights is also subject to the verification of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings, as follows:
- indicator of capital adequacy, (CET 1) at the end of the period;
- indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

BP Beneficiaries

The Shares will be awarded at the end of the Performance Period as follows:
- for 2019-2021 and 2020-2022 Performance Share LTIPs, 40% up-front and for the remaining 60% in two equal portions, deferred respectively for 2 and 4 years from the end of the Performance Period. A further Retention Period of one year will be applied to both the up-front and deferred portions;
- for the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIPs, the following disbursement method is envisaged: 40% upfront and 60% in five deferred annual instalments over a five-year period (the first three equal to 10% of the total rights accrued and the next two equal to 15% of the total rights accrued). A further Retention Period of one year will be applied to both the up-front and deferred portions.

For BP Beneficiaries, the allocation of deferred Shares will take place following the verification of the continued existence of BancoPosta RFC's levels of capital adequacy, short-term liquidity and risk-adjusted earnings.

Other Beneficiaries

For Performance Share LTIPs, the granting of Poste Italiane Shares is entirely up-front at the end of a three-year Performance Period, with 60% of the Shares subject to a further 2-year Lock-up/Retention Period.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Long-term incentive scheme: Deliver 2022 LTIP

in light of the regulatory updates that have taken place and with a view to maintaining a constant alignment between the interests of management and those of the shareholders, in 2023 the Shareholders' Meeting of 8 May 2023 resolved to pay a portion equal to 55% of the bonus accrued for the Deliver MRTs BP LTI Beneficiaries at the end of the Performance Period (31 December 2022) in Rights to receive ordinary shares of Poste Italiane, subject to Retention Periods.

Since this is a Conversion, no new allocations are envisaged with respect to the objectives of the plan assigned in 2018 and based on a five-year time horizon (2018-2022).

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Hurdle Condition corresponds with achievement of a certain target for the Group's cumulative EBIT over a five-year period at the end of each Performance Period (31 December 2022). In addition, the delivery of the Shares is also subject to the verification of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings, as follows:

- indicator of capital adequacy, (CET 1) at the end of the period;
- indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Plan Conversion provided for the payment of 45% of the Bonus accrued up-front in cash in 2023, as opposed to the originally planned 75%. The remaining 55%, originally planned in cash form, is paid in Rights to receive Shares subject to Retention Periods of 1 and 2 years.

Delivery of the Shares at the end of each Retention Period will take place subject to verification of the risk tolerance level of conditions linked - in addition to capital adequacy and liquidity, originally envisaged - also to risk-adjusted earnings with reference to BancoPosta RFC, as well as Poste Italiane's inclusion in at least two internationally recognised sustainability indices.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Determination of fair value and effects on profit or loss

The valuations of these plans were based on the conclusions reached by actuaries external to the Group. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

The effects on profit or loss of the above "Performance Share" Long-Term Incentive scheme at 31 December 2024 for the Group are shown below.

Incentive plans (Figures in €m)	Number of beneficiaries	Units (no. of Phantom Stocks/Rights to receive shares)		Fair value at grant date						Operating Cost	Reserve IFRS 2/ Liability	Payments/ Countervalue delivery of treasury shares
		Number of Units	Of which under retention period	Chief Executive Officer		BP Beneficiaries		Other Beneficiaries				
				Grant date	Fair Value	Grant date	Fair Value	Grant date	Fair Value			
Deliver 5 years	2	94,209	94,209	29 May 2018	€ 8.43	n/a	n/a	29 May 2018	€ 8.43	0.01	0.79	(0.53)
19-21 Performance Share LTIP	13	64,815	32,870	28 May 2019	€ 5.02	07 October 2019	€ 7.01	07 October 2019	€ 7.88	0.02	0.40	(3.23)
20-22 Performance Share LTIP	118	438,745	-	05 May 2020	€ 6.05	12 November 2020	€ 4.89	12 November 2020	€ 5.41	0.02	2.36	(0.18)
21-23 Performance Share LTIP	163	944,944	96,747	28 May 2021	€ 8.19	28 May 2021	€ 8.27	28 May 2021	€ 9.07	1.75	8.37	(4.35)
22-24 Performance Share LTIP	203	1,126,676	-	27 May 2022	€ 4.65	27 May 2022	€ 4.65	27 May 2022	€ 5.66	2.27	6.21	-
23-25 Performance Share LTIP	221	1,684,754	-	08 May 2023	€ 4.47	08 May 2023	€ 4.47	08 May 2023	€ 5.62	3.09	6.13	-
24-26 Performance Share LTIP	241	2,018,699	-	31 May 2024	€ 6.91	31 May 2024	€ 6.91	30 May 2024	€ 8.69	5.68	5.68	-
Total										**12.85**	**29.95**	**(8.29)**

Short-term incentive schemes: MBO

On 27 May 2014, the Bank of Italy issued specific Supervisory Provisions for BancoPosta (Part IV, Chapter I, “BancoPosta” including in Circular 285 of 17 December 2013 “Prudential supervisory standards for banks”) which, in taking into account BancoPosta’s and Poste Italiane’s specific organisational and operational aspects, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 “Remuneration and incentive policies and practices” in the above Circular 285). These standards, applicable only to the Parent Company Poste Italiane SpA, provide that a part of the bonuses paid to BancoPosta RFC’s Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe. With regard to the management incentive schemes adopted for BancoPosta RFC MBO for 2018, where the incentive was above a materiality threshold, the MBO management incentive scheme envisages the award of 50% of the incentive in the form of phantom stocks[358], and application of deferral mechanisms:

- 60% of the award to be deferred for a 5-year period on a pro-rata basis, in the case of Material Risk Takers who are beneficiaries of both the short-term incentive scheme and long-term incentive scheme, “Phantom Stock LTIP”;
- 40% of the award to be deferred for a 3-year period on a pro-rata basis for the remaining Material Risk Takers.

In the course of 2024, the payment of the last tranche of the plan in question was completed with a total outlay of approximately €153 thousand.

The most recent short-term managerial incentive schemes (MBO from 2019 to 2024) envisage, if the incentive exceeds a materiality threshold, the disbursement of a portion of the accrued premiums in the form of Rights to receive Poste Italiane SpA shares and the application of deferral mechanisms of between 40% and 60% of the incentive over a time horizon of 3/5 years pro-rata based on the beneficiary’s category. For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders’ Meeting.

The Rights to receive Shares (MBO plans from 2019 to 2024) are subject to the existence of a Hurdle Condition (Group Profitability: EBIT) and Qualifying Conditions as follows:

- indicator of capital adequacy, identified as CET 1;
- indicator of short-term liquidity, identified as LCR;
- Risk-adjusted earnings (RORAC) for MBO 2023 and MBO 2024.

An additional Qualifying Condition is expected to apply to the Chief Executive Officer, in addition to those set out above, linked to the Solvency Ratio of the Poste Vita Insurance Group.

Amounts allocated in the form of Shares are subject to a Retention Period for both up-front and deferred portions.

The deferred portion will be disbursed each year subject to compliance with the requirements of capitalisation, liquidity of BancoPosta RFC and risk-adjusted earnings (the latter where it is a hurdle condition). The effects on profit or loss and on equity are recognised in the period in which the instruments vest.

358. Units representing the value of the share of Poste Italiane SpA.

Determination of fair value and effects on profit or loss

The valuations of these plans were based on the conclusions reached by actuaries external to the Group.

Incentive plans (Figures in €m)	Number of beneficiaries	Units (no. of Phantom Stocks/Rights to receive shares)		Fair value at grant date						Operating Cost	Reserve IFRS 2/ Liability	Payments/ Countervalue delivery of treasury shares
		Number of Units	Of which under retention period	Chief Executive Officer		BP Beneficiaries		Other Beneficiaries				
				Grant date	Fair Value	Grant date	Fair Value	Grant date	Fair Value			
MBO 2018	10	15,081	-	19 March 2019	€ 10.2	19 March 2019	€ 10.2	19 March 2019	€ 10.2	0.01	-	(0.15)
MBO 2019	5	3,123	3,123	05 March 2020	€ 7.51	05 March 2020	€ 7.51 - € 7.62	05 March 2020	€ 7.51	(0.04)	0.02	(0.04)
MBO 2020	6	4,999	3,187	24 March 2021	€ 8.36	24 March 2021	€ 8.36 - € 8.83	24 March 2021	€ 8.36 - € 8.83	(0.04)	0.04	(0.04)
MBO 2021	15	34,102	16,873	22 March 2022	€ 8.25	22 March 2022	€ 8.25 - € 8.77	22 March 2022	€ 8.25 - € 8.77	-	0.28	(0.15)
MBO 2022	13	58,097	19,464	28 March 2023	€ 7.70	28 March 2023	€ 7.70 - € 8.31	28 March 2023	€ 7.7 - € 8.31	0.01	0.45	(0.37)
MBO 2023	12	107,007	47,435	19 March 2024	€ 7.92	19 March 2024	€ 7.92 - € 8.45	19/03/2024	€ 7.92 - € 8.45	-	0.87	-
MBO 2024*	16	113,854	-	31 May 2024	€ 11.38	31 May 2024	€ 11.38 - € 12.23	31 May 2024	€ 11.38 - € 12.23	1.32	1.32	-
Total										**1.26**	**2.99**	**(0.75)**

***** MBO 2024 estimated on the basis of the best available information, pending the actual finalisation of the system, in order to capture the cost of the service received.

Scope of consolidation and highlights of investments

Scope of consolidation

Name (€k)	Registered office	Currency	Share capital	Parent Company	% ownership	Total % Group
PARENT COMPANY:						
Poste Italiane SpA	Rome (Italy)	Euro	1,306,110	Ministry of Economy and Finance Cassa Depositi e Prestiti SpA Other investors	29.26% 35.00% 35.74%	n/a
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS:						
Agile LAB Srl	Milan (Italy)	Euro	54	Poste Italiane SpA	70.00%	70.00%
BancoPosta Fondi SpA SGR	Rome (Italy)	Euro	12,000	Poste Italiane SpA	100.00%	100.00%
Bridge Technologies Srl	Milan (Italy)	Euro	20	Plurima	100.00%	70.00%
Consorzio Logistica Pacchi ScpA	Rome (Italy)	Euro	516	Poste Italiane SpA SDA Express Courier SpA Poste Air Cargo Srl Postel SpA Poste Assicura SpA Nexive Network Srl Poste Logistics SpA	51.00% 13.50% 5.00% 15.00% 5.00% 5.00% 5.50%	100.00%
ConsorzioServizi ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA PostePay SpA	51.00% 49.00%	100.00%
Consorzio PosteMotori	Rome (Italy)	Euro	120	Poste Italiane SpA Postel SpA	58.12% 22.63%	80.75%
Indabox Srl	Rome (Italy)	Euro	50	MLK Deliveries SpA	100.00%	100.00%
Kipoint SpA	Rome (Italy)	Euro	500	SDA Express Courier SpA	100.00%	100.00%
Europa Gestioni Immobiliari SpA	Rome (Italy)	Euro	103,200	Poste Italiane SpA Poste Vita SpA	55.00% 45.00%	100.00%
LIS Holding SpA	Milan (Italy)	Euro	2,582	PostePay SpA	100.00%	100.00%
LIS Pay SpA	Milan (Italy)	Euro	56,600	PostePay SpA	100.00%	100.00%
Logos Srl	Milan (Italy)	Euro	10	Plurima	100.00%	70.00%
MLK Deliveries SpA	Rome (Italy)	Euro	335	Poste Italiane SpA	100.00%	100.00%
MLK Fresh Srl	Rome (Italy)	Euro	100	MLK Deliveries SpA	70.00%	70.00%

Net Holding SpA	Rome (Italy)	Euro	100	Poste Vita SpA	60.00%	60.00%
Net Insurance SpA *	Rome (Italy)	Euro	17,624	Net Holding SpA	97.84%	58.70%
Net Insurance Life SpA *	Rome (Italy)	Euro	15,000	Net Insurance SpA	100.00%	58.70%
Nexive Network Srl	Rome (Italy)	Euro	50	Poste Italiane SpA	100.00%	100.00%
Nexive Scarl	Rome (Italy)	Euro	28	Poste Italiane SpA	85.89%	85.89%
PatentiViaPoste ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA Postel SpA	69.65% 17.21%	86.86%
Poste Air Cargo Srl	Rome (Italy)	Euro	1,000	Poste Italiane SpA	100.00%	100.00%
Plurima SpA	Milan (Italy)	Euro	8,544	Poste Welfare Servizi Srl	70.00%	70.00%
Poste Assicura SpA *	Rome (Italy)	Euro	25,000	Poste Vita SpA	100.00%	100.00%
Postego SpA	Trento (Italy)	Euro	50	Poste Italiane SpA	100.00%	100.00%
Poste Insurance Broker Srl	Rome (Italy)	Euro	600	Poste Assicura SpA	100.00%	100.00%
Poste Logistics SpA	Rome (Italy)	Euro	500	Poste Italiane SpA	100.00%	100.00%
PostePay SpA	Rome (Italy)	Euro	7,561	Poste Italiane SpA	100.00%	100.00%
Poste Vita SpA *	Rome (Italy)	Euro	1,216,608	Poste Italiane SpA	100.00%	100.00%
Poste Welfare Servizi Srl	Rome (Italy)	Euro	16	Poste Italiane SpA	100.00%	100.00%
Postel SpA	Rome (Italy)	Euro	20,400	Poste Italiane SpA	100.00%	100.00%
SDA Express Courier SpA	Rome (Italy)	Euro	5,000	Poste Italiane SpA	100.00%	100.00%
Sengi Express Limited *	Hong Kong (China)	Euro	541	Poste Italiane SpA	40.00%**	40.00%**
Sengi Express Guangzhou Limited *	Guangzhou (China)	CNY	5,000	Sengi Express Limited	100.00%	40.00%
Sourcesense SpA *	Rome (Italy)	Euro	880	Poste Italiane SpA	70.00%	70.00%
Sourcesense Digital Srl *	Rome (Italy)	Euro	32	Sourcesense SpA	100.00%	70.00%
Sourcesense Technology Srl *	Rome (Italy)	Euro	40	Sourcesense SpA	100.00%	70.00%
Sourcesense Limited *	London (UK)	GBP	-	Sourcesense SpA	100.00%	70.00%
Sourcesense Platforms Srl *	Rome (Italy)	Euro	50	Sourcesense SpA	100.00%	70.00%
SPV Cosenza SpA	Rome (Italy)	Euro	948	Poste Italiane SpA Plurima SpA	95.00% 5.00%	100.00%

* The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the respective financial reports, which were prepared in accordance with the Italian Civil Code and Italian accounting standards or Local GAAP.
** Poste Italiane SpA holds 51% of the voting capital.

			Investee company		
ISIN - Name	**Currency**	**NAV**	**Parent Company**	**% ownership**	**Total % Group**
FULLY CONSOLIDATED STRUCTURED ENTITIES* **					
IT0005579583-BancoPosta Global Multi-Asset Income	Euro	3,911,809	Poste Vita SpA	100.00%	100.00%
IT0005579625-BancoPosta Dynamic Multi-Asset	Euro	4,197,131	Poste Vita SpA	100.00%	100.00%
IT0005579708-BancoPosta Dynamic Long-Term Multi-Asset	Euro	561,439	Poste Vita SpA	100.00%	100.00%
IT0005579724-BancoPosta Olympium Dynamic Multi-Asset	Euro	4,803,830	Poste Vita SpA	100.00%	100.00%
IT0005579641-BancoPosta Global Optimal Multi-Asset	Euro	45,205	Poste Vita SpA	100.00%	100.00%
IT0005579740-BancoPosta Long-Term Optimal Multi-Asset	Euro	858,221	Poste Vita SpA	100.00%	100.00%
IT0005579765-BancoPosta Olympium Optimal Multi-Asset	Euro	45,735	Poste Vita SpA	100.00%	100.00%
IT0005579666-BancoPosta Strategic Insurance Distribution	Euro	4,635,392	Poste Vita SpA	100.00%	100.00%
IT0005579682-BancoPosta Olympium Insurance Multi-Asset	Euro	43,204	Poste Vita SpA	100.00%	100.00%
IT0005579567-BancoPosta Diversified Distribution	Euro	5,789,228	Poste Vita SpA	100.00%	100.00%
IT0005579609-BancoPosta Olympium Severum	Euro	456,252	Poste Vita SpA	100.00%	100.00%

*** Poste Vita SpA owns 100% of the Fund units, while BancoPosta Fondi SpA SGR is the company contractually appointed to manage the Funds. Both of the above companies are wholly-owned subsidiaries of Poste Italiane SpA.

Name	Registered office	Currency	Share capital	Parent Company	% ownership	Total % Group
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD:						
Subsidiaries:						
Casina Poste Società Sportiva Dilettantistica a Responsabilità Limitata (*)	Rome (Italy)	Euro	50	Poste Italiane SpA PostePay SpA Poste Vita SpA Postel SpA SDA Express Courier SpA	72.00% 7.00% 7.00% 7.00% 7.00%	100.00%
Associates:						
Anima Holding SpA	Milan (Italy)	Euro	7,292	Poste Italiane SpA	11.95%	11.95%
Conio Inc. (*)	San Francisco (USA)	USD	13,356	PostePay SpA	16.29%	16.29%
Conio Srl	Milan (Italy)	Euro	115	Conio Inc.	100.00%	16.29%
Consorzio Italia Cloud	Rome (Italy)	Euro	30	Sourcesense SpA	33.30%	23.31%
Cronos Vita Assicurazioni SpA (*****)	Milan (Italy)	Euro	60,000	Poste Vita SpA	22.50%	22.50%
Eurizon Capital Real Asset SGR SpA	Milan (Italy)	Euro	4,167	Poste Vita SpA BancoPosta Fondi SpA SGR	20.00% 20.00%	40% (****)
Financit SpA	Rome (Italy)	Euro	14,950	Poste Italiane SpA	40.00%	40.00%
ItaliaCamp Srl	Rome (Italy)	Euro	155	Poste Italiane SpA	19.40%	19.40%
Italiacamp EMEA FZCO	Dubai (UAE)		-	ItaliaCamp Srl	78.00%	19.40%
N&TS Group Networks & Transactional Systems Group SpA	Mariano Comense (Italy)	Euro	1,000	PostePay SpA	20.00%	20.00%
Replica SIM SpA	Milan (Italy)	Euro	10,500	Poste Italiane SpA	45.00%	45.00%
sennder Italia Srl	Milan (Italy)	Euro	50	Poste Italiane SpA	25.00%	25.00%
JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD						
LockerItalia SpA	Rome (Italy)	Euro	1,000	Poste Italiane SpA	50.00%	50.00%

**** Posta Vita and BancoPosta Fondi jointly hold 24.5% of the voting capital.
***** The company classified as an asset held for sale (IFRS 5), as reported in Section 2.8 - Basis of consolidation.
* The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the respective financial reports, which were prepared in accordance with the Italian Civil Code and Italian accounting standards or Local GAAP.

List of investments accounted for using the equity method and statement of financial position and profit or loss data*

Name (Registered office) (€k)	Nature of investment	Carrying amount	% share	Assets	Liabilities	Equity	Revenue from sales and services	Net profit/ (loss) for the year
Anima Holding SpA (Milan) (a)	Associate	240,106	11.95%	2,556,581	1,033,577	1,523,004	962,301**	172,038
Conio Inc. (San Francisco) (b)	Associate	21	16.29%	14,143	3,920	10,222	-	(582)
Eurizon Capital Real Asset SGR SpA (Milan)	Associate	4,502	40.00%	19,367	11,061	8,306	9,030**	540
Financit SpA (Rome)	Associate	21,443	40.00%	2,016,917	1,950,580	66,337	91,929**	12,519
ItaliaCamp Srl (Roma) (c)	Associate	567	19.40%	8,424	5,506	2,918	4,622	25
N&TS Group Networks & Transactional Systems Group SpA (Mariano Comense)	Associate	17,407	20.00%	21,230	7,892	13,338	21,344	3,038
Replica SIM SpA (Milan)	Associate	9,876	45.00%	33,481	21,246	12,235	10,984	1,276
sennder Italia Srl (Milan)	Associate	23,734	25.00%	107,559	88,346	19,213	273,907	7,543
LockerItalia SpA	Joint ventures	14,783	50.00%	31,006	1,440	29,566	4	(434)

a. Data derived from the latest consolidated interim accounts approved by the company's board of directors at 30.09.2024.
b. Data from the latest financial statements at 31.12.2023, the statement of financial position value also includes the valuation of the company Conio Srl wholly owned by Conio Inc.
c. Figures taken from the latest financial statements approved by the Board on 31.12.2023.
* The figures below have been prepared in accordance with IFRS and, therefore, may differ from those reported in the annual financial statements of companies that apply national accounting standards
** The amount includes fee and commission income and interest and similar income.

Disclosure pursuant to law 124/2017

The information required by art. 1, paragraphs 125 and 129 of Law 124 of 4 August 2017 is provided below.

The information is provided in thousands of euros and on a cash basis, indicating the Group company that received and/or disbursed the grant. In addition, given the numerous interpretative doubts, the following information is provided on the basis of the best interpretation of the legislation available to date, in the light of the guidance provided by Assonime in Circular 5 of 22 February 2019.

Group companies (€k)	Grantor/beneficiary	Purpose	Amount disbursed/ received
Grants received			
Poste Italiane	MUR	Research and development projects	63
Poste Italiane	MIMIT	Research and development projects	2,107
Net Insurance SpA	SwItaly	Corporate & Business Executive Conversational English 50 hours	15
Net Insurance SpA	SwItaly	Language Training	6
Net Insurance SpA	IN-TRAIN	Individual Coaching Training	20
Total			**2,210**
Grants disbursed			
Poste Italiane	FONDAZIONE INTERCULTURA Onlus	Donation	120
Poste Italiane	FOND. OSPEDALE MEYER	Donation	70
Poste Italiane	FOND. DE SANCTIS	Donation	30
Poste Italiane	EUROPEAN UNIVERSITY INSTI	Donation	30
Poste Italiane	CALCIOSOCIALE SSDARL	Donation	30
Poste Italiane	COMUNITÀ SAN PATRIGNANO S	Donation	30
Poste Italiane	CODACONS	Donation	30
Poste Italiane	MOIGE APS	Donation	20
Poste Italiane	FONDAZIONE PER LA NATALITA'	Donation	20
Poste Italiane	FONDAZIONE AILA	Donation	20
Poste Italiane	ASD GRIFONE GIALLO VERDE	Donation	20
Poste Italiane	FONDAZIONE POLICLINICO UN	Donation	20
Poste Italiane	LICEO TARQUATO TASSO ROMA	Donation	15
Poste Italiane	PARENT PROJECT APS	Donation	15
Poste Italiane	FONDAZIONE TENDER TO NAVE	Donation	15
Poste Italiane	UNIONE PROVINCE D'ITALIA	Donation	15
Poste Italiane	AMICI DI CARLO FULVOIP VELARDI ONLUS	Donation	10
Poste Italiane	AGESCI APS	Donation	10
Poste Italiane	BAMBIN GESU'	Donation	10
Poste Italiane	AMICI DI COMETA	Donation	10
Poste Italiane	FOND.INIZIATIVA EUROPEA	Donation	10
Poste Italiane	AMICI DEI BUONOIMINI DI S.MARTINO	Donation	10
Poste Italiane	FONDAZIONE PUZZILLI ETS	Donation	10
Poste Italiane	ASSOCIAZIONE L'ARTE NEL C	Donation	10
Poste Italiane	FONDAZIONE TELETHON ETS	Donation	10
Poste Italiane	FONDAZIONE THEODORA ONLUS	Donation	10
Poste Italiane	FONDAZIONE ETÀ GRANDE ETS	Donation	10
Poste Italiane	ASS.NE ONLUS LE ALI DEI P	Donation	10
Poste Italiane	BIOMEDICAL UNIVERSITY FOU	Donation	10
Poste Italiane	LOCAL HEALTH AUTHORITY	Donation	10
Poste Italiane	COMUNITÀ S EGIDIO ACAP	Donation	10
Poste Italiane	ASSOCIAZIONE ANDREA TUDIS	Donation	10
Poste Italiane	ASS.PIERO FARULLI	Donation	10
Poste Italiane	CORRI LA VITA ONLUS	Donation	10
Total			**680**

Postal Savings

The following table provides a breakdown of postal savings deposits collected by the Parent Company in the name of and on behalf of Cassa Depositi e Prestiti, by category. The amounts are inclusive of accrued, unpaid interest.

Postal Savings

Description (€m)	31.12.2024	31.12.2023
Post office savings books	94,101	91,729
Interest-bearing Postal Certificates	230,286	234,461
Cassa Depositi e Prestiti	197,980	195,320
Ministry of the Economy and Finance - MEF	32,305	39,141
Total	**324,386**	**326,190**

Assets under management

Assets under management by BancoPosta Fondi SpA SGR, measured at fair value using information available on the last working day of the year, amount to €20,979 million at 31 December 2024 (€16,078 million at 31 December 2023). Of the total amount, about €8,210 million (or about 39% of total assets under management) refer to funds whose investment policies include environmental, social and governance-related factors (*ESG factors*).

Commitments

The Group's purchase commitments break down as follows.

Commitments

Description (€m)	31.12.2024	31.12.2023
Lease arrangements	142	217
Contracts to purchase property, plant and equipment	145	124
Contracts to purchase intangible assets	14	20
Total	**302**	**360**

At 31 December 2024, the item Lease arrangements includes commitments that do not fall under IFRS 16 - Leases.

In addition, at 31 December 2024, PostePay takes over:
- purchases of electricity on forward markets for €141 million;
- purchases of natural gas on the futures markets for €93 million.

Guarantees

Unsecured guarantees issued by the Group are as follows:

Guarantees

Description (€m)	31.12.2024	31.12.2023
Sureties and other guarantees issued:		
by banks/insurance companies in the interests of Group companies in favour of third parties	736	623
by the Group in its own interests in favour of third parties	613	299
Total	**1,349**	**922**

Third-party assets

Third-party assets held by Group companies are shown below.

Third-party assets

Description (€m)	31.12.2024	31.12.2023
Bonds subscribed by customers held at third-party banks	6,771	6,033
Other assets	206	248
Total	**6,977**	**6,281**

The item **bonds subscribed by customers held at third-party banks** refers entirely to the Parent Company.

The item **Other assets** refers to the value of drugs held in the warehouses of Plurima SpA and Logos Srl and forming part of the logistics activities for customer hospitals.

Assets in the process of allocation

At 31 December 2024, the Parent Company has paid a total of €87 million in claims on behalf of the Ministry of Justice, for which, under the agreement between Poste Italiane SpA and the MEF, it has already been reimbursed by the Italian Treasury, whilst awaiting acknowledgement of the relevant account receivable from the Ministry of Justice.

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5

Poste Italiane SpA Financial Statements

at 31 December 2024

5.

Poste Italiane SpA Financial Statements at 31 December 2024

5.1 Financial Statements

Statement of Financial Position

ASSETS (€)	Notes	31 December 2024	*of which related parties*	31 December 2023	*of which related parties*
Non-current assets					
Property, plant and equipment	[A1]	2,531,862,502	-	2,320,675,265	-
Investment property	[A2]	26,386,797	-	27,590,204	-
Intangible assets	[A3]	1,139,383,278	-	1,052,853,632	-
Right-of-use assets	[A4]	844,509,261	-	970,107,550	-
Investments	[A5]	3,693,523,900	*3,693,523,900*	3,694,633,104	*3,694,633,104*
Financial assets	[A6]	66,699,811,968	*3,350,258,335*	65,384,975,707	*3,398,784,099*
Trade receivables	[A8]	821,604	-	961,404	-
Deferred tax assets	[C11]	855,346,117	-	928,434,002	-
Other receivables and assets	[A9]	1,757,946,076	*121,075*	1,794,867,584	*1,586,649*
Tax credits Law no. 77/2020	[A10]	5,170,304,041	-	6,533,849,874	-
Total		**82,719,895,543**		**82,708,948,326**	
Current assets					
Inventories	[A7]	2,894,031	-	3,999,649	-
Trade receivables	[A8]	2,474,829,726	*1,388,024,501*	2,773,751,097	*1,397,196,251*
Current tax assets	[C11]	85,978,215	-	68,367,034	-
Other receivables and assets	[A9]	1,186,326,932	*122,802,630*	982,339,159	*153,715,638*
Tax credits Law no. 77/2020	[A10]	1,835,094,710	-	1,784,345,995	-
Financial assets	[A6]	14,975,212,315	*10,168,407,390*	15,886,658,882	*9,244,322,718*
Cash and deposits attributable to BancoPosta	[A11]	4,290,323,669	-	4,670,570,165	-
Cash and cash equivalents	[A12]	715,222,994	*386,634,543*	1,222,518,576	*873,963,904*
Total		**25,565,882,593**		**27,392,550,557**	
TOTAL ASSETS		**108,285,778,136**		**110,101,498,883**	

LIABILITIES AND EQUITY	Notes	31 December 2024	*of which related parties*	31 December 2023	*of which related parties*
Equity					
Share capital	[B1]	1,306,110,000	-	1,306,110,000	-
Treasury shares		(109,112,640)	-	(94,095,509)	-
Reserves	[B2]	1,941,782,582	-	1,549,302,533	-
Retained earnings/(Accumulated losses)		3,607,168,695	-	2,891,588,865	-
Total		**6,745,948,637**		**5,652,905,889**	
Non-current liabilities					
Provisions for risks and charges	[B4]	482,079,972	*39,917,351*	717,764,517	*49,633,252*
Employee termination benefits	[B5]	547,200,236	-	608,135,775	-
Financial liabilities	[B6]	8,226,778,135	*258,478,204*	9,788,656,363	*245,808,233*
Deferred tax liabilities	[C11]	319,953,023	-	272,210,100	-
Other liabilities	[B8]	1,869,966,713	*1,538,609*	1,924,980,483	*451,887*
Total		**11,445,978,080**		**13,311,747,238**	
Current liabilities					
Provisions for risks and charges	[B4]	517,109,457	*7,859,656*	510,520,473	*9,512,415*
Trade payables	[B7]	1,696,267,563	*503,400,825*	1,967,197,951	*496,526,842*
Current tax liabilities	[C11]	36,116,828	-	149,024,753	-
Other liabilities	[B8]	1,384,088,316	*90,733,103*	1,435,507,835	*93,845,904*
Financial liabilities	[B6]	86,460,269,256	*17,995,932,010*	87,074,594,744	*17,849,916,136*
Total		**90,093,851,420**		**91,136,845,756**	
TOTAL LIABILITIES AND EQUITY		**108,285,778,136**		**110,101,498,883**	

Statement of Financial Position (Continued)

Supplementary Statement Showing BancoPosta RFC At 31.12.2024

ASSETS (€)	Notes	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Total
Non-current assets					
Property, plant and equipment		2,531,862,502	-	-	2,531,862,502
Investment property		26,386,797	-	-	26,386,797
Intangible assets		1,139,383,278	-	-	1,139,383,278
Right-of-use assets		844,509,261	-	-	844,509,261
Investments		3,693,523,900	-	-	3,693,523,900
Financial assets		941,244,018	65,758,567,950	-	66,699,811,968
Trade receivables		821,604	-	-	821,604
Deferred tax assets	[C11]	356,152,426	499,193,692	-	855,346,117
Other receivables and assets	[A9]	34,936,862	1,723,009,214	-	1,757,946,076
Tax credits Law no. 77/2020	[A10]	234,485,432	4,935,818,609		5,170,304,041
Total		**9,803,306,079**	**72,916,589,464**	**-**	**82,719,895,543**
Current assets					
Inventories		2,894,031	-	-	2,894,031
Trade receivables	[A8]	1,451,155,808	1,023,673,919	-	2,474,829,726
Current tax assets		85,978,215	-	-	85,978,215
Other receivables and assets	[A9]	384,616,219	801,710,713	-	1,186,326,932
Tax credits Law no. 77/2020	[A10]	47,560,399	1,787,534,312		1,835,094,710
Financial assets		41,520,137	14,933,692,178	-	14,975,212,315
Cash and deposits attributable to BancoPosta	[A11]	-	4,290,323,669	-	4,290,323,669
Cash and cash equivalents	[A12]	326,526,478	388,696,516	-	715,222,994
Total		**2,340,251,286**	**23,225,631,307**	**-**	**25,565,882,593**
Non-current assets held for sale		**-**	**-**	**-**	**-**
Intersegment relations net amount		**-**	**517,738,995**	**(517,738,995)**	**-**
TOTAL ASSETS		**12,143,557,365**	**96,659,959,766**	**(517,738,995)**	**108,285,778,136**

LIABILITIES AND EQUITY (€)	Notes	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Total
Equity					
Share capital		1,306,110,000	-	-	1,306,110,000
Treasury shares		(109,112,640)	-	-	(109,112,640)
Reserves	[B2]	643,848,039	1,297,934,543	-	1,941,782,582
Retained earnings/(Accumulated losses)		1,596,374,503	2,010,794,192	-	3,607,168,695
Total		**3,437,219,902**	**3,308,728,735**	**-**	**6,745,948,637**
Non-current liabilities					
Provisions for risks and charges	[B4]	373,706,773	108,373,199	-	482,079,972
Employee termination benefits	[B5]	545,171,538	2,028,698	-	547,200,236
Financial liabilities		2,663,392,288	5,563,385,847	-	8,226,778,135
Deferred tax liabilities	[C11]	5,212,105	314,740,918	-	319,953,023
Other liabilities	[B8]	146,323,568	1,723,643,144	-	1,869,966,713
Total		**3,733,806,274**	**7,712,171,806**	**-**	**11,445,978,080**
Current liabilities					
Provisions for risks and charges	[B4]	482,454,471	34,654,985	-	517,109,457
Trade payables	[B7]	1,559,754,046	136,513,517	-	1,696,267,563
Current tax liabilities		36,116,828	-	-	36,116,828
Other liabilities	[B8]	1,182,154,880	201,933,436	-	1,384,088,316
Financial liabilities		1,194,311,969	85,265,957,287	-	86,460,269,256
Total		**4,454,792,195**	**85,639,059,225**	**-**	**90,093,851,420**
Intersegment relations net amount		**517,738,995**	**-**	**(517,738,995)**	**-**
TOTAL LIABILITIES AND EQUITY		**12,143,557,365**	**96,659,959,766**	**(517,738,995)**	**108,285,778,136**

Statement of Financial Position (Continued)

Supplementary Statement Showing BancoPosta RFC at 31.12.2023

ASSETS (€)	Notes	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Total
Non-current assets					
Property, plant and equipment		2,320,675,265	-	-	2,320,675,265
Investment property		27,590,204	-	-	27,590,204
Intangible assets		1,052,853,632	-	-	1,052,853,632
Right-of-use assets		970,107,550	-	-	970,107,550
Investments		3,694,633,104	-	-	3,694,633,104
Financial assets		1,000,663,519	64,384,312,188	-	65,384,975,707
Trade receivables		961,404	-	-	961,404
Deferred tax assets	[C11]	286,207,321	642,226,681	-	928,434,002
Other receivables and assets	[A9]	42,579,876	1,752,287,708	-	1,794,867,584
Tax credits Law no. 77/2020	[A10]	287,172,636	6,246,677,238		6,533,849,874
Total		**9,683,444,511**	**73,025,503,815**	**-**	**82,708,948,326**
Current assets					
Inventories		3,999,649	-	-	3,999,649
Trade receivables	[A8]	1,767,744,995	1,006,006,102	-	2,773,751,097
Current tax assets		68,367,034	-	-	68,367,034
Other receivables and assets	[A9]	374,611,630	607,727,529	-	982,339,159
Tax credits Law no. 77/2020	[A10]	119,500,953	1,664,845,042		1,784,345,995
Financial assets		61,261,933	15,825,396,949	-	15,886,658,882
Cash and deposits attributable to BancoPosta	[A11]	-	4,670,570,165	-	4,670,570,165
Cash and cash equivalents	[A12]	288,017,917	934,500,659	-	1,222,518,576
Total		**2,683,504,111**	**24,709,046,446**	**-**	**27,392,550,557**
Non-current assets held for sale		**-**	**-**	**-**	**-**
Intersegment relations net amount		**-**	**127,891,161**	**(127,891,161)**	**-**
TOTAL ASSETS		**12,366,948,622**	**97,862,441,422**	**(127,891,161)**	**110,101,498,883**

LIABILITIES AND EQUITY (€)	Notes	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Total
Equity					
Share capital		1,306,110,000	-	-	1,306,110,000
Treasury shares		(94,095,509)	-	-	(94,095,509)
Reserves	[B2]	726,326,961	822,975,572	-	1,549,302,533
Retained earnings/(Accumulated losses)		935,631,197	1,955,957,668	-	2,891,588,865
Total		**2,873,972,649**	**2,778,933,240**	**-**	**5,652,905,889**
Non-current liabilities					
Provisions for risks and charges	[B4]	592,594,349	125,170,168	-	717,764,517
Employee termination benefits	[B5]	606,052,711	2,083,064	-	608,135,775
Financial liabilities		2,217,477,910	7,571,178,453	-	9,788,656,363
Deferred tax liabilities	[C11]	6,017,017	266,193,083	-	272,210,100
Other liabilities	[B8]	172,524,252	1,752,456,231	-	1,924,980,483
Total		**3,594,666,239**	**9,717,080,999**	**-**	**13,311,747,238**
Current liabilities					
Provisions for risks and charges	[B4]	472,191,153	38,329,320	-	510,520,473
Trade payables	[B7]	1,834,303,151	132,894,800	-	1,967,197,951
Current tax liabilities		149,024,753	-	-	149,024,753
Other liabilities	[B8]	1,208,478,386	227,029,449	-	1,435,507,835
Financial liabilities		2,106,421,130	84,968,173,614	-	87,074,594,744
Total		**5,770,418,573**	**85,366,427,183**	**-**	**91,136,845,756**
Intersegment relations net amount		**127,891,161**	**-**	**(127,891,161)**	**-**
TOTAL LIABILITIES AND EQUITY		**12,366,948,622**	**97,862,441,422**	**(127,891,161)**	**110,101,498,883**

Statement of Profit or Loss

(€)	Notes	FY 2024	*of which related parties*	FY 2023	*of which related parties*
Revenue from sales and services	[C1]	10,503,829,486	*4,967,246,675*	9,880,028,944	*4,813,933,966*
Other income from financial activities	[C2]	247,153,277	*2,239,704*	271,362,769	-
Other operating income	[C3]	1,453,313,413	*1,396,387,236*	1,003,329,454	*943,291,727*
Total revenue		**12,204,296,176**		**11,154,721,167**	
Cost of goods and services	[C4]	2,918,146,979	*1,797,762,718*	2,640,542,432	*1,539,149,738*
Expenses from financial activities	[C2]	683,231,259	*81,736,046*	633,159,282	*74,160,132*
Personnel expenses	[C5]	5,317,769,174	*71,457,058*	5,347,874,172	*68,488,941*
Depreciation, amortisation and impairments	[C6]	809,943,285	*6,050,782*	773,454,752	*6,107,896*
Capitalised costs and expenses		(44,982,722)	-	(41,069,643)	-
Other operating costs	[C7]	238,278,427	*791,187*	222,661,084	*1,675,755*
of which non-recurring costs		*56,982,130*	-	-	-
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C8]	403,446,076	*(2,239,065)*	49,635,264	*413,925*
of which, non-recurring costs/(income)		*284,041,944*		-	
Operating profit/(loss)		**1,878,463,699**		**1,528,463,824**	
Finance costs	[C9]	135,795,700	*58,677,195*	110,852,266	*38,744,067*
Finance income	[C9]	186,414,080	*157,561,193*	175,931,649	*148,356,685*
Impairment losses/(reversals of impairment losses) on financial assets	[C10]	(13,082,748)	*(87,662)*	(25,116,485)	*(54,241)*
Profit/(Loss) before tax		**1,942,164,826**		**1,618,659,692**	
Income tax expense	[C11]	59,815,118	-	229,154,284	-
PROFIT FOR THE YEAR		**1,882,349,708**		**1,389,505,408**	

Statement of Comprehensive Income

(€)	Notes	FY 2024	FY 2023
Net profit/(loss) for the year		**1,882,349,708**	**1,389,505,408**
Items to be reclassified in the Statement of profit or loss for the year			
FVTOCI debt instruments			
Increase/(decrease) in fair value during the year		594,976,334	1,944,160,743
Transfers to profit or loss from realisation	[tab. B2]	14,665,733	222,536,576
Increase/(decrease) for expected losses	[tab. B2]	(4,950,556)	2,626,727
Cash flow hedges			
Increase/(decrease) in fair value during the year	[tab. B2]	110,873,263	80,032,594
Transfers to profit or loss	[tab. B2]	(47,607,084)	(317,798,819)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year		(192,042,178)	(548,751,276)
Items not to be reclassified in the Statement of profit or loss for the year			
FVOCI equity instruments			
Increase/(decrease) in fair value during the year		(89,968,186)	(3,906,456)
Transfers to equity		-	-
Actuarial gains/(losses) on employee termination benefits	[tab. B5]	6,974,342	(8,262,869)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year		(594,224)	2,029,966
Total other comprehensive income		**392,327,444**	**1,372,667,186**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,274,677,152**	**2,762,172,594**

Statement of Changes in Equity

	Equity										
			Reserves								
(€)	Share capital	Treasury shares	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Incentive plans reserve	Merger surplus/ (deficit) reserve	Retained earnings/ (Accumulated losses)	Total
Balance at 1 January 2023	**1.306.110.000**	**(62.850.781)**	**299.234.320**	**1.210.000.000**	**800.000.000**	**(2.374.240.722)**	**(126.549.691)**	**19.254.663**	**335.130.499**	**2.401.421.381**	**3.807.509.669**
Total comprehensive income for the year	-	-	-	-	-	1.549.043.156	(170.096.190)	-	-	1.383.225.628	2.762.172.594
Balance dividends paid on FY 2022 profits	-	-	-	-	-	-	-	-	-	(569.991.049)	(569.991.049)
Interim dividend on FY 2023 profits	-	-	-	-	-	-	-	-	-	(307.017.906)	(307.017.906)
Purchase of treasury shares	-	(33.984.898)	-	-	-	-	-	-	-	(2.583)	(33.987.481)
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	(15.960.000)	(15.960.000)
Incentive plans	-	2.740.170	-	-	-	-	-	7.526.498	-	(86.889)	10.179.779
Other movements	-	-	-	-	-	-	-	-	-	283	283
Balance at 31 December 2023	**1.306.110.000**	**(94.095.509)**	**299.234.320**	**1.210.000.000**	**800.000.000**	**(825.197.566)**	**(296.645.881)**	**26.781.161**	**335.130.499**	**2.891.588.865**	**5.652.905.889**
of which attributable to BancoPosta RFC	-	-	-	1.210.000.000	450.000.000	(543.735.961)	(295.310.915)	2.022.448	-	1.955.957.668	2.778.933.240
Total comprehensive income for the year	-	-	-	-	-	341.897.900	45.129.044	-	-	1.887.650.208*	2.274.677.152
Balance dividends paid on FY 2023 profits	-	-	-	-	-	-	-	-	-	(729.269.775)	(729.269.775)
Interim dividend on FY 2024 profits	-	-	-	-	-	-	-	-	-	(427.223.741)	(427.223.741)
Purchase of treasury shares	-	(23.317.708)	-	-	-	-	-	-	-	(1.772)	(23.319.480)
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	(15.960.000)	(15.960.000)
Merger contribution	-	-	-	-	-	-	-	-	615.472	-	615.472
Incentive plans	-	8.300.577	-	-	-	-	-	4.837.633	-	384.591	13.522.801
Other movements	-	-	-	-	-	-	-	-	-	319	319
Balance at 31 December 2024	**1.306.110.000**	**(109.112.640)**	**299.234.320**	**1.210.000.000**	**800.000.000**	**(483.299.666)**	**(251.516.837)**	**31.618.794**	**335.745.971**	**3.607.168.695**	**6.745.948.637**
of which attributable to BancoPosta RFC	-	-	-	1.210.000.000	450.000.000	(114.268.701)	(250.480.531)	2.683.775	-	2.010.794.192	3.308.728.735

* This item includes net profit for the year of €1,882 million and actuarial gains on provisions for employee termination benefits of €7 million, after the related current taxation.

Statement of Cash Flows

(€k)	Notes	FY 2024	FY 2023
Cash and cash equivalents at beginning of year		**1,222,519**	**2,257,993**
Profit/(Loss) before tax		1,942,165	1,618,660
Depreciation, amortisation and impairments	[tab. C6]	808,965	773,075
Impairments/(Reversals of impairments) of investments	[tab. A5.1]	18,557	-
Net provisions for risks and charges	[tab. B4]	75,051	320,914
Use of provisions for risks and charges	[tab. B4]	(306,473)	(352,780)
Employee termination benefits paid	[tab. B5]	(74,074)	(102,684)
(Gains)/losses on disposals	[tab. C7]	(557)	(93,410)
Impairment losses/(reversals of impairment losses) on financial assets		(13,083)	(25,114)
(Dividends)		(1,387,724)	(845,778)
Dividends received		1,387,724	845,778
(Finance income on disposals)	[tab. C10.1]	(103)	-
(Finance income in form of interest)	[tab. C9.1]	(167,046)	(154,120)
Interest received		172,949	150,462
Interest expense and other finance costs	[tab. C9.2]	114,738	105,626
Interest paid		(64,736)	(54,190)
Losses and impairment losses/(Reversals of impairment losses) on receivables	[tab. C8]	581,835	42,908
Income tax paid	[tab. C11.3]	(676,214)	(44,602)
Other changes		11,345	(1,780)
Cash generated by operating activities before movements in working capital	**[a]**	**2,423,319**	**2,182,965**
Movements in working capital:			
(Increase)/decrease in Inventories	[A7]	1,105	158
(Increase)/decrease in Trade receivables		229,588	(160,456)
(Increase)/decrease in Other receivables and assets		257,644	263,097
Increase/(decrease) in Trade payables		(271,041)	(2,681)
Increase/(decrease) in Other liabilities		(77,716)	(16,369)
Change in tax credits Law no. 77/2020		(12,593)	(351,584)
Cash flow generated by/(used in) movements in working capital	**[b]**	**126,987**	**(267,835)**
Increase/(decrease) in financial liabilities attributable to BancoPosta RFC		(3,099,109)	(8,983,074)
Net cash generated by/(used for) financial assets BancoPosta RFC		(101,599)	916,625
(Increase)/decrease in other financial assets BancoPosta RFC and tax credits Law no. 77/2020		1,504,397	5,671,131
(Increase)/decrease in cash and deposits attributable to BancoPosta		380,246	1,177,468
(Income)/Expense and other non-cash components from financial activities		948,497	153,099
Cash generated by/(used for) financial assets and liabilities BancoPosta RFC	**[c]**	**(367,567)**	**(1,064,751)**
Net cash flow from/(for) operating activities	**[d]=[a+b+c]**	**2,182,739**	**850,379**
- of which related party transactions		***(260,959)***	***4,970,379***
Investing activities:			
Property, plant and equipment	[tab. A1]	(432,202)	(324,890)
Investment property	[tab. A2]	(946)	(303)
Intangible assets	[tab. A3]	(452,276)	(455,251)
Investments		(17,910)	(19,973)
Other financial assets		(28,619)	(76,941)
Disposals:			
Property, plant and equipment, investment property and assets held for sale		7,211	10,064
Investments		589	-
Other financial assets		27,633	23,636
Mergers		1,106	-

(€k)		Notes	FY 2024	FY 2023
Net cash flow from/(for) investing activities	**[e]**		**(895,414)**	**(843,658)**
- of which related party transactions			***(46,701)***	***(43,500)***
Proceeds from/(Repayments of) long-term borrowings		[B6.5]	565,000	125,000
Increase/(decrease) in short-term borrowings		[B6.5]	(1,158,809)	(235,201)
Dividends paid		[B3]	(1,156,494)	(877,009)
Sale/(purchase) of treasury shares			(23,318)	(33,985)
Equity instruments - perpetual hybrid bonds			(21,000)	(21,000)
Net cash flow from/(for) financing activities and shareholder transactions	**[f]**		**(1,794,621)**	**(1,042,195)**
- of which related party transactions			**(1,170,350)**	**758,468**
Net increase/(decrease) in cash	**[g]=[d+e+f]**		**(507,296)**	**(1,035,474)**
Cash and cash equivalents at end of year		**[tab. A12]**	**715,223**	**1,222,519**
Restricted net cash and cash equivalents at end of year			(15,509)	(550,848)
Unrestricted net cash and cash equivalents at end of year			**699,714**	**671,671**

5.2 Information on BancoPosta RFC

As required by art. 2, paragraphs 17-octies et seq. of Law 10 of 26 February 2011, converting Law Decree 225 of 29 December 2010, in order to identify ring-fenced capital for the purposes of applying the Bank of Italy's prudential requirements to BancoPosta's operations and for the protection of creditors, at the Shareholders' Meeting held on 14 April 2011 Poste Italiane SpA's shareholder approved the creation of ring-fenced capital to be used exclusively in relation to BancoPosta's operations (BancoPosta Ring-fenced Capital or BancoPosta RFC), as governed by Presidential Decree 144 of 14 March 2001, and established the assets and contractual rights to be included in the ring-fence as well as By-laws governing its organisation, management and control. BancoPosta RFC was provided originally with an initial reserve of €1 billion through the attribution of Poste Italiane SpA's retained earnings. The resolution of 14 April 2011 became effective on 2 May 2011, the date on which it was filed with the Companies' Register. Following on from the Board of Directors' resolution of 25 January 2018 and the subsequent Extraordinary Shareholders' Meeting of Poste Italiane SpA's shareholders, on 27 September 2018, Poste Italiane injected €210 million of fresh capital into BancoPosta RFC.

In 2021, Poste Italiane SpA placed a hybrid subordinated perpetual bond issue with a non-call period of 8 years aimed at institutional investors. Following this issue, on 30 June 2021 and on 30 June 2023, there was an injection of capital into BancoPosta RFC, via the granting of two perpetual subordinated loans of €350 million with an 8-year non-call period and €100 million with a 5-year non-call period, respectively, under terms and conditions that allow them to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

The separation of BancoPosta from Poste Italiane SpA is only partly comparable to other ring-fenced capital solutions. Indeed, BancoPosta is not expected to meet the requirements of articles 2447 bis et seq. of the Italian Civil Code or for other special purpose entities, in that it has not been established for a single specific business but rather, pursuant to Presidential Decree 144 of 14 March 2001, for several types of financial activities to be regularly carried out for an unlimited period of time. For this reason, the above legislation does not impose the 10% limit on BancoPosta's equity, waiving the provisions of the Italian Civil Code unless expressly cited as applicable.

Nature of assets and contractual rights and authorisations

BancoPosta's assets, contractual rights and authorisations pursuant to notarial deed were conferred on BancoPosta RFC exclusively by Poste Italiane SpA without third-party contributions. BancoPosta's operations consist of those listed in Presidential Decree 144 of 14 March 2001, as amended[351], with the exception of activities linked to card payments and payment services, carried out by the subsidiary, PostePay SpA. More details on this aspect are provided below:

- the collection of all forms of savings deposit from the public in accordance with art. 11, para. 1 of Legislative Decree no. 385/1993 of 1 September 1993 - Consolidated Law on Banking (Testo Unico Bancario, or TUB) - and all related and consequent activities;
- the collection of savings through postal securities and deposits;
- payment services, including the issuance, administration and sale of prepaid cards and other payment instruments pursuant to art. 1, para. 2, letter f) numbers 4) and 5), TUB;
- foreign currency exchange services;
- promotion and arrangement of loans issued by approved banks and financial brokers;
- investment and related services pursuant to art. 12, Presidential Decree 144/2001;
- debt collection services;
- professional gold trading, on own behalf or on behalf of third parties, in accordance with the requirements of Law 7 of 17 January 2000.

All of the assets and rights arising out of various contracts, agreements and legal transactions related to the above activities have also been conferred on BancoPosta RFC.

351. As revised on the issuance of Law Decree 179 of 18 October 2012 converted into law with amendments by Law 221 of 17 December 2012.

Following the receipt of clearance from the Bank of Italy, the Shareholders' Meeting of Poste Italiane held on 29 May 2018 approved the proposed removal of the assets, liabilities and contractual rights attributable to the card payments and payment services business unit from the ring-fence that applies to BancoPosta RFC. On 1 October 2018, this business unit was transferred to the subsidiary PostePay SpA, in assets earmarked for card payments and payment services, in order to enable the latter to operate as an Electronic Money Institution (EMI)352. In addition, in order to complete the process of centralising e-money on the above-mentioned EMI, on 28 May 2021 Poste Italiane's Extraordinary Shareholders' Meeting, after obtaining all the authorisations required by law, approved the removal of the restriction on the allocation of BancoPosta RFC, assets and legal relations constituting the so-called "Debit Branch", with the deed of contribution in favour of PostePay SpA taking effect from 1 October 2021.

BancoPosta RFC's operations

BancoPosta RFC's operations consist of the investment of cash held in postal current accounts, in the name of BancoPosta but subject to statutory restrictions, and the management of third parties' collections and remittances. This latter activity includes the collection of postal savings (Postal Savings Books and Interest-bearing Postal Certificates), carried out on behalf of Cassa Depositi e Prestiti and the MEF, and services delegated by Public Administration entities. These transactions involve the use of cash advances from the Italian Treasury and the recognition of financial items awaiting settlement. The specific agreement with the MEF requires BancoPosta to provide daily statements of all cash flows, with a delay of two bank working days with respect to the transaction date.

In compliance with the 2007 Budget Law, from 2007 the Company is required to invest the funds raised from deposits paid into postal current accounts by private customers in Eurozone government securities[353]. The Funds deposited by Public Administration entities are, instead, deposited with the Ministry of the Economy and Finance and earn a variable rate of return linked to a basket of government securities, in accordance with a specific agreement with the MEF, in force until 31 December 2024 and renewed on 26 November 2024 for 2025. In addition, under the agreement with the MEF, renewed on 29 May 2023 for the three-year period 2023-2025, a percentage of the funds deriving from private customer deposits may be placed in a special "Buffer" account at the MEF, with the objective of ensuring flexibility with regard to investments in view of daily movements in amounts payable to current account holders. These deposits are remunerated at a variable rate equal to the Euro Short Term Rate (ESTR)[354].

352. The business unit consists of assets and contractual rights linked to:
- *Own products*: prepaid cards (e-money), debt cards, payment services, acquiring services, tax payments using forms F23/F24 and international money transfers (Moneygram) forming part of the operations carried out independently by the EMI. In particular, these products are issued by the EMI, which is responsible for their conception, development and management, whilst BancoPosta RFC acts as distributor of the products through the Group's physical distribution network;
- *Products handled under Service Contracts*: payment products and services and money transfers carried out exclusively within the scope of BancoPosta RFC's operations, as they are "reserved to" the ring-fence by Presidential Decree 144/01. In particular, with the aim of leveraging the infrastructure of the hybrid EMI, BancoPosta has outsourced operations relating to payment products and services issued by BancoPosta, and distributed by BancoPosta through Poste Italiane's physical network, to the EMI under an outsourcing agreement between BancoPosta and the EMI.

353. Moreover, following the amendment of art. 1, paragraph 1097 of Law 296 of 27 December 2006, introduced by art. 1, paragraph 285 of the 2015 Stability Law (Law 190 of 23 December 2014), it became possible for BancoPosta RFC to invest up to 50% of its deposits in securities guaranteed by the Italian government. Lastly, with the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so-called "Relaunch Decree") or other transferable tax credits pursuant to current legislation.

354. Rate calculated and published by the ECB using a new methodology consistent with ECB Regulation (EU) no. 1333/2014 of 26 November 2014 and based on uncollateralised fixed-rate overnight deposit facility transactions exceeding €1 million.

Cost and revenue allocation and measurement of operations contracted out by BancoPosta RFC

Given the fact that Poste Italiane is a single legal entity, the Company's general accounting system maintains its uniform characteristics and capabilities. In this context, the general principles governing administrative and accounting aspects of BancoPosta RFC are as follows:

- Identification of transactions in Poste Italiane SpA's general ledgers relating to BancoPosta's ring-fenced operations which are then extracted for recording in BancoPosta's separate ledgers;
- Allocation to BancoPosta RFC of all relevant revenue and costs; in particular the services rendered by the different functions of Poste Italiane SpA to BancoPosta RFC, are exclusively recorded as payables in BancoPosta's separate books, in special intersegment accounts only, and subsequently settled;
- Settlement of all incoming and outgoing third party payments by Poste Italiane SpA's Chief Financial Officer;
- Allocation of income taxes based on BancoPosta RFC's separate report after adjusting for deferred taxation;
- Reconciliation of BancoPosta's separate books to Poste Italiane's general ledger.

Part IV of Chapter 1 of the Supervisory Standards in Bank of Italy Circular 285/2013, addressing specific aspects relating to Poste Italiane in respect of BancoPosta RFC's operations, govern the process of contracting out BancoPosta's corporate functions to Poste Italiane, whilst the outsourcing of operations to entities external to Poste Italiane is covered by the regulations applicable to banks.

In compliance with the Circular, the Regulation governing BancoPosta RFC's contracting out and outsourcing process approved by the Board of Directors[355] makes provision for a distinction between control functions and essential or important functions and non-essential or important control functions.

BancoPosta RFC may therefore both outsource operating activities, entering into agreements with third parties, and contract out certain operating or control activities to Poste Italiane functions, agreeing "Specific Operating Guidelines" with the heads of the various functions. The Operating Guidelines establish, among other things, the applicable levels of service and transfer prices and are effective following an authorisation process involving the relevant functions, the Chief Executive Officer and, where required, the Company's Board of Directors. The transfer prices set out in the Operating Guidelines are determined according to objective criteria that reflect the real contribution of the various management activities to BancoPosta RFC's results. The transfer prices paid, inclusive of commissions and any other form of remuneration due, are determined on the basis of market prices and tariffs for the same or similar services, identified, where possible, following a benchmarking process. When the specifics and/or the particular nature of a service provided by one of the Issuer's functions do not allow the use of a comparable market price, a cost-based method is used, again with the support of benchmarking to ensure that the price charged is adequate for the service provided. In such a case, an adequate mark-up, defined on the basis of appropriate analyses of comparable subjects, shall be applied. The prices set in each Operating Guidelines can be reduced in the presence of operating losses of the activities outsourced or in case of penalties due to the failure to achieve pre-established service levels, as measured by specific performance indicators. The Operating Guidelines, in force until 31 December 2025, are reviewed every three years.

355. The Regulation was revised on 20 June 2024.

The following table includes a summary of the services provided to BancoPosta RFC by the Issuer's functions, with a brief indication of how the transfer prices are determined.

Injections	Allocation key
Post Office Network	Percentage of net income generated by product/service category
Information Technology	Fixed component: recharge of costs based on direct and indirect drivers
	Variable component: determined with reference to the maintenance of operating performance
Back-office and Customer Care	Fees by professional role based on market benchmarks + recharge of external costs
	Market prices for similar services
Postal and logistics services	Prices for mail sent to customers and internal mail
Real Estate	Market prices with reference to floor space and maintenance costs
Legal Affairs	Fees by professional role based on market benchmarks + recharge of external costs
Administration, Finance and Control	
Group Risk Governance and Security and Safety	
Human Resources and Organisation	
Anti-money laundering	
Purchases	
Group Strategic Marketing*	
External Relations	
Operational Continuity	Fees by professional role based on market benchmarks
Internal Auditing	
Compliance	

Essential or Important Functions   Control Functions

* Following corporate reorganisations, it became necessary to formalise new regulations concerning the contribution of the Group Strategic Marketing function.

The relevant transactions, profit or loss and statement of financial position amounts, generated by these relationships are only recorded in BancoPosta RFC's Separate Report. In Poste Italiane SpA's comprehensive accounts intersegment transactions are on the other hand eliminated, and are not presented. The accounting treatment adopted is similar to that provided for by the accounting standards regulating the preparation of the Group's consolidated financial statements.

Obligations

Poste Italiane SpA's liability, pursuant to art. 2, paragraph 17-nonies of Law Decree 225 of 29 December 2010 converted into Law 10, to creditors of BancoPosta RFC is limited to the ring-fenced capital, represented by the assets and contractual rights originally allocated or arisen after the separation. Poste Italiane's liability is, however, unlimited with respect to claims arising from actions in tort relating to the management of BancoPosta or for transactions for which no indication was made that the obligation was taken specifically by BancoPosta RFC.

The Regulation approved at the Extraordinary Shareholders' Meeting of Poste Italiane SpA's shareholder on 14 April 2011 SpA, and subsequently amended on 12 May 2020, provides that, where necessary, BancoPosta RFC's equity shall be sufficient to ensure that it is able to comply with supervisory capital requirements and is aligned with the risk profile of its operations.

Separate Report

BancoPosta RFC's Separate Report is prepared in application of Bank of Italy Circular 262 of 22 December 2005 - *Banks' Financial Statements: Layouts and Preparation*, as amended. The application of these regulations, whilst in compliance with the same accounting standards adopted by Poste Italiane SpA, requires the use of a different basis of presentation for certain components of profit or loss and the statement of financial position compared with the basis of presentation adopted for the statutory financial statements.

In this regard, the following table shows a reconciliation of the components of BancoPosta RFC's equity, as shown in the Company's statement of financial position and in the Separate Report[356].

Reconciliation of separate equity

Item in supplementary statement (€m)	Separate Report item	110 Valuation reserves	130 Equity instruments	140 Reserves	180 Profit for the year
Reserves	1,298	(365)	450	1,213	-
BancoPosta RFC reserve	1,210	-	-	1,210	-
Equity instruments - perpetual hybrid bonds	450	-	450	-	-
Fair value reserve	(114)	(114)	-	-	-
Cash flow hedge reserve	(251)	(251)	-	-	-
Incentive plans reserve	3	-	-	3	-
Retained earnings/(Accumulated losses)	2,011	(1)	-	1,397	615
Profits	2,012	-	-	1,397	615
Cumulative actuarial gains/(losses) on defined benefit plans	(1)	(1)	-	-	-
Total	**3,309**	**(366)**	**450**	**2,610**	**615**

Exclusively for the purposes of the presentation of the Separate Report, the transactions between BancoPosta RFC and the Company's functions not included therein are reported. In this document they are accurately and completely represented, together with the positive and negative income components that generated them.

Further regulatory aspects

Pursuant to art. 2, paragraph 17-undecies of Law Decree 225[357] of 29 December 2010, which states that "the assets and contractual rights included in BancoPosta's ring-fenced capital shall be shown separately in the Company's statement of financial position", Poste Italiane SpA's statement of financial position includes a *Supplementary statement showing BancoPosta RFC*.

On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta RFC, which, in taking into account the entity's specific organisational and operational aspects, has established prudential requirements that are substantially in line with those applicable to banks. These include regulations covering the organisational structure and governance, the system of internal controls and the requirements regarding capital adequacy and risk containment.

Furthermore, BancoPosta RFC's Regulation states that "In view of the absence of non-controlling interests in BancoPosta RFC, on approval of Poste Italiane SpA's financial statements, the Shareholders' Meeting shall – on the recommendation of the Board of Directors – vote on the appropriation of the Company's profit for the year, and in particular: the portion of BancoPosta RFC, as shown in the related statement, taking account of its specific rules and, in particular, the need to comply with prudential supervisory capital requirements (...)".

356. Actuarial gains and losses on defined benefit plans, which in the Company' s financial statements are accounted for in retained earnings, are accounted for in the valuation reserves in the Separate Report (Item 110 of Liabilities).
357. Converted into Law 10 of 26 February 2011.

5.3 Notes to the Statement of Financial Position

Assets

A1 – Property, plant and equipment (€2,532 million)

The following table shows movements in property, plant and equipment in 2024:

tab. A1 - Movements in property, plant and equipment

(€m)	Land	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	75	3,205	2,367	356	745	1,906	151	8,805
Accumulated depreciation	-	(2,017)	(1,853)	(327)	(499)	(1,769)	-	(6,465)
Impairment losses	-	(16)	(1)	(1)	-	(1)	-	(19)
Balance at 1 January 2024	**75**	**1,172**	**513**	**28**	**246**	**136**	**151**	**2,321**
Changes during the year								
Acquisitions	-	56	86	20	74	75	123	434
Reclassifications	-	34	39	-	16	13	(102)	-
Disposals	-	(2)	(1)	-	-	-	(1)	(4)
Depreciation	-	(35)	(57)	(11)	(55)	(61)	-	(219)
Total changes	**-**	**53**	**67**	**9**	**35**	**27**	**20**	**211**
Cost	75	3,292	2,473	369	831	1,947	171	9,158
Accumulated depreciation	-	(2,051)	(1,892)	(331)	(550)	(1,783)	-	(6,607)
Impairment losses	-	(16)	(1)	(1)	-	(1)	-	(19)
Balance at 31 December 2024	**75**	**1,225**	**580**	**37**	**281**	**163**	**171**	**2,532**

None of the above items is attributable to BancoPosta RFC.

At 31 December 2024, property, plant and equipment includes assets located on land held under concession or sub-concession, which are to be handed over free of charge at the end of the concession term. These assets have a total carrying amount of €67 million.

Investments of €434 million in 2024 consists largely of:
- €56 million for operating buildings, relating mainly to extraordinary maintenance of Post Offices around the country (€34 million), personnel and management offices (€10 million) and mail and parcel sorting offices (€9 million);
- €86 million relating to plant and machinery, of which €41 million for the creations of plants related to buildings, €26 million for the construction and extraordinary maintenance of connectivity and video-surveillance systems, €15 million for the installation of ATMs (automated teller machine) and €4 million for the creation and extraordinary maintenance of mail sorting and parcel processing at industrial facilities;
- €74 million invested in the upgrade of plant (€42 million) and the structural part (€32 million) of properties held under lease;
- €75 million relating to "Other assets", including €53 million for the purchase of hardware for the upgrade of technological equipment at Post Offices and head offices and the strengthening of storage systems and €21 million for the purchase of furniture and fittings;
- €123 million for Investments in progress, of which €110 million for extraordinary maintenance works and infrastructural equipment of the sales and production network, and €12 million for the purchase of hardware and other technological equipment that has not yet been incorporated into production process.

Reclassifications from property, plant and equipment under construction amounted to €102 million and refer mainly to the purchase cost of assets that became available and ready for use during the year; in particular, €80 million refer to the completion of extraordinary renovations of owned properties and improvements of leased properties, €13 to the activation of hardware and other instruments and for €9 million to the installation of connectivity systems.

In the year under review, work continued on the Polis Project, for which the Company made investments of €182 million (until 31 December 2024, total investments of approximately €277 million).

Polis Project - Investments

Lines of intervention (€m)	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
One-stop shop	41	51	3	68	38	42	243
Spaces for Italy	8	7	-	-	1	18	34
Total	**49**	**58**	**3**	**68**	**39**	**60**	**277**

Lastly, it should be noted that during the year, investments of €31 million classified as "green", i.e., aimed at reducing the impact that Poste Italiane has on the environment in which it operates, were made. The main projects include the installation of photovoltaic systems and electrical charging columns, as well as energy efficiency measures on buildings.

A2 – Investment property (€26 million)

The following table shows movements in investment property in 2024:

tab. A2 - Movements in investment property

(€m)	FY 2024
Cost	81
Accumulated depreciation	(53)
Balance at 1 January	**28**
Changes during the year	
Acquisitions	1
Disposals	(2)
Depreciation	(1)
Total changes	**(2)**
Cost	78
Accumulated depreciation	(52)
Balance at 31 December	**26**
Fair value at 31 December	*62*

Investment property primarily regards former service accommodation owned by Poste Italiane SpA pursuant to Law 560 of 24 December 1993, and residential accommodation previously used by post office directors. None of the above items is attributable to BancoPosta RFC.

The fair value of investment property at 31 December 2024 includes €51 million representing the sale price applicable to the Parent Company's accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company[358].

Most of the properties included in this category are subject to lease agreements classifiable as operating leases, given that Poste Italiane SpA retains substantially all the risks and rewards of ownership of the properties. Under the relevant agreements, tenants usually have the right to break off the lease with six-month notice. Given the resulting lack of certainty, the expected revenue flows from these leases are not referred to in these notes.

358. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for Level 3.

A3 – Intangible assets (€1,139 million)

The following table shows movements in intangible assets in 2024:

tab. A3 - Movements in intangible assets

(€m)	Industrial patents, intellectual property rights, concessions, licences, trademarks and similar rights	Concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Total
Cost	4,952	2	270	33	5,257
Accumulated amortisation and impairments	(4,202)	(2)	-	-	(4,204)
Balance at 1 January 2024	**750**	**-**	**270**	**33**	**1,053**
Changes during the year					
Acquisitions	234	-	218	-	452
Reclassifications	213	-	(213)	-	-
Disposals	(1)	-	(2)	-	(3)
Amortisation and impairments	(363)	-	-	-	(363)
Total changes	**83**	**-**	**3**	**-**	**86**
Cost	5,283	2	273	33	5,591
Accumulated amortisation and impairments	(4,450)	(2)	-	-	(4,452)
Balance at 31 December 2024	**833**	**-**	**273**	**33**	**1,139**

None of the above items is attributable to BancoPosta RFC.

Investments in Intangible assets during 2024 amounted to €452 million, including about €45 million in internal software development activities and the related accessory expenses developed within the Company, primarily relating to personnel expenses (€42 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Company, are not capitalised.

Investments relating to the item **Industrial patents and intellectual property rights,** relate primarily to the purchase and entry into service of new software programs following the purchase of software licences.

Investments relating to the item **intangible assets under construction** includes activities regarding the development of software relating to the infrastructure platform (€100 million), for BancoPosta services (€53 million), for support to the sales network (€30 million), for the postal products platform (€22 million) and for the engineering of reporting processes for other Business functions and personnel (€13 million).

Reclassifications were made from **Intangible assets under construction** to Industrial patents and intellectual property rights amounting to €213 million. due to the completion and start-up of new software programs and the development of existing ones, relating to the infrastructure platform (€94 million), BancoPosta services (€44 million), support for the sales network (€35 million), the postal products platform (€27 million) and the engineering of reporting processes for other Business and personnel functions (€13 million).

During the year under review, the Polis Project continued, for which the Company made total investments of €10 million, of which €7 million related to 2024.

Polis Project - Investments

Lines of intervention (€m)	Industrial patents, intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Total
One-stop shop	6	3	9
Spaces for Italy	1	-	1
Total	**7**	**3**	**10**

Finally, during the year 2024, as part of the Energy Project, Poste Italiane invested around €15 million in application software.

A4 – Right-of-use assets (€845 million)

Changes in right-of-use assets during 2024 are as follows:

tab. A4 - Movements to right-of-use asset

(€m)	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,367	344	29	32	1,772
Accumulated depreciation	(617)	(156)	(13)	(16)	(802)
Balance at 1 January 2024	**750**	**188**	**16**	**16**	**970**
Changes during the year					
New contract acquisitions	45	32	6	-	83
Adjustments	41	(1)	(1)	(1)	38
Disposals	(17)	(3)	-	-	(20)
Depreciation	(130)	(84)	(7)	(5)	(226)
Total changes	**(61)**	**(56)**	**(2)**	**(6)**	**(125)**
Cost	1,429	371	35	15	1,850
Accumulated depreciation	(740)	(239)	(21)	(5)	(1,005)
Balance at 31 December 2024	**689**	**132**	**14**	**10**	**845**

Acquisitions during the year, totalling €83 million, refer to new real estate contracts (€45 million), the rental of company vehicles for mail and parcel delivery (€32 million) and mixed-use vehicles (€6 million).

The item adjustments refers to the renewal of real estate contracts existing at the beginning of the period (€33 million) and contractual changes (€8 million).

The item terminations refers to the early termination of existing contracts with respect to their natural maturity.

The increase in Right-of-use Assets recognised during the year and related to lease contracts for electric, hybrid and endothermic vehicles considered to be “green” amounted to €32 million.

Changes in lease payables are as follows:

tab. A4.1 - Movements in lease liabilities

(€m)	FY 2024
Balance at 1 January	**1,032**
New contract increases	83
Payments	(244)
Finance income/(costs)	21
Other changes	18
Balance at 31 December	**910**
of which medium-long term	652
of which short-term	258

The table below summarises the effects recognised in the statement of profit or loss:

tab A4.2 - Economic effects of lease agreements

(€m)	FY 2024	FY 2023
Depreciation of right-of-use assets	227	223
Impairments/recoveries/adjustments right of use	1	-
Finance income/(expenses) on lease liabilities	21	21
Costs related to short-term leases	6	4
Costs related to lease of low-value assets	8	9
Costs related to lease of intangible assets	133	102
Total	**396**	**359**

A5 – Investments (€3,694 million)

This item includes the following:

tab. A5 - Investments

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Investments in subsidiaries	3,443	3,440	3
Investments in associates	236	255	(19)
Investments in joint ventures	15	-	15
Total	**3,694**	**3,695**	**(1)**

No investments are attributable to BancoPosta RFC.

Changes in equity investments in subsidiaries, associates and jointly controlled entities are shown below:

tab. A5.1 - Movements in investments in FY 2024

Investments (€m)	Balance at 01.01.2024	Increases				Decreases		Impairment losses		Balance at 31.12.2024
		Subscriptions /Payments on capital a/c	Acquisitions, mergers, liquidations, spin-offs, transfers	Reclass. Non-current assets held for sale	Incentive plans	Sales, liquidations, mergers, de-mergers, transfer	Reclass. Non-current assets held for sale	Write-back	(Write-down)	
in subsidiaries										
Address Software Srl	-	-	1	-	-	(1)	-	-	-	-
Agile Lab Srl	18	-	-	-	-	-	-	-	-	18
BancoPosta Fondi SpA SGR	9	-	-	-	-	-	-	-	-	9
Casina Poste SSD a rl	-	-	-	-	-	-	-	-	-	-
CLP ScpA	-	-	-	-	-	-	-	-	-	-
Consorzio PosteMotori	-	-	-	-	-	-	-	-	-	-
Consorzio Servizi ScpA	-	-	-	-	-	-	-	-	-	-
EGI SpA	170	-	-	-	-	-	-	-	-	170
MLK Deliveries SpA	35	-	-	-	-	-	-	-	-	35
Nexive Network Srl	16	-	-	-	-	-	-	-	-	16
Nexive Scarl	-	-	-	-	-	-	-	-	-	-
PatentiViaPoste ScpA	-	-	-	-	-	-	-	-	-	-
Poste Air Cargo Srl	1	-	-	-	-	-	-	-	-	1
Poste Logistics SpA	-	1	-	-	-	-	-	-	-	1
Poste Vita SpA	2,070	-	-	-	-	-	-	-	-	2,070
Poste Welfare Servizi Srl	76	-	-	-	-	-	-	-	-	76
Postego SpA	-	1	-	-	-	-	-	-	-	1
Postel SpA	83	-	-	-	-	-	-	-	-	83
PostePay SpA	902	-	-	-	-	-	-	-	-	902
SDA Express Courier SpA	14	-	-	-	-	-	-	-	-	14
Sengi Express Limited	16	-	-	-	-	-	-	-	-	16
Sourcesense SpA	30	-	-	-	-	-	-	-	-	30
SPV Cosenza SpA	-	1	-	-	-	-	-	-	-	1
Total subsidiaries	**3,440**	**3**	**1**	**-**	**-**	**(1)**	**-**	**-**	**-**	**3,443**
in associates										
Anima Holding SpA	203	-	-	-	-	-	-	-	-	203
Conio Inc.	-	-	-	-	-	-	-	-	-	-
Financit SpA	40	-	-	-	-	-	-	-	(19)	21
ItaliaCamp Srl	-	-	-	-	-	-	-	-	-	-
Replica SIM SpA	10	-	-	-	-	-	-	-	-	10
sennder Italia Srl	2	-	-	-	-	-	-	-	-	2
Total associates	**255**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**236**
in joint ventures										
Locker Italia SpA	-	15	-	-	-	-	-	-	-	15
Total joint ventures	**-**	**15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**
Total	**3,695**	**18**	**1**	**-**	**-**	**(1)**	**-**	**-**	**(19)**	**3,694**

The following movements occurred in 2024:

- Purchase of 100% of the share capital of Address Software Srl from Postel SpA on 24 January 2024 for approximately €0.9 million. The transaction, carried out in compliance with the provisions of the Assirevi Preliminary Guidelines on IFRS - OPI no. 1 "*Accounting treatment of business combinations under common control in the financial statements and consolidated financial statements*"[359], provided for the recognition of the investment in Address Software Srl at historical cost (€0.5 million) and the consequent increase in the investment in Postel SpA (€0.4 million) for the difference between the consideration paid and the carrying amount of the investment acquired. This transaction was in preparation for the start of the process of merger by incorporation of Address Software Srl into Poste Italiane SpA. The transaction, which will take effect on 1 June 2024[360], was carried out based on continuity of values, generating a merger surplus of approximately €1 million, which was recognised in the appropriate equity reserve;
- Establishment, on 21 June 2024, of Casina Poste SSD a rl, for the organisation and management as well as the promotion, enhancement and dissemination of amateur sporting activities. The company is 72% controlled by Poste Italiane SpA and the remainder by PostePay SpA, Postel SpA, Poste Vita SpA and SDA Express Courier SpA (each for a 7% share);
- Establishment, on 4 March 2024, of Poste Logistics SpA and subscription of the entire share capital for €0.5 million, for integrated logistics activities for the Poste Italiane Group;
- Establishment, on 9 May 2024, of Postego SpA and subscription of the entire share capital for €0.5 million, to progressively internalise Poste Italiane's car fleet;
- Establishment, on 25 June 2024, of SPV Cosenza SpA and subscription of 95% of the share capital for €0.9 million[361], a company dedicated to the performance of all the services covered by the public-private partnership contract for the management and rationalisation of integrated healthcare logistics for the Cosenza Provincial Health Authority;
- Establishment, on 18 April 2024, of Locker Italia SpA – in which Poste Italiane SpA and Deutsche Post International BV hold equal stakes of 50% respectively - with the objective of developing, in Italy, a network of lockers for last mile deliveries of parcels managed by Poste Italiane SpA and the e-commerce division of the DHL Group. The share capital subscribed by Poste Italiane SpA amounts to €15 million.

Lastly, on 22 May 2024, the Company transferred to PostePay SpA its entire stake in Conio Inc. amounting to 16.29% of the relevant share capital.

Further details of the main corporate actions during 2024, are provided in notes 2.8 – *"Basis of consolidation - Changes to the scope of consolidation and other corporate actions".*

The impairment tests required by the related accounting standards have been conducted in order to identify any evidence of impairment. Based on the available information and the impairment test results[362], the value of the investment in Financit SpA was reduced by roughly €19 million (note C9.2 - *Finance costs*).

359. According to the ASSIREVI document, in the case of transactions involving the purchase of a controlling interest from another entity under common control for cash consideration, if the transaction is not carried out at arm's length, any difference between the carrying amount of the business acquired and the transaction consideration constitutes a shareholder transaction. (section 1.1 - Acquisition and Transfer of Business Units).
360. The accounting and tax effects of the transaction are backdated to 1 April 2024.
361. The remaining 5% of the share capital was subscribed by Plurima SpA.
362. The method applied and the criteria used in conducting impairment tests at 31 December 2024, are described in note 2.6 – *Use of estimates*, with regard to the *impairment testing of goodwill, cash generating units and investments*.

The following table shows a list of investments in subsidiaries, associates and jointly controlled entities at 31 December 2024:

tab. A5.2 - List of investments

Name (€k)	% share	Share capital*	Net profit/ (loss) for the year	Carrying amount of equity	Share of equity	Carrying amount at 31.12.24	Difference between equity and carrying amount
in subsidiaries							
Agile Lab Srl	70.00	54	507	5,073	3,551	17,951	(14,400)
BancoPosta Fondi SpA SGR	100.00	12,000	38,941	69,453	69,453	8,592	60,861
Casina Poste SSD a rl**	100.00	50	16	66	66	36	30
CLP ScpA	51.00	516	-	788	402	313	89
Consorzio PosteMotori	58.12	120	-	120	70	70	-
Consorzio Servizi ScpA	51.00	120	-	116	59	61	(2)
EGI SpA	55.00	103,200	5,904	245,706	135,138	169,893	(34,755)
MLK Deliveries SpA	100.00	335	750	15,188	15,188	35,061	(19,873)
Nexive Network Srl	100.00	50	9,291	17,321	17,321	16,000	1,321
Nexive Scarl	85.89	28	-	25	21	-	21
PatentiViaPoste ScpA	69.65	120	186	406	283	84	199
Poste Air Cargo Srl	100.00	1,000	430	6,743	6,743	845	5,898
Poste Logistics SpA	100.00	500	6,176	22,474	22,474	511	21,963
Poste Vita SpA	100.00	1,216,608	965,442	6,636,063	6,636,063	2,069,606	4,566,457
Poste Welfare Servizi Srl	100.00	16	3,668	79,690	79,690	75,921	3,769
Postego SpA	100.00	50	(149)	351	351	500	(149)
Postel SpA	100.00	20,400	3,454	82,246	82,246	83,086	(840)
PostePay SpA	100.00	7,561	420,553	1,279,298	1,279,298	902,892	376,406
SDA Express Courier SpA	100.00	5,000	7,804	18,421	18,421	14,230	4,191
Sengi Express Limited***	51.00	541	12,329	12,969	6,614	16,000	(9,386)
Sourcesense SpA**	70.00	880	827	8,136	5,695	30,169	(24,474)
SPV Cosenza SpA	95.00	948	(194)	754	716	901	(185)
in associates							
Anima Holding SpA****	11.95	7,292	172,038	1,523,004	181,999	203,001	(21,002)
Financit SpA	40.00	14,950	12,519	66,337	26,535	21,443	5,092
ItaliaCamp Srl*****	19.40	155	25	2,918	566	2	564
Replica SIM SpA	45.00	10,500	1,276	12,235	5,506	10,000	(4,494)
sennder Italia Srl	25.00	50	7,543	19,213	4,803	1,356	3,447
in joint ventures							
Locker Italia SpA	50.00	1,000	(434)	29,566	14,783	15,000	(217)

* Consortium fund in the case of consortia. The companies all have registered offices in Rome, with the exception of Anima Holding SpA, Nexive Network Srl, Nexive Scarl, sennder Italia Srl, Replica SIM SpA and Agile Lab Srl with registered offices in Milan and Sengi Express Limited with registered offices in Hong Kong (China).

** Data processed in compliance with IFRS and, as such, may vary from those contained in the respective financial statements of the investee, which were prepared in accordance with the Italian Civil Code and Italian GAAP.

*** The figures shown for this company were prepared in accordance with IFRS and, as such, may vary from those contained in the Annual Report of the company in compliance with Local GAAP.

**** Figures taken from the company's latest interim financial statements at 30 September 2024, as approved by its Board of Directors.

***** Data derived from the Half-yearly Financial Report approved by the company on 31 December 2023.

A6 – Financial assets (€81,675 million)

tab. A6 - Financial assets

Description (€m)	Balance at 31.12.2024 Non-current assets	Current assets	Total	Balance at 31.12.2023 Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	30,728	14,030	44,758	30,481	12,794	43,275	1,483
Financial assets at FVTOCI	33,327	877	34,204	30,689	3,016	33,705	499
Financial assets at FVTPL	34	-	34	35	-	35	(1)
Derivative financial instruments	2,611	68	2,679	4,180	77	4,257	(1,578)
Total	**66,700**	**14,975**	**81,675**	**65,385**	**15,887**	**81,272**	**403**
of which attributable to BancoPosta RFC	65,758	14,934	80,692	64,384	15,826	80,210	482
of which Capital outside the ring-fence	942	41	983	1,001	61	1,062	(79)

Financial assets attributable to BancoPosta RFC

Financial assets BancoPosta RFC

Description (€m)	Balance at 31.12.2024 Non-current assets	Current assets	Total	Balance at 31.12.2023 Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	30,345	13,989	44,334	30,124	12,734	42,858	1,476
Loans and receivables	-	13,226	13,226	-	12,460	12,460	766
Loans	-	1,566	1,566	-	1,769	1,769	(203)
Receivables	-	11,660	11,660	-	10,691	10,691	969
Deposits with the MEF	-	9,968	9,968	-	8,932	8,932	1,036
Receivables	-	9,972	9,972	-	8,937	8,937	1,035
Provisions for doubtful amounts deposited with MEF	-	(4)	(4)	-	(5)	(5)	1
Other financial receivables	-	1,692	1,692	-	1,759	1,759	(67)
Fixed income instruments	30,345	763	31,108	30,124	274	30,398	710
Financial assets at FVTOCI	32,768	877	33,645	30,054	3,015	33,069	576
Fixed income instruments	32,768	877	33,645	30,054	3,015	33,069	576
Financial assets at FVTPL	34	-	34	26	-	26	8
Equity instruments	34	-	34	26	-	26	8
Derivative financial instruments	2,611	68	2,679	4,180	77	4,257	(1,578)
Cash flow hedges	6	6	12	2	3	5	7
Fair value hedges	2,605	62	2,667	4,178	74	4,252	(1,585)
Fair value through profit or loss	-	-	-	-	-	-	-
Total	**65,758**	**14,934**	**80,692**	**64,384**	**15,826**	**80,210**	**482**

The activities in question concern the financial transactions carried out by the Company pursuant to Presidential Decree no. 144 of 14 March 2001, as amended, which, as from 2 May 2011, fall within the scope of RFC (see note 5.2 - *Information on BancoPosta* RFC).

Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

A6.1 - Movements in financial assets at amortised cost

Description (€m)	Loans and receivables	Fixed income instruments		Total
	Carrying amount	Nominal value	Carrying amount	Carrying amount
Balance at 1 January 2024	**12,460**	**30,877**	**30,398**	**42,858**
Purchases	-	2,630	2,650	2,650
Changes in amortised cost	-	-	(31)	(31)
Transfers to equity reserves	-	-	5	5
Changes in fair value through profit or loss	-	-	207	207
Changes due to impairment	1	-	5	6
Net changes	(407)	-	-	(407)
Effects of sales on profit or loss	-	-	35	35
Change in accruals	(4)	-	18	14
Sales and redemptions	-	(2,641)	(2,179)	(2,179)
Other changes	1,176	-	-	1,176
Balance at 31 December 2024	**13,226**	**30,866**	**31,108**	**44,334**

Loans and receivables

The item **Loans** refers to repurchase agreements in the amount of €2,726 million (€4,106 million at 31 December 2023), of which, €2,513 million entered into with Cassa di Compensazione e Garanzia SpA (hereafter CC&G) and €213 million with leading financial operators, both for the temporary use of liquidity from private inflows. These transactions are guaranteed by securities for a total notional amount of €2,611 million. Financial assets and liabilities relating to repurchase agreements managed through the CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023). At 31 December 2024, the fair value[363] of said item was €1,566 million.

Receivables include:

- **Deposits with the MEF**, for €9,972 million, including public customers' postal current account deposits, which earn a variable rate of return, calculated on a basket of government bonds[364]. The deposit has been adjusted to reflect accumulated impairments of approximately €4 million, to reflect the risk of counterparty default (€5 million at 31 December 2023). The increase in deposits of €1,035 million was mainly due to the typical operations of some customers in the Public Administration, which generated an increase in deposits from postal current accounts. During the 2024 financial year, hedging derivative contracts were concluded on the 10-year index-linked remuneration component. The hedging transaction was carried out through forward purchases of the 10-year BTP with settlement of the differential between the pre-set price of the security and its market value. These transactions, completed at 31 December 2024, generated positive effects of €2 million, which was recognised in profit or loss under the item Income from investment in postal current accounts and free cash.
- **Other financial receivables:**
  - €801 million from amounts due for guarantee deposits, of which: €299 million for sums paid to counterparties for repo transactions on fixed income instruments (collateral under specific Global Master Repurchase Agreements), €214 million for sums paid to CC&G, (of which €123 million for outstanding repo transactions and €91 million as a pre-funded contribution to the guarantee fund, the Default Fund[365]), €193 million for amounts paid to counterparties for interest rate swap transactions (collateral provided for in specific Credit Support Annexes) and €95 million in sums paid as collateral in relation to clearing systems with central counterparties for over-the-counter transactions in derivatives[366];
  - €386 million related to the liquidity reserve at CC&G to cover possible intra-day margin calls;
  - €278 million euros related to items in process in respect of card withdrawals and payments, settled in the first few days of the financial year 2025, of which €102 million related to amounts due from the subsidiary PostePay SpA.

363. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.
364. The variable rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.
365. A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.
366. These are transactions carried out outside the regulated securities markets and therefore not subject to any specific regulation concerning the organisation and operation of the market itself.

Fixed income instruments are euro area fixed income instruments held by BancoPosta RFC, consisting of government securities issued by the Italian government and securities guaranteed by the Italian government with a nominal value of €30,866 million. Their carrying amount of €31,108 million reflects the amortised cost of unhedged fixed income instruments, totalling €19,721 million, the amortised cost of fair-value hedged fixed income instruments, totalling €12,469 million, that decreased by €1,082 million to take into account the effects of the hedge (€1,944 million in 2023). Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 31 December 2024 amount to approximately €13 million (€18 million at 31 December 2023). At 31 December 2024, the fair value[367] of these securities was €29,647 million (including €252 million in accrued income). The increase compared to the previous year is mainly due to the positive change in the hedged component as a result of the downward shift in the interest rate curve, as well as to more purchases made during the year than sales/reimbursements.

This category of financial assets includes fixed rate instruments, for a total nominal amount of €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 31 December 2024, their carrying amount totals €2,902 million).

Financial assets at fair value through other comprehensive income

Movements in financial assets measured at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.2 - Changes in financial assets at FVTOCI

Description (€m)	Fixed income instruments	
	Nominal value	Fair value
Balance at 1 January 2024	**34,859**	**33,069**
Purchases	6,122	6,221
Transfers to equity reserves	-	11
Changes in amortised cost	-	44
Changes in fair value through equity	-	594
Changes in fair value through profit or loss	-	252
Effects of sales on profit or loss	-	35
Change in accruals	-	9
Sales and redemptions	(7,186)	(6,590)
Balance at 31 December 2024	**33,795**	**33,645**

* The item, "Changes in cash flow hedges", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of stipulation of the derivative contract and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

367. In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €26,489 million of the total amount qualifies for inclusion in Level 1 and €3,158 million for inclusion in Level 2.

Fixed income instruments

These are euro area **fixed income instruments**, consisting of government securities issued by the Italian government with a nominal value of €33,795 million. The amount of €33,645 million consists of non-hedged securities in the amount of €14,731 million, fair value hedged securities in the amount of €12,240 million, and CFH hedged securities in the amount of €6,674 million. The overall fluctuation in fair value in the year in question was a positive €846 million, recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges (positive for €594 million) and recognised through profit or loss in relation to the hedged portion (positive for €252 million). These instruments are subject to impairments recognised in profit or loss with a matching entry in the relevant equity reserve. Accumulated impairments at 31 December 2024 amount to €14 million (€19 million at 31 December 2023). The increase in this item is mainly due to the positive change in fair value partially offset by the higher sales/reimbursements made during the year compared to purchases.

Certain securities are encumbered as they have been delivered to counterparties for use as collateral in connection with loans and hedging transactions, as described in note 5.12 – *Additional information*.

Financial assets at fair value through profit or loss

Equity instruments

Equity instruments include:
- for €17 million, the fair value of 32,059 Visa Incorporated preferred stocks (Series C Convertible Participating Preferred Stocks). These shares are convertible to ordinary shares at the rate of 1,783[368] ordinary shares for each C share, minus a suitable illiquidity discount. The process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stocks continued during the year, partially concluded on 19 July 2024 with the grant of 583 preferred stocks of Visa Incorporated Series A Preferred Stocks;
- for €17million, the fair value of 583 Visa Incorporated preferred stocks (Series A Preferred Stock); these shares are convertible into ordinary shares on the basis of a ratio of 100 ordinary shares for every share of Class A Preferred Stock.

Net fair value gains in the year under review, amounting to €8 million, have been recognised in profit or loss in the items Income and Expenses from financial activities.

In addition, a forward sale agreement was entered into during the financial year 2023 for 95,000 Visa Incorporated ordinary shares with a total consideration of €20.5 million and a settlement date of 3 March 2025. Fair value fluctuations in the year under review, amounting to a negative €5.6 million, have been recognised in profit or loss in “Expenses from financial activities”.

368. Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

Derivative financial instruments

tab. A6.3 - Derivative financial instruments

Description (€m)	Balance at 31.12.2024		Balance at 31.12.2023		Changes in fair value
	Nominal	Fair value	Nominal	Fair value	
Cash Flow Hedges					
Forward sales Securities	602	2	-	-	2
Interest rate swaps	5,956	(532)	3,287	(513)	(19)
Fair value hedges					
Interest rate swaps on securities at FVTOCI and AC	24,452	1,861	25,031	3,718	(1,857)
Interest rate swaps on repos	-	-	3,996	(83)	83
FVTPL					
Forward sales	-	(8)	-	(3)	(5)
Total	**31,010**	**1,323**	**32,314**	**3,119**	**(1,796)**
Of which:					
Derivative assets	16,312	2,679	19,665	4,257	(1,578)
Derivative liabilities	14,698	(1,356)	12,649	(1,138)	(218)

Cash flow hedge transactions in interest rate swaps and forward sales relate exclusively to securities valued at FVTOCI. Interest rate risk cash flow hedges recorded a net negative change of €17 million during the period, of which €111 million related to the net positive change in fair value of the effective component of the hedge, reflected in the cash flow hedge reserve, and €128 million related to the net negative change in completed transactions[369] during the year and the ineffective component of hedging contracts.

Fair value hedges in interest rate swaps are used to hedge securities measured at amortised cost with a nominal value of €11,617 million and securities measured at FVTOCI with a nominal value of €12,835 million; in total, they underwent a net negative change of €1,857 million during the year, of which €85 million related to the net negative change in fair value of the effective component of the hedge and €1,772 million related to the net negative change in transactions completed during the year and the ineffective component of hedging contracts.

In the year under review, the Company carried out the following transactions:
- forward sales of securities with a nominal amount of €602 million;
- settlement of new cash flow hedge interest rate swaps with a nominal value of €2,669 million;
- settlement of new fair value hedge interest rate swaps to hedge the securities portfolio for a nominal amount of €3,895 million and adjusting those outstanding at 1 January 2024 for a nominal amount of €25 million;
- early settlement or at maturity of fair value hedge interest rate swaps on repurchase agreements for a nominal value of €3,996 million;
- early settlement of fair value hedge interest rate swaps with a nominal value of €4,449 million (of which: €3,499 million relating to hedging transactions for which the underlying security was also sold, €950 million relating to hedging transactions without sale of the underlying security) with the aim of consolidating a fixed return in line with the market situation, while at the same time improving the income profile of a portion of the portfolio for subsequent years.

In addition, the Company entered into and settled forward purchases for a total nominal value of €148 million (recognised at fair value through profit or loss) to hedge the 10-year index-linked component of the remuneration of the investment of funding from public customers. In total, these transactions generated a positive effect of €2 million in the year under review, which was recognised in the income statement under the item Income from investments in postal current accounts and free cash.

369. Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

Financial assets outside ring-fence

Financial assets outside the ring-fence

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	383	41	424	356	61	417	7
Loans and receivables	383	41	424	356	61	417	7
Loans	380	33	413	354	54	408	5
Receivables	3	8	11	2	7	9	2
Due from the purchasers of service accommodation	3	1	4	2	2	4	-
Due from others	-	27	27	-	25	25	2
Provisions for doubtful debts	-	(20)	(20)	-	(20)	(20)	-
Financial assets at FVTOCI	559	-	559	636	-	636	(77)
Fixed income instruments	102	-	102	99	-	99	3
Equity instruments	457	-	457	537	-	537	(80)
Financial assets at FVTPL	-	-	-	9	-	9	(9)
Convertible bond	-	-	-	9	-	9	(9)
Total	**942**	**41**	**983**	**1,001**	**61**	**1,062**	**(79)**

Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.4 - Movements in financial assets at amortised cost

Description (€m)	Loans	Receivables	Total
	Carrying amount	Carrying amount	Carrying amount
Balance at 1 January 2024	**408**	**9**	**417**
Purchases	32	-	32
Net changes	-	2	2
Change in accruals	-	-	-
Sales and redemptions	(27)	-	(27)
Balance at 31 December 2024	**413**	**11**	**424**

Loans

Details are shown below:

tab. A6.4.1 - Loans at amortised cost

Name (€m)	Balance at 31.12.2024 Loans	Balance at 31.12.2024 Correspondence a/c	Balance at 31.12.2024 Total	Balance at 31.12.2023 Loans	Balance at 31.12.2023 Correspondence a/c	Balance at 31.12.2023 Total	Changes
Direct subsidiaries							
Poste Vita SpA	254	-	254	254	-	254	-
SDA Express Courier SpA	63	-	63	62	7	69	(6)
Postel SpA	17	-	17	17	2	19	(2)
Nexive Network Srl	-	-	-	-	9	9	(9)
Poste Air Cargo Srl	-	2	2	-	5	5	(3)
Poste Logistics SpA	4	-	4	-	-	-	4
Sourcesense SpA	-	-	-	-	4	4	(4)
Consorzio Servizi ScpA	-	-	-	-	2	2	(2)
Agile Lab Srl	-	5	5	-	1	1	4
Indirect subsidiaries							
Plurima SpA	68	1	69	45	1	46	23
	406	**8**	**414**	**378**	**31**	**409**	**5**
Provision for impairment of intercompany loans	(1)	-	(1)	(1)	-	(1)	-
Total	**405**	**8**	**413**	**377**	**31**	**408**	**5**

The item includes:

- €254 million relating to an irredeemable subordinated loan, issued to Poste Vita SpA in order to bring the subsidiary's capitalisation into line with expected growth in earned premiums, in compliance with the specific regulations governing the insurance sector;
- €63 million relating to a total of four loans granted to the subsidiary SDA Express Courier SpA in the years 2020, 2021 and 2023, to support the construction of the new automated HUB facilities in Northern Italy and Central Italy, Piacenza and Naples, repayable in a lump sum on 16 April 2029, 5 August 2030, 6 April 2032 and 19 April 2032, respectively;
- €17 million for the full utilisation of the committed revolving credit line granted during the year 2023 to the subsidiary Postel SpA maturing on 4 July 2026;
- €4 million for the utilisation of a committed revolving credit line totalling €10 million granted during the year to the subsidiary Poste Logistics SpA maturing on 31 December 2025;
- €68 million for four loans granted to the subsidiary Plurima SpA, of which: €40 million, repayable in a lump sum on 27 April 2029[370]; €16 million to meet the obligations relating to the redemption of the capital gain generated by the reverse merger of Plurima Bidgo Srl into Plurima SpA, repayable in a lump sum on 25 June 2030; €8 million to meet the investments envisaged in the new 2024-2028 Strategic Plan mainly in Sardinia and Piedmont, repayable in a lump sum on 30 May 2030; €4 million to meet short-term operating needs and to support the exercise of the option to purchase the remaining 40% of the share capital of Bridge Technologies Srl, repayable in a lump sum on 6 April 2027;
- €8 million regarding overdrafts on intercompany current accounts granted to subsidiaries, paying interest on an arm's length basis.

These loans have been adjusted to reflect accumulated impairments of approximately €1 million, to reflect the risk of counterparty default, unchanged from 31 December 2023.

370. On 29 September 2022, the reverse merger of Plurima Bidco Srl into Plurima SpA was approved, effective from 1 January 2023. Consequently, the loan granted in the year 2022 in favour of Plurima Bidco Srl to support the corporate transaction for the acquisition of a majority stake in Plurima SpA was reclassified.

Receivables

Due from others include a nominal value of €20 million for the residual receivable from Invitalia SpA for the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA (BdM), fully written off, and €6 million from Poste Vita SpA for interest accrued at 31 December 2024 on the Ancillary Own Funds renewed during the year 2023 for a maximum amount of €1,750 million.

Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.5 - Movements in financial assets at FVTOCI

Description (€m)	Fixed income instruments		Equity instruments		Total
	Nominal Value	Fair value	Fair value	Nominal Value	Fair value
Balance at 1 January 2024	**110**	**99**	**537**	**110**	**636**
Purchases	-	-	-	-	-
Changes in amortised cost	-	2	-	-	2
Changes in fair value through equity	-	1	(90)	-	(89)
Convertible bond conversion	-	-	10	-	10
Balance at 31 December 2024	**110**	**102**	**457**	**110**	**559**

Fixed income instruments

The item includes one Italian government bond with a nominal value of €110 million purchased during 2022. The fluctuation in fair value at 31 December 2024, was positive for €1 million and recognised in the specific equity reserve.

Equity instruments

This item breaks down as follows:

tab. A6.5.1 - Equity instruments at FVTOCI

Name (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Nexi SpA	249	345	(96)
sennder Technologies GmbH	126	112	14
MFM Holding Ltd	57	55	2
Scalapay Limited	25	25	-
Milkman SpA	-	-	-
Total	**457**	**537**	**(80)**

In December 2024, Poste Italiane exercised the early conversion of the bond issued by sennder Technologies GmbH into shares of the same for a total amount of approximately €9.5 million. Further details of the transaction are provided in Notes 2.8 – *“Basis of consolidation - Changes to the scope of consolidation and other corporate actions”.*

The overall fair value fluctuation of this item (negative €90 million) is recognised in the specific equity reserve and is mainly attributable to the shares of Nexi SpA (negative reserve of €401 million at 31 December 2024).

Moreover, the item includes, for €75 million the investment in CAI SpA (formerly Alitalia CAI SpA), acquired in 2013 and fully written off in 2014.

Lastly, in February 2025, Poste Italiane SpA sold its entire shareholding in Nexi SpA - equal to about 3.78% of the share capital - to Cassa Depositi e Prestiti SpA (Note 3.2 - *Events after the end of the reporting period*).

Financial assets at fair value through profit or loss

The item refers to participating financial instruments arising from the conversion of Contingent Convertible Notes[371] - issued by Midco SpA - whose value, at 31 December 2024, was zero.

The decrease in the item in question derives from the conversion, on 10 December 2024, of the portion of the convertible bond issued by sennder Technologies GmbH in the year 2023 and subscribed by Poste Italiane for about €9.5 million, a value representing the fair value at the date of conversion.

Derivative financial instruments

The following transactions took place during 2024:
- stipulation and settlement of a commodity swap contract for the operational hedging of fuel costs relating to the air transport of mail carried out through the subsidiary Poste Air Cargo Srl;
- stipulation and settlement of seven non-deliverable forward contracts to hedge the currency risk (euro/dollar) mainly related to aircraft leasing fees for air mail transport, carried out through the subsidiary Poste Air Cargo Srl.

A7 – Inventories (€3 million)

This item includes inventories of raw and ancillary materials and consumables not yet used by the logistics and distribution network.

A8 – Trade receivables (€2,476 million)

tab. A8 - Trade receivables

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Due from customers	1	1,438	1,439	1	1,762	1,763	(324)
Due from subsidiaries, associates and joint ventures	-	809	809	-	763	763	46
Due from Parent company	-	228	228	-	249	249	(21)
Total	**1**	**2,475**	**2,476**	**1**	**2,774**	**2,775**	**(299)**
of which attributable to BancoPosta RFC	-	1,024	1,024	-	1,006	1,006	18

371. These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the airline Alitalia SAI SpA, subscribed by Poste Italiane SpA in December 2014, as part of the transaction aimed at the entry of the company Etihad Airways into the share capital of Alitalia SAI. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

Due from customers

tab. A8.1 - Due from customers

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Due from private individuals for parcel delivery services	-	405	405	-	453	453	(48)
Ministries and Public Administration entities	-	342	342	-	548	548	(206)
Overseas counterparties	-	274	274	-	322	322	(48)
Due from private individuals for mail services	-	219	219	-	251	251	(32)
Cassa Depositi e Prestiti	-	221	221	-	247	247	(26)
Amounts due for other BancoPosta services	-	74	74	-	58	58	16
Overdrawn current accounts	-	47	47	-	45	45	2
Other amounts due from customers	1	277	278	1	231	232	46
Provisions for doubtful debts due from customers	-	(421)	(421)	-	(393)	(393)	(28)
Total	**1**	**1,438**	**1,439**	**1**	**1,762**	**1,763**	**(324)**
of which attributable to BancoPosta RFC	-	306	306	-	322	322	(16)

The change in Due from customers is mainly attributable to the decrease in the amounts due from Ministries and Entities due to the release of receipts related to the tariff additions made in 2020, 2021, 2022 and the first three quarters of 2023 for a total amount of €195 million (which until 31 December 2023 were shown under other liabilities for advances received, due to the constraint of unavailability) and the collection in March 2024 of a further €20 million related to the last quarter of 2023.

Specifically[372]:

- Amounts due for **parcel delivery services** refer to receivables from customers using the "national and international express courier" range of services.
- Amounts due from **Ministries and Public Administration entities** refer mainly to the following services:
    - Mail forwarding and notification services provided following a tender procedure for a total of €63 million.
    - Compensation for Publisher tariff subsidies, due from the Cabinet Office – Publishing Department, amounting to €55 million accrued during the year.
    - Reimbursement of building, vehicle and security costs, postage and other services incurred on behalf of the Ministry of Enterprise and Made in Italy (MIMIT) in the amount of €51 million. This receivable is made up for the remaining €28 million (originally €62 million collected for €34 million) related to services provided until 2012. The addition to the balance consists of €23 million of receivables mainly related to the charges incurred by Poste Italiane but arising from the use of real estate by the Ministry for the period 2013-2024 and for which a negotiation round-table with the counterparty is underway.
    - Mail services provided on credit, totalling €31 million, to central and local government entities.
    - Market Registered Mail services, totalling €30 million, provided to central and local government entities.
    - Integrated Notification and mailroom services rendered to central and local government entities, amounting to €18 million.
    - Unfranked mail services, totalling €14 million, provided to central and local Public Administrations.
    - The payment of pensions on behalf of INPS (the National Institute of Social Security), totalling €9 million.
- Amounts due from **overseas counterparties** primarily relates to postal services carried out for overseas postal operators.
- Amounts due for **mail services** refer to receivables to private customers who use the "delivery and mailing" range of services.
- Amounts due from **Cassa Depositi e Prestiti** refer to fees for BancoPosta's deposit-taking activities.
- Amounts due for **other BancoPosta services** mainly refer to intermediation services (banking, personal loans, mortgages) provided totalling €41 million.
- Amounts due for **overdrawn current accounts** derive almost exclusively from overruns due to the debiting of BancoPosta's periodic fees.

372. At 31 December 2024, the balance of trade receivables includes €6 million, net of the related provisions for doubtful accounts, relating to rental income falling within the scope of IFRS 15 – *Revenue from Contracts with Customers*.

Due from subsidiaries, associates and joint ventures

A8.2 - Due from subsidiaries, associates and joint ventures

Name (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Direct subsidiaries			
BancoPosta Fondi SpA SGR	28	29	(1)
CLP ScpA	6	3	3
Consorzio PosteMotori	3	3	-
MLK Deliveries SpA	1	-	1
PatentiViaPoste ScpA	-	1	(1)
Poste Air Cargo Srl	1	1	-
Poste Logistics SpA	1	-	1
Poste Vita SpA	394	355	39
Postel SpA	34	58	(24)
PostePay SpA	195	189	6
Poste Welfare Servizi Srl	3	5	(2)
SDA Express Courier SpA	19	19	-
Sengi Express Limited	71	66	5
Nexive Network Srl	1	1	-
Nexive Scarl	17	13	4
Indirect subsidiaries			
Kipoint SpA	1	1	-
Poste Assicura SpA	31	16	15
Lis Pay SpA	-	1	(1)
Associates			
Financit SpA	5	3	2
Italia Camp Srl	-	1	(1)
Provision for doubtful debts	(2)	(2)	-
Total	**809**	**763**	**46**
of which attributable to BancoPosta RFC	491	436	55

These trade receivables include:

- Poste Vita SpA: primarily regarding fees deriving from the sale of insurance policies through Post Offices and attributable to BancoPosta RFC (€373 million);
- PostePay SpA: mainly for product placement services related to the payments business (€125 million), for the SMA services on its own account and on behalf of third parties (€21 million), and for "sim" placement services performed at Post Offices (€6 million);
- Sengi Express Limited: entirely for parcel delivery services.

Due from the Parent Company

This item relates to trade receivables due from the Ministry of the Economy and Finance:

tab. A8.3 - Due from the Parent Company

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Remuneration of current account deposits	198	218	(20)
Delegated services	30	30	-
Universal Service	-	31	(31)
Publisher tariff and electoral subsidies	-	1	(1)
Other	1	2	(1)
Provision for doubtful debts due from the Parent company	(1)	(33)	32
Total	**228**	**249**	**(21)**
of which attributable to BancoPosta RFC	227	248	227

- The **remuneration of current account deposits** refers entirely to amounts accrued in 2024 and almost entirely relates to the deposit of funds deriving from accounts opened by Public Administration entities and attributable to BancoPosta RFC.
- Amounts due for **delegated services** refer exclusively to the amount accrued in 2024 and relating to treasury services performed by BancoPosta on behalf of the State in accordance with a special agreement with the MEF, expired on 19 May 2023 for the two-year period 2023-2024.
- Remuneration for the performance of the **Universal Service** of €262 million accrued during the year were fully collected. The amount of compensation was recognised based on the terms of the 2020-2024 Service Contract, effective 1 January 2020. The contract was extended until 30 April 2026 by the Ministry of Enterprise and Made in Italy in November 2024 and signed by the Company on 16 December. The European authorisation process is in progress through notification to the European Commission.

Following the communication received from the MEF on 27 March 2024, in which the opinion of the Avvocatura Generale dello Stato was endorsed, clarifying the ownership of certain credit items, the 2015 agreement[373] by which the respective debit and credit relationships were defined and settled, became fully effective. Therefore, the Company proceeded, in the year under review, to write off the residual receivables by using, and without economic impact, the corresponding provision allocated in 2015 for the remuneration for the performance of the Universal Service for the years 2005 and 2012, totalling €31 million.

Provisions for doubtful trade receivables

Movements in the **provisions for doubtful trade receivables** (due from customers, parent company, subsidiaries and associates) are as follows:

tab. A8.4 - Detail of provisions for doubtful debts

(€m)	Balance at 01.01.2024	Net provisions	Uses	Balance at 31.12.2024
Trade receivables				
Due from customers	310	28	(16)	322
Private customers	224	30	(14)	240
Public administration entities	74	(2)	(2)	70
Overseas postal operators	12	-	-	12
Interest on late payments	83	28	(12)	99
Due from the Parent Company	33	(1)	(31)	1
Due from subsidiaries, associates and joint ventures	2	-	-	2
Total	**428**	**55**	**(59)**	**424**
of which attributable to BancoPosta RFC	45	9	(5)	49

373. On 7 August 2015, the Ministry of Economy and Finance sent Poste Italiane a special note signed by the Director General of the Treasury and the State General Accountancy Office (MEF Note) regarding the recognition of receivables and payables between the Ministry and the Company, effective as of the time of full payment of all sums pertaining to the Company.

Net provisions of €30 million for amounts due from private customers mainly refer to receivables subject to bankruptcy proceedings and receivables entrusted to the legal department for recovery. Utilisations for the year mainly refer to the write-off of receivables following the conclusion of bankruptcy proceedings and agreements, and to the write-off of receivables for current accounts with a debtor balance, for which it was ascertained that recovery actions were not cost effective, also taking into account the small amount of the individual credit positions.

For the sake of completeness, the following tables present details of the gross carrying amount and the provision to cover expected losses for each class of **trade receivables**. This detail is provided separately depending on whether the model used to estimate the ECL is based on an analytical or a lump-sum valuation. For more details on the inputs, assumptions and estimation techniques used to calculate the impairment of financial assets, as well as for information on how collateral and other credit risk mitigation instruments are considered in the calculation of the provisions for doubtful receivables, see *Note 2.6 - Use of estimates - Impairment and stage allocation of financial instruments*.

tab. A8.4.1 - Trade receivables impaired on an analytical basis

	31.12.2024		31.12.2023	
Description (€m)	**Gross carrying amount**	**Provision for doubtful debts**	**Gross carrying amount**	**Provision for doubtful debts**
Trade receivables				
Due from customers	953	(201)	1,224	(183)
Private customers	327	(166)	381	(149)
Ministries and Public Administration entities	212	(35)	379	(34)
Cassa Depositi e Prestiti	221	-	247	-
Overseas counterparties	193	-	217	-
Due from the Parent Company	228	-	279	(31)
Due from subsidiaries, associates and joint ventures	811	(2)	765	(2)
Total	**1,992**	**(203)**	**2,268**	**(216)**

tab. A8.4.2 - Trade receivables impaired on the basis of the provision matrix

	31.12.2024		31.12.2023	
Range of past due (€m)	**Gross carrying amount**	**Provision for doubtful debts**	**Gross carrying amount**	**Provision for doubtful debts**
Not past due trade receivables	556	(13)	534	(13)
Past due 0 - 1 year	72	(7)	91	(10)
Past due 1 - 2 years	24	(4)	43	(6)
Past due 2 - 3 years	17	(4)	43	(6)
Past due 3 - 4 years	20	(5)	25	(6)
Past due > 4 years	38	(29)	36	(28)
Positions subject to legal recovery and/or insolvency proceedings	181	(159)	163	(143)
Total	**908**	**(221)**	**935**	**(212)**

A9 – Other receivables and assets (€2,944 million)

This item breaks down as follows:

tab. A9 - Other receivables and assets

Description (€m)	Notes	Balance at 31.12.2024 Non-current assets	Current assets	Total	Balance at 31.12.2023 Non-current assets	Current assets	Total	Changes
Substitute tax paid		1,723	759	2,482	1,752	572	2,324	158
Due to subsidiaries, associates and joint ventures		-	120	120	-	150	150	(30)
Receivables relating to fixed-term contract settlements		24	70	94	29	73	102	(8)
Accrued income and prepaid expenses from trading transactions		-	67	67	-	10	10	57
Receivables for amounts that cannot be drawn on due to court rulings		-	58	58	-	58	58	-
Interest accrued on IRES refund	[C12]	-	46	46	-	46	46	-
Due from social security agencies and pension funds (excl. fixed-term contract settlements)		-	43	43	-	72	72	(29)
Tax assets		-	32	32	-	26	26	6
Sundry receivables		15	66	81	17	57	74	7
Provisions for doubtful debts due from others		(4)	(75)	(79)	(3)	(82)	(85)	6
Total		**1,758**	**1,186**	**2,944**	**1,795**	**982**	**2,777**	**167**
of which attributable to BancoPosta RFC		1,723	802	2,525	1,752	608	2,360	165

Specifically:

- **Substitute tax** paid, attributable to BancoPosta RFC, primarily regards:
  - €1,723 million charged to holder of Interest-bearing Postal Certificates for stamp duty at 31 December 2024[374]; this amount is balanced by a matching entry in "Other taxes payable" until expiration or early extinguishment of the Interest-bearing Postal Certificates, i.e. the date on which the tax is payable to the tax authorities (tab. B9.3);
  - €536 million relating to advances paid to the tax authorities for stamp duty to be paid in virtual form in 2025 and to be recovered from customers;
  - €92 million relating to stamp duty to be charged to Postal Savings Book holders, which the Company pays in virtual form as required by law;
  - €74 million in advances on withholding tax on interest paid to current account holders for 2024, which is to be recovered from customers.
- Amounts due from **subsidiaries, associates and joint ventures** include €88 million in receivables claimed by Poste Italiane SpA in its capacity as the consolidating company for tax purposes (note 2.5 - *Material information on accounting standards*) due mainly from the subsidiaries Poste Vita SpA, PostePay SpA and BancoPosta Fondi SpA SGR, and €21 million due from the subsidiary Poste Welfare Servizi Srl for the advance payment of the funds needed to meet requests for direct use through the issue of vouchers by employees, following the conversion of the result bonus into the Welfare Plan.
- Receivables relating to **fixed-term contract settlements** consist of salaries to be recovered following the agreements[375] between Poste Italiane SpA and the trade unions, regarding the re-employment by court order of staff previously employed on fixed-term contracts. This item refers to receivables with a present value of €94 million from personnel, from INPS and pension funds recoverable in the form of variable instalments, the last of which is due in 2041. The item also includes €42 million receivable from INPS (formerly IPOST), covered by a specific agreement with IPOST dated 23 December 2009. Payment of this amount consists of six instalments of €6.9 million each, falling due between 30 June 2012 and 31 December 2014; negotiations are still in progress with the debtor for their recovery.

374. Introduced by article 19 of Law Decree 201/2011 converted with amendments by Law 214/2011 in the manner provided for by the MEF Decree of 24 May 2012: Manner of implementation of paragraphs from 1 to 3 of article 19 of Law Decree 201 of 6 December 2011, on stamp duty on current accounts and financial products (Official Gazette 127 of 1 June 2012).
375. The fixed-term contract settlements were signed on 13 January 2006, 10 July 2008, 27 July 2010, 18 May 2012, 21 March 2013, 30 July 2015 and 19 June 2018.

- **Accrued income and prepaid expenses from trading transactions and other assets** increased compared to 31 December 2023 and referred for roughly €54 million to the one-off payment made in advance to employees in September to cover the first eight months of 2025, in accordance with the provisions of the renewal of the National Collective Labour Agreement signed on 23 July 2024.
- Receivables for **amounts that cannot be drawn on due to court rulings** refer to amounts attached and not assigned to creditors, which are in the process of being recovered.
- **Accrued interest on IRES refund**, refers to interest accruing up to 31 December 2023 in relation to the tax credit determined by an unreported deduction from the IRES tax base of IRAP paid on personnel expenses. Two disputes have been initiated to recover said receivable (*i.e. one under Law Decree no. 185/2008 and the other, under Law Decree no. 201/2011*) before the Provincial Tax Commission of Rome, which upheld Poste Italiane's appeals, ordering the Agenzia delle Entrate in Rome to refund the amounts claimed. The Agenzia delle Entrate appealed both rulings before the Regional Tax Commission, which issued a favourable ruling on both of them. Poste Italiane challenged these rulings before the Court of Cassation, which resumed the case before the Tax Court, which, with regard to the case pursuant to Law Decree no. 201/2011, established, against an original claim of €43 million[376], the sum due by way of interest at €35 million. Concerning the case pursuant to Law Decree no. 185/2008, lodged on an amount of €3 million, on 11 June 2024, the Court of Cassation upheld Poste's arguments, referring the final determination of interest to the Lazio Tax Court. The judicial outcomes described were reflected in the adjustment of the provision for doubtful debts through an absorption in the profit and loss account of €13 million.

Movements in the provisions for doubtful receivables due from others are shown below:

tab. A9.1 - Detail of provisions for doubtful debts due from others

(€m)	Balance at 01.01.2024	Net provisions	Uses	Balance at 31.12.2024
Interest accrued on IRES refund	19	(13)	-	6
Receivables relating to fixed-term contract settlements	24	6	-	30
Other receivables	42	1	-	43
Total	**85**	**(6)**	**-**	**79**
of which attributable to BancoPosta RFC	13	1	-	14

A10 – Tax credits Law no. 77/2020 (€7,005 million)

tab. A10 - Tax credits Law no. 77/2020

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Tax credits at amortised cost	5,170	1,835	7,005	6,534	1,784	8,318	(1,313)
Total	**5,170**	**1,835**	**7,005**	**6,534**	**1,784**	**8,318**	**(1,313)**
of which attributable to BancoPosta RFC	4,936	1,787	6,723	6,246	1,665	7,911	(1,188)

This item refers to tax credits acquired by Poste Italiane SpA against free capital resources or transferred to BancoPosta RFC for resources subject to and not subject to the restriction on their use, in accordance with the provisions of the Decreto Rilancio (Law Decree no. 34/2020, converted with amendments by Law 77/2020.

These receivables are measured at amortised cost as they are acquired to be used for the purpose of offsetting social security or tax payables, based on the provisions of the regulations issued with reference to the characteristics of the individual receivables.

376. The amount includes €1 million related to interest receivable on IRES refunds transferred by group companies participating in the tax consolidation scheme.

Movements in these receivables during 2024 are shown below:

tab. A10.1 - Movements in tax credits Law no. 77/2020

(€m)	Carrying amount
Balance at 1 January 2024	**8,318**
Purchases	704
Changes in amortised cost	320
Tax credit portfolio adjustments	(548)
Compensation and other changes	(1,789)
Balance at 31 December 2024	**7,005**
Fair value	6,637

In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

During the year, the Company, following a documentary request received from the Agenzia delle Entrate ("AdE") on a portion of its portfolio, conducted and concluded a risk analysis on the reported positions ("Risk Analysis"). Taking into account the information received from the AdE and the activities carried out, also with the support of external consultants, a perimeter of receivables deemed risky was identified for which the Company has pledged to the AdE not to use the instalments relating to the years 2024 and thereafter and to repay the overdue annual instalments where necessary.

The follow-up on the results that emerged from the Risk Analysis and shared with the Agenzia delle Entrate led to the adjustment of receivables in the portfolio for a total of €548 million, with the consequent recognition of charges, net of the release of €168 million of provisions for risks previously recorded, for a total of €380 million (of which €96 million referred to the year 2024) recognised in the item adjustments to receivables to reflect the waiver of the offsetting of the annual instalments for the year in question and subsequent years.

The Risk Analysis also resulted in the reversal of portions of receivables related to years prior to 2024, totalling €57 million, plus penalties, which were booked under "Other operating costs".

Pursuant to the disclosure required by CONSOB Communication no. DEM/6064293 of 28 July 2006, the economic effects of the cancellation of receivables relating to years after 2024, in the amount of €284 million recognised under "Adjustments on debt instruments, receivables and other assets", and the economic effects of the reversal of €57 million recognised under "Other operating costs", totalling €341 million, were considered significant and non-recurring.

A11 – Cash and deposits attributable to BancoPosta (€4,290 million)

This item breaks down as follows:

tab. A11 - Cash and deposits attributable to BancoPosta

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Cash and cash equivalents in hand	4,157	3,909	248
Bank deposits	133	762	(629)
Total	**4,290**	**4,671**	**(381)**

This item relates exclusively to BancoPosta RFC assets.

The cash and cash equivalents on hand are derived from deposits made in postal current accounts and postal savings products (subscription of postal savings bonds and payments into post office savings books), or from advances withdrawn from the State Treasury to guarantee the operations of post offices. These funds, which are held at Post Offices (€1,482 million) and at service companies[377] (€2,675 million), may not be used for purposes other than to repay obligations contracted in the transactions described above.

A12 – Cash and cash equivalents (€715 million)

This item breaks down as follows:

tab. A12 - Cash and cash equivalents

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Bank deposits and amounts held at the Italian Treasury	327	288	39
Deposits with the MEF	346	873	(527)
Cash and cash equivalents in hand	42	61	(19)
Total	**715**	**1.222**	**(507)**
of which attributable to BancoPosta RFC	389	935	(546)

Bank deposits and amounts held at the Italian Treasury include €15 million whose use is restricted by court orders related to different disputes.

The decrease in **deposits with the MEF** compared to the previous year is mainly due to a change in the allocation of loans, in order to optimise the yelds on deposits.

377. They carry out transport and custody of valuables awaiting payment to the State Treasury.

Equity

B1 – Share capital (€1,306 million)

The share capital consists of 1,306,110,000 no-par value ordinary shares, of which Cassa Depositi e Prestiti SpA (CDP) holds 35% and the Ministry of the Economy and Finance holds 29.3%, while the remaining shares are held by institutional and retail investors.

At 31 December 2024, the Company held 11,492,604 treasury shares (representing approximately 0.880% of the share capital) with a total value of approximately €109 million. All the shares in issue are fully subscribed and paid up. No preferred stocks have been issued.

B2 – Reserves (€1,942 million)

This item breaks down as follows:

tab. B2 - Reserves

(€m)	Legal reserve	Equity instruments - perpetual hybrid bonds	BancoPosta RFC reserve	Fair value reserve	Cash flow hedge reserve	Incentive plans reserve	Merger surplus/ (deficit) reserve	Total
Balance at 1 January 2023	**299**	**800**	**1,210**	**(2,374)**	**(126)**	**19**	**335**	**163**
Increase/(decrease) in fair value during the year	-	-	-	1,940	80	-	-	2,020
Tax effect of changes in fair value	-	-	-	(553)	(23)	-	-	(576)
Transfers to profit or loss	-	-	-	222	(318)	-	-	(96)
Tax effect of transfers to profit or loss	-	-	-	(63)	90	-	-	27
Increase/(decrease) for expected losses	-	-	-	3	-	-	-	3
Gains/(losses) recognised in equity	-	-	-	1,549	(171)	-	-	1,378
Incentive plans	-	-	-	-	-	8	-	8
Balance at 31 December 2023	**299**	**800**	**1,210**	**(825)**	**(297)**	**27**	**335**	**1,549**
of which attributable to BancoPosta RFC	-	450	1,210	(544)	(295)	2	-	823
Increase/(decrease) in fair value during the year	-	-	-	505	111	-	-	616
Tax effect of changes in fair value	-	-	-	(169)	(32)	-	-	(201)
Transfers to profit or loss	-	-	-	15	(48)	-	-	(33)
Tax effect of transfers to profit or loss	-	-	-	(4)	14	-	-	10
Increase/(decrease) for expected losses	-	-	-	(5)	-	-	-	(5)
Gains/(losses) recognised in equity	-	-	-	342	45	-	-	387
Merger contribution	-	-	-	-	-	-	1	1
Incentive plans	-	-	-	-	-	5	-	5
Balance at 31 December 2024	**299**	**800**	**1,210**	**(483)**	**(252)**	**32**	**336**	**1,942**
of which attributable to BancoPosta RFC	-	450	1,210	(114)	(251)	3	-	1,298

- the **reserve for equity instruments-perpetual hybrid bonds**[378] includes the perpetual hybrid bond with non-call period of 8 years for institutional Investors, with a total nominal value of €800 million, issued by Poste Italiane SpA on 24 June 2021, with the aim of strengthening the Group's capital structure, and, in particular, BancoPosta's Leverage Ratio (Basel III) and Tier 1 ratio, as well as Poste Vita's Solvency II ratio, thus helping to support the Group's long-term growth in accordance with the guidelines of the Strategic Plan.

378. The main features of the issue are:
- The bonds have no fixed maturity and must be redeemed only in the event of the dissolution or liquidation of the Company, as specified in the relevant terms and conditions, subject to the right of early redemption (call) in the cases provided for. Specifically, the call is scheduled to occur at any time from the First Call Date of 24 March 2029 through 24 June 2029 and on each interest payment date thereafter;
- The fixed annual coupon is 2.625% until the first Reset Date set for 24 June 2029. From that date, the annual interest is determined on the basis of the 5-year Euro Mid Swap rate, plus an initial spread of 267.7 basis points, increased by a further 25 basis points from 24 June 2034 and by a further 75 basis points from 24 June 2049. Interest is payable at the option of the issuer and on a cumulative basis, commencing 24 June 2022. The issue price was set at 100%.

- the **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. In 2024, the increase of €505 million in the fair value refers to:
  - a net increase of €594 million in financial assets measured at fair value through other comprehensive income and attributable to BancoPosta RFC;
  - a net decrease of €89 million in financial assets measured at fair value through other comprehensive income held outside the ring-fence.
- the **cash flow hedge reserve** represents changes in the fair value of the effective portion of cash flow hedges outstanding. In 2024, positive changes in fair value of €111 million was primarily attributable to the positive net change in the value of BancoPosta RFC's derivative financial instruments;
- the **Incentive Plans reserve** includes the estimate of the valuations for the year relating to the long-term "Performance Share LTIP" and "Deliver" incentive plans and the MBO short-term incentive plans, carried out on the basis of the provisions of IFRS 2;
- the **Merger Surplus/Deficit Reserve** refers for €330 million to the merger surplus generated following the merger by incorporation of the subsidiary PSIA Srl into Poste Italiane SpA in the year 2022.

B3 – Availability and distributability of reserves

The following table shows the availability and distributability of Poste Italiane SpA's reserves. Retained earnings include the profit for 2024 of €1,882 million.

During the year, dividends were distributed for a total of €1,156 million, based on the following resolutions:

- on 31 May 2024, the Shareholders' Meeting approved a dividend distribution of €729 million (dividend per share equal to €0.563) which took place on 26 June 2024, as the balance for 2023, taking into account the interim dividend of €307 million (dividend per share equal to €0.237) already paid in November 2023;
- on 6 November 2024, Poste Italiane's Board of Directors, in line with the Group's dividend policy, resolved to advance part of the ordinary dividend for 2024 as an interim dividend. The interim dividend of €427 million was distributed on 20 November 2024 (unit dividend of €0.33).

tab. B3 - Availability and distributability of reserves

(€m)	31.12.2024		Potential use
Share capital		**1,306**	
Treasury shares		**(109)**	
Reserves			
- legal reserve		**299**	
legal reserve	*261*		*B*
legal reserve	*38*		*A B D*
- BancoPosta RFC reserve		**1,210**	**- -**
- equity instruments reserve - perpetual hybrid bonds		**800**	**- -**
- fair value reserve		**(483)**	**- -**
- cash flow hedge reserve		**(252)**	**- -**
- incentive plans reserve		**32**	**- -**
- merger surplus		**336**	**A B D**
Retained earnings/(Accumulated losses)		**3,607**	
retained earnings/(accumulated losses)	*63*		*- -*
retained earnings BancoPosta RFC	*1,498*		*C*
retained earnings/(accumulated losses)	*2,114*		*A B D*
Unrealised gains/(losses) on financial assets at FVTPL net of tax effect	*26*		*B C*
after-tax actuarial gains/(losses)	*(94)*		*- -*
Total		**6,746**	
of which distributable		***2,488***	

A: for capital increases.
B: to cover losses.
C: to cover BancoPosta losses.
D: for shareholder distributions.

Liabilities

B4 – Provisions for risks and charges (€999 million)

Movements are as follows:

tab. B4 - Movements in provisions for risks and charges

Description (€m)	Balance at 01.01.2024	Provisions	Finance costs	Released to profit or loss	Uses	Balance at 31.12.24
Provisions for operational risks	95	5	-	(14)	(7)	79
Provisions for disputes with third parties	209	26	2	(20)	(27)	190
Provisions for disputes with staff*	38	7	-	-	(11)	34
Provisions for personnel expenses	131	138	-	(27)	(94)	148
Provisions for early retirement incentives	283	127	-	-	(167)	243
Provisions for risks - tax credits Law no. 77/2020	400	-	-	(168)	-	232
Other provisions for risks and charges	72	4	-	(2)	(1)	73
Total	**1,228**	**307**	**2**	**(231)**	**(307)**	**999**
of which attributable to BancoPosta RFC	163	13	1	(21)	(13)	143
Overall analysis of provisions:						
- non-current portion	718					482
- current portion	510					517
	1,228					999

* Net provisions for Personnel expenses amount to €5 million. Service costs (legal assistance) total €2 million.

Specifically:

- **Provisions for operational risks,** which relate to liabilities arising from BancoPosta's operations, mainly reflect risks related to the distribution of postal savings products issued in past years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta mainly in its capacity as a third party, impairments and adjustments to income from previous years. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types. The changes in the year refer to the update of the estimate of the liabilities and the related legal expenses, taking account of both the overall value of negative outcomes in terms of litigation.
- **Provisions for personnel expenses** are made to cover expected liabilities arising in relation to the cost of labour (commercial incentives and other sundry items), which are certain or likely to occur but whose estimated amount is subject to change. They have increased during the year to reflect the estimated value of new liabilities (€138 million) and decreased as a result of past contingent liabilities that failed to materialise (€27 million) and settled disputes (€94 million).
- **Provisions for early retirement incentives** reflect the estimated costs to be incurred as a result of the Company's bonding commitment to pay early retirement incentives on a voluntary basis, under the current redundancy scheme agreed with the labour unions for a determinate number of employees who will leave the Company by 31 December 2026. The provisions made at 31 December 2023 were utilised for €167 million.
- The **provision for tax credits Law no. 77/2020** is established to cover probable liabilities in connection with preventive seizure proceedings as well as additional residual risks on investments made in tax credits pursuant to Law no. 77/2020. In particular, as part of the actions aimed at combating tax fraud perpetrated by third parties through the monetisation of tax credits, starting from the end of the 2021 financial year, a number of Public Prosecutors' Offices (Procure della Repubblica) have implemented preventive seizures which, in some cases, have concerned tax credits acquired by Poste Italiane (some of which are subject to subsequent release from seizure already in the course of 2022). In according with past years, the Company continues the operational process aimed at analysing the potential economic and financial risks to which it could be exposed in the event that, following legal proceedings involving third parties, it is ascertained that part of the tax credits

acquired are the result of fraudulent conduct perpetrated by the third parties mentioned above. In particular, a legal and accounting analysis was conducted on these positions in order to comprehensively assess the potential risks and determine the related accounting impacts. On the basis of the analyses performed of all facts and circumstances known at the date of preparation of these financial statements, including, inter alia, the requests for information received from the Authorities (Public Prosecutor's Office and Agenzia delle Entrate) and the measures issued by the same, together with the commitments undertaken by the company, as well as the actions undertaken by the same to see its interests protected, a provision was determined, also with the support of external consultants, to cover the residual risk (including the asset risk on seizures) not included in the Risk Analysis, amounting to €232 million.

- **Other provisions for risks and charges** cover probable liabilities of various types, including: estimated risks deriving from the fact that specific legal actions undertaken in order to reverse seizures of the Company's assets may be unable to recover the related amounts, claims for rent arrears on properties used free of charge by the Company, claims for payment of accrued interest expense due to certain suppliers and fraud, and probable tax risks.

B5 – Employee termination benefits (€547 million)

Movements in employee termination benefits are as follows:

tab. B5 - Movements in employee termination benefits

(€m)		FY 2024
Balance at 1 January		**608**
interest component	20	
effect of actuarial gains/(losses)	(7)	
Provisions for the year		13
Uses for the period		(74)
Balance at 31 December		**547**
of which attributable to BancoPosta RFC		2

The interest component is recognised in finance costs. The current service cost, which from 2007 is paid to pension funds or third-party social security agencies and is no longer included in the employee termination benefits managed by the Company, is recognised in personnel expenses. Net uses of provisions for employee termination benefits amount to €72 million and €2 million for substitute tax.

Actuarial gains and losses are generated by the following factors:

tab. B5.1 - Actuarial gains and losses

(€m)	31.12.2024
Change in demographic assumptions	-
Change in financial assumptions	(4)
Other experience-related adjustments	(3)
Total	**(7)**

The sensitivity of employee termination benefits to changes in the principal actuarial assumptions is analysed below:

tab. B5.2 - Sensitivity analysis

(€m)	Employee termination benefits at 31.12.2024
Inflation rate +0.25%	553
Inflation rate -0.25%	542
Discount rate +0.25%	538
Discount rate -0.25%	556
Turnover rate +0.25%	548
Turnover rate -0.25%	547

tab. B5.3 - Other information

	31.12.2024
Expected service cost	-
Average duration of defined benefit plan	7.30
Average employee turnover	2.00%

B6 – Financial liabilities (€94,687 million)

tab. B6 - Financial liabilities

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
Financial liabilities at amortised cost	6,829	86,502	93,331	8,698	87,027	95,725	(2,394)
Derivative financial instruments	1,398	(42)	1,356	1,091	47	1,138	218
Total	**8,227**	**86,460**	**94,687**	**9,789**	**87,074**	**96,863**	**(2,176)**
of which attributable to BancoPosta RFC	5,563	85,266	90,829	7,571	84,968	92,539	(1,710)
of which Capital outside the ring-fence	2,664	1,194	3,858	2,218	2,106	4,324	(466)

Financial liabilities attributable to BancoPosta RFC

Financial liabilities BancoPosta RFC

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
Financial liabilities at amortised cost	4,166	85,307	89,473	6,480	84,921	91,401	(1,928)
Postal current accounts	-	74,561	74,561	-	72,797	72,797	1,764
Loans	4,166	2,039	6,205	6,480	1,736	8,216	(2,011)
Due to financial institutions	4,166	2,039	6,205	6,480	1,736	8,216	(2,011)
MEF account held at the Treasury	-	5,367	5,367	-	5,371	5,371	(4)
Other financial liabilities	-	3,340	3,340	-	5,017	5,017	(1,677)
Derivative financial instruments*	1,397	(41)	1,356	1,091	47	1,138	218
Cash flow hedges	561	(19)	542	530	(12)	518	24
Fair value hedges	836	(30)	806	558	59	617	189
Fair value through profit or loss	-	8	8	3	-	3	5
Total	**5,563**	**85,266**	**90,829**	**7,571**	**84,968**	**92,539**	**(1,710)**

* In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

Postal current accounts

These payables include net amounts accrued at 31 December 2024 and settled with customers in January 2025. The balance includes amounts due to Poste Italiane Group companies, totalling €11,565 million, of which €10,623 million relating to postal current accounts held by PostePay SpA relating primarily to customer current account deposits from prepaid cards and €864 million represented by postal current accounts held by Poste Vita SpA. The increase in this item compared to 31 December 2023 is mainly due to higher public inflows of about €2 billion, net of the reduction in private inflows.

Loans

Due to financial institutions

At 31 December 2024, outstanding liabilities of €7,365 million relate to repurchase agreements entered into by the Company with leading major financial institutions and Central Counterparties, amounting to a total nominal value of securities committed for €7,739 million. A total of €5,904 million of this amount regards Long Term Repos and €1,461 million regards ordinary borrowing operations, the resources from both invested in Italian fixed income government securities and as funding for deposits used as collateral. The decrease in the item compared to 31 December 2023 is due to repayments on maturity and early repayment of repurchase agreements.

Finally, financial assets and liabilities relating to repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023). At 31 December 2024, the fair value[379] of the above borrowings amounts to €6,103 million.

MEF account held at the Treasury

tab. B6.1 - MEF account held at the Treasury

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Balance of cash flows for advances	-	5,254	5,254	-	5,168	5,168	86
Balance of cash flows from management of postal savings	-	(69)	(69)	-	30	30	(99)
Amounts payable due to theft	-	159	159	-	157	157	2
Amounts payable for operational risks	-	23	23	-	16	16	7
Total	**-**	**5,367**	**5,367**	**-**	**5,371**	**5,371**	**(4)**

The **balance of cash flows for advances**, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta. These break down as follows:

tab. B6.1.1 - Balance of cash flows for advances

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Net advances	-	5,253	5,253	-	5,167	5,167	86
MEF postal current accounts and other payables	-	670	670	-	670	670	-
Ministry of Justice - Orders for payment	-	1	1	-	1	1	-
MEF - State pensions	-	(670)	(670)	-	(670)	(670)	-
Total	**-**	**5,254**	**5,254**	**-**	**5,168**	**5,168**	**86**

The **balance of cash flows from the management of postal savings**, amounting to a positive €69 million, represents the balance of withdrawals less deposits during the last two days of the year and cleared early in the following year. At 31 December 2024, the balance consisted of a receivable of €100 million from the MEF for interest-bearing Postal Certificates issued on its behalf and a payable of €31 million to Cassa Depositi e Prestiti.

Amounts payable due to thefts from Post Offices of €159 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

379. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.

Amounts payable for operational risks for €23 million regard the portion of advances obtained to fund the operations of BancoPosta, in relation to which asset under recovery is certain or probable.

Derivative financial instruments

Movements in derivative financial instruments during 2024 are described in note A6 – *Financial assets*.

Other financial liabilities

tab. B6.2 - Other financial liabilities

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**	**Changes**
Guarantee deposits	-	1,538	1,538	-	2,831	2,831	(1,293)
Domestic and international money transfers	-	958	958	-	1,071	1,071	(113)
Endorsed cheques	-	273	273	-	408	408	(135)
Cashed cheques	-	129	129	-	230	230	(101)
Other amounts payable to third parties	-	84	84	-	139	139	(55)
Amounts to be credited to customers	-	123	123	-	109	109	14
Payables for items in process	-	235	235	-	229	229	6
Total	**-**	**3,340**	**3,340**	**-**	**5,017**	**5,017**	**(1,677)**

Payables for Guarantee deposits refer for €1,533 million to sums received from counterparties for interest rate swap transactions (collateral provided by specific Credit Support Annexes) and for €5 million to amounts received from counterparties for repo transactions (collateral provided by specific Global Master Repurchase Agreements). The decrease in this item compared to 31 December 2023 is mainly attributable to the reduction of fair value hedge derivatives following early extinguishment transactions and the downward shift in the interest rate curve.

Financial liabilities outside ring-fence

Financial liabilities Capital outside the ring-fence

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**	**Changes**
Financial liabilities at amortised cost	2,664	1,194	3,858	2,218	2,106	4,324	(466)
Loans	2,012	6	2,018	1,446	502	1,948	70
Bonds	499	-	499	498	500	998	(499)
Due to financial institutions	1,513	6	1,519	948	2	950	569
Lease payables	652	258	910	772	260	1,032	(122)
Financial liabilities due to subsidiaries	-	930	930	-	1,340	1,340	(410)
Other financial liabilities	-	-	-	-	4	4	(4)
Total	**2,664**	**1,194**	**3,858**	**2,218**	**2,106**	**4,324**	**(466)**

* In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

Loans

Loans are unsecured and are not subject to financial covenants, which would require the Company to comply with economic and financial ratios. For the EIB financing and the CEB financing, a minimum rating level of BBB- (or equivalent) by Moody's and S&P for the EIB (BB+ in the EIB contract signed in July 2024) and by at least two of the three rating agencies for Poste Italiane for CEB. In the event of a rating loss, this is without prejudice to the right of both banks to request additional collateral or an increase in the margin. If no agreement is reached, immediate early repayment of the loans may be demanded. Standard negative pledge provisions do apply, however[380].

Bonds

The item **Bonds** refers to the residual nominal value of €500 million of the senior unsecured loan issued by Poste Italiane on 10 December 2020 in two tranches, placed in public form to institutional investors as part of the €2.5 billion Euro Medium Term Notes (EMTN) programme deposited with the Luxembourg Stock Exchange. The first tranche of €500 million was repaid on 10 December 2024[381] while the second tranche of €500 million matures on 10 December 2028, with an issue price below par of €99.758, a fixed annual coupon of 0.50% and an effective yield to maturity of 0.531%. At 31 December 2024, the fair value[382] of the loan was €457 million.

Due to financial institutions

tab. B6.3 - Due to financial institutions

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
EIB fixed rate loan maturing 12/03/2026	173	-	173	173	-	173	-
EIB fixed rate loan maturing 16/10/2026	400	-	400	400	-	400	-
EIB fixed rate loan maturing 02/05/28	100	-	100	100	-	100	-
EIB fixed rate loan maturing 19/05/28	150	-	150	150	-	150	-
EIB variable rate loan maturing 28/11/31	450	-	450	-	-	-	450
CEB variable rate loan maturing 28/12/30	125	-	125	125	-	125	-
CEB variable rate loan maturing 25/01/31	115	-	115	-	-	-	115
Other payables and accrued interest	-	6	6	-	2	2	4
Total	**1.513**	**6**	**1.519**	**948**	**2**	**950**	**569**

TF: Fixed rate loan; TV: variable rate loan.

At 31 December 2024, no committed and uncommitted credit lines were used for short-term financing.

On 25 January 2024, the second tranche of €115 million of the medium/long-term credit line signed with CEB[383] was disbursed in 2023 for a total of €250 million, with interest at a variable rate (6-month Euribor rate plus a spread), with repayment in constant principal amounts after a three-year grace period and maturity on 25 December 2031. In addition, on 11 July 2024, a new loan of €450 million was signed with the EIB. The loan disbursed on 28 November 2024 provides interest at a variable rate (6-month Euribor plus a spread) and matures 28 November 2031.

380. A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking equal status with creditors, unless the same degree of protection is also offered to them.
381. Issue price above par of 100.10, with fixed annual coupon of 0.00% and effective yield to maturity of -0.025%.
382. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 1.
383. Council of Europe Development Bank.

At 31 December 2024, the fair value[384] of the five EIB loans was €1,273 million and the fair value of the two CEB loans was €247 million. The amount of the other financial liabilities in the table - *Financial liabilities outside ring-fence* approximates their fair value.

Committed and uncommitted credit lines outstanding at 31 December 2024 are commented on in Note 5.6 - Risk management.

Lease payables

Lease liabilities at 31 December 2024 amount to €910 million. For more details on the change in this item, see Note A4 - *Right-of-use assets*.

Derivative financial instruments

Movements in derivative financial instruments during 2024 are described in note A6 – *Financial assets*.

Financial liabilities due to subsidiaries

These liabilities relate to intercompany current accounts paying interest at market rates and break down as follows:

B6.4 - Financial liabilities due to subsidiaries

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Direct subsidiaries			
BancoPosta Fondi SpA SGR	41	30	11
EGI SpA	8	9	(1)
MLK Deliveries SpA	7	8	(1)
Nexive Network Srl	-	5	(5)
Nexive Scarl	12	6	6
PatentiViaPoste ScpA	15	16	(1)
Poste Logistics SpA	5	-	5
Poste Vita SpA	74	247	(173)
Postel SpA	7	-	7
PostePay SpA	659	855	(196)
SDA Express Courier SpA	3	-	3
Sourcesense SpA	2	-	2
Poste Welfare Servizi Srl	3	14	(11)
Indirect subsidiaries			
LIS Holding SpA	86	85	1
LIS Pay SpA	1	63	(62)
Poste Assicura SpA	5	-	5
Kipoint SpA	2	2	-
Total	**930**	**1,340**	**(410)**

384. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

Changes in liabilities arising from financing activities

The following disclosures are provided in accordance with IAS 7, following the amendments introduced by EU Regulation 1990/2017 of 6 November 2017.

tab. B6.5 - Movements in liabilities arising from financing activities

Description (€m)	Balance at 01.01.2024	Net cash flow from/(for) financing activities	Non-cash flows	Balance at 31.12.2024
Loans	1,948	65	5	2,018
Bonds	998	(500)	1	499
Due to financial institutions	950	565	4	1,519
Lease payables	1,032	(244)	122	910
Financial liabilities due to subsidiaries	1,340	(410)	-	930
Other financial liabilities	4	(4)	-	-
Total	**4,324**	**(593)**	**127**	**3,858**

Net debt/(funds)

The following table shows the net debt/(funds) at 31 December 2024:

Net debt/(funds) at 31 December 2024

(€m)	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Poste Italiane SpA	*of which related parties*
Financial liabilities	**4,498**	**90,985**	**(796)**	**94,687**	
Postal current accounts	-	74,717	(156)	74,561	*11,565*
Bonds	499	-	-	499	-
Due to financial institutions	1,519	6,205	-	7,724	-
Lease payables	910	-	-	910	*45*
MEF account held at the Treasury	-	5,367	-	5,367	*5,436*
Derivative financial instruments	-	1,356	-	1,356	*219*
Other financial liabilities	930	3,340	-	4,270	*990*
Intersegment financial liabilities	640	-	(640)	-	-
Financial assets	**(983)**	**(81,332)**	**640**	**(81,675)**	
Financial instruments at amortised cost	(424)	(44,334)	-	(44,758)	*(13,443)*
Financial instruments at FVTOCI	(559)	(33,645)	-	(34,204)	-
Financial assets at fair value through profit or loss	-	(34)	-	(34)	-
Derivative financial instruments	-	(2,679)	-	(2,679)	*(75)*
Intersegment financial assets	-	(640)	640	-	-
Tax credits Law no. 77/2020	**(282)**	**(6,723)**	**-**	**(7,005)**	-
Liabilities/(net financial assets)	**3,233**	**2,930**	**(156)**	**6,007**	
Cash and deposits attributable to BancoPosta	**-**	**(4,290)**	**-**	**(4,290)**	-
Cash and cash equivalents	**(482)**	**(389)**	**156**	**(715)**	***(387)***
Net debt/(funds)	**2,751**	**(1,749)**	**-**	**1,002**	

Net debt/(funds) at 31 December 2023

(€m)	Capital outside the ring-fence	BancoPosta RFC	Eliminations	Poste Italiane SpA	of which related parties
Financial liabilities	**4,690**	**92,818**	**(645)**	**96,863**	
Postal current accounts	-	73,076	(279)	72,797	10,912
Bonds	998	-	-	998	-
Due to financial institutions	950	8,216	-	9,166	-
Lease payables	1,032	-	-	1,032	51
MEF account held at the Treasury	-	5,371	-	5,371	5,371
Derivative financial instruments	-	1,138	-	1,138	201
Other financial liabilities	1,344	5,017	-	6,361	221
Intersegment financial liabilities	366	-	(366)	-	-
Financial assets	**(1,062)**	**(80,576)**	**366**	**(81,272)**	
Financial instruments at amortised cost	(417)	(42,858)	-	(43,275)	12,476
Financial instruments at FVTOCI	(636)	(33,069)	-	(33,705)	-
Financial assets at fair value through profit or loss	(9)	(26)	-	(35)	-
Derivative financial instruments	-	(4,257)	-	(4,257)	167
Intersegment financial assets	-	(366)	366	-	-
Tax credits Law no. 77/2020	**(407)**	**(7,911)**	**-**	**(8,318)**	**-**
Liabilities/(net financial assets)	**3,221**	**4,331**	**(279)**	**7,273**	
Cash and deposits attributable to BancoPosta	**-**	**(4,671)**	**-**	**(4,671)**	**-**
Cash and cash equivalents	**(564)**	**(937)**	**279**	**(1,222)**	**874**
Net debt/(funds)	**2,657**	**(1,277)**	**-**	**1,380**	

The **total net debt/(funds)**[385] of the Company at 31 December 2024, as shown above, present a debt of €1,002 million, an improvement of €378 million compared to 31 December 2023 (debt of €1,380 million). The change is mainly attributable to the profit for the period of €1,882 million, the positive valuation effects of investments classified as FVTOCI category for €505 million, net of the cash absorption generated by the distribution of dividends totalling €1,156 million (of which €729 million for balance dividend 2023 and €427 million for interim dividend 2024) and the cash absorption generated by the new investments of approximately €885 million.

At 31 December 2024, the financial debt outside the ring-fence, calculated in accordance with ESMA Guidelines 32-382-1138, is provided below:

ESMA net financial indebtedness for Capital outside the ring-fence

(€m)	At 31 December 2024	At 31 December 2023
A. Cash and cash equivalents	(482)	(564)
B. Cash equivalents	-	-
C. Other current financial assets	(42)	(61)
D. Liquidity (A+B+C)	**(524)**	**(625)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	1,190	2,105
G. Current portion of non-current debt	5	1
G. Current financial debt (E + F)	**1,195**	**2,106**
H. Net current financial debt (G + D)	**671**	**1,481**
I. Non-current financial debt (excluding current portion and debt instruments)	2,165	1,720
J. Debt instruments	499	498
K. Trade payables and other non-current payables	11	15
L. Non-current financial debt (I + J + K)	**2,675**	**2,233**
M. Total financial debt (H + L)	**3,346**	**3,714**

385. The Net debt/(funds) includes Tax credits whose value at 31 December 2024 was €7,005 million. Although these receivables derive from business activities and are classified in the financial statements under other assets, in order to improve the representation of the indicator in question, they can be assimilated to financial assets.

Reconciliation of financial debt ESMA

(€m)	At 31 December 2024	At 31 December 2023
M. Total financial debt (H + L)	**3,346**	**3,714**
Non-current financial assets	(942)	(1,001)
K. Trade payables and other non-current payables	(11)	(15)
Tax credits Law no. 77/2020	(282)	(407)
Industrial Net debt/(funds)	**2,111**	**2,291**
Intersegment financial (receivables)/payables	640	366
Industrial net debt/(funds) for Capital outside the ring-fence including intersegment transactions	**2,751**	**2,657**

B7 – Trade payables (€1,696 million)

tab. B7 - Trade payables

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Due to suppliers	990	1.018	(28)
Due to subsidiaries and associates	446	444	2
Contract liabilities	260	505	(245)
Total	**1,696**	**1,967**	**(271)**
of which attributable to BancoPosta RFC	137	133	4

Due to suppliers

tab. B7.1 - Due to suppliers

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Italian suppliers	847	870	(23)
Foreign suppliers	11	13	(2)
Overseas counterparties*	132	135	(3)
Total	**990**	**1,018**	**(28)**
of which attributable to BancoPosta RFC	9	8	1

* The amount due to overseas counterparties relates to fees payable to overseas postal operators and companies in return for postal and telegraphic services received.

Due to subsidiaries, associates and joint ventures

tab. B7.2 - Due to subsidiaries, associates and joint ventures

Name (€m)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Direct subsidiaries			
Agile Lab	6	2	4
Address Software Srl	-	1	(1)
BancoPosta Fondi SpA SGR	6	3	3
CLP ScpA	74	112	(38)
Consorzio servizi ScpA	32	19	13
MLK Deliveries SpA	4	6	(2)
Poste Air Cargo Srl	15	-	15
Poste Vita SpA	2	2	-
Postel SpA	14	16	(2)
PostePay SpA	93	85	8
Poste Welfare Servizi Srl	26	13	13
Poste Logistics SpA	2	-	2
SDA Express Courier SpA	162	176	(14)
Sourcesense SpA	6	4	2
Indirect subsidiaries			
Bridge Technologies Srl	1	2	(1)
Indabox Srl	1	-	1
Kipoint SpA	1	3	(2)
Plurima SpA	1	-	1
Total	**446**	**444**	**2**
of which attributable to BancoPosta RFC	50	65	(15)

These trade payables include:
- SDA Express Courier SpA: mainly for the pick-up, sorting and delivery service of national and international express products;
- PostePay SpA: mainly for collection and payment services under the service contract (€44 million) and for acquiring services (€48 million).

Contract liabilities

tab. B7.3 - Contract liabilities

Description (€m)	Balance at 01.01.2024	Increases/(Decreases)	Change due to recognition of revenue for period	Balance at 31.12.2024
Prepayments and advances from customers	445	(262)	-	183
Liabilities for fees to be refunded	60	(47)	64	77
Total	**505**	**(309)**	**64**	**260**
of which attributable to BancoPosta RFC	60	(47)	64	77

Prepayments and advances from customers

This item refers to amounts received from customers as prepayment for the following services to be rendered:

tab. B7.3.1 - Prepayments and advances from customers

Description (€m)		Balance at 31.12.2024	Balance at 31.12.2023	Changes
Prepayments from overseas counterparties		127	179	(52)
Advances for Publishing from PCM	[tab.A8.1]	-	195	(195)
Advances for shipments		43	59	(16)
Advances for other services		13	12	1
Total		**183**	**445**	**(262)**
of which attributable to BancoPosta RFC		-	-	-

The decrease compared to 31 December 2023 is due mainly to the offsetting of payables for advances received with receivables for refunds of publisher tariff subsidies, following the release of the related collections (see Note A8 - *Trade receivables*).

Liabilities for fees to be refunded represent the estimated liability linked to the refund of fees on loan products sold after 1 January 2018, under the terms of which the related fees must be refunded if the customer opts for early cancellation of the agreement.

B8 – Other liabilities (€3,254 million)

tab. B8 - Other liabilities

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	Changes
Due to staff	5	649	654	5	654	659	(5)
Social security payables	13	409	422	16	417	433	(11)
Other taxes payable	1,723	277	2,000	1,752	324	2,076	(76)
Other amounts due to subsidiaries	1	20	21	1	23	24	(3)
Sundry payables	4	27	31	15	15	30	1
Accrued liabilities and deferred income	124	2	126	136	2	138	(12)
Total	**1,870**	**1,384**	**3,254**	**1,925**	**1,435**	**3,360**	**(106)**
of which attributable to BancoPosta RFC	1,724	202	1,926	1,752	227	1,979	(53)

Due to staff

These items primarily regard accrued amounts that have yet to be paid at 31 December 2024. The breakdown is as follows:

tab. B8.1 - Due to staff

	Balance at 31.12.2024			Balance at 31.12.2023			
Description (€m)	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	Changes
Fourteenth month salaries	-	199	199	-	202	202	(3)
Incentives	5	361	366	5	366	371	(5)
Accrued vacation pay	-	33	33	-	38	38	(5)
Other amounts due to staff	-	56	56	-	48	48	8
Total	**5**	**649**	**654**	**5**	**654**	**659**	**(5)**
of which attributable to BancoPosta RFC	1	4	5	-	5	5	-

Social security payables

tab. B8.2 - Social security payables

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
INPS	2	308	310	1	320	321	(11)
Pension funds	-	86	86	-	84	84	2
Health funds	-	5	5	-	5	5	-
INAIL	11	4	15	15	4	19	(4)
Other agencies	-	6	6	-	4	4	2
Total	**13**	**409**	**422**	**16**	**417**	**433**	**(11)**
of which attributable to BancoPosta RFC	-	3	3	-	3	3	-

Other taxes payable

tab. B8.3 - Other taxes payable

Description (€m)	Balance at 31.12.2024 Non-current liabilities	Current liabilities	Total	Balance at 31.12.2023 Non-current liabilities	Current liabilities	Total	Changes
Withholding tax on employees' and consultants' salaries	-	80	80	-	87	87	(7)
Withholding tax on postal current accounts	-	78	78	-	74	74	4
Stamp duty payable	1,723	79	1,802	1,752	129	1,881	(79)
Other taxes due	-	40	40	-	34	34	6
Total	**1,723**	**277**	**2,000**	**1,752**	**324**	**2,076**	**(76)**
of which attributable to BancoPosta RFC	1,723	178	1,901	1,752	216	1,968	(67)

The **stamp duty payable** includes the balance due to the Treasury for the tax paid virtually in the 2024 financial year. The non-current portion of stamp duty payable primarily regards the amount due at 31 December 2024 on interest-bearing postal certificates in circulation, in compliance with the legislation referred to in note A9 – *Other receivables and assets*.

Other payables to subsidiaries

This item mainly includes the amount payable to subsidiaries by Poste Italiane SpA, as the consolidating entity in the tax consolidation arrangement (Note 2.5 – *Material information on accounting standards*) to whom the subsidiaries have transferred tax assets in the form of payments on account, withholding taxes, after deducting IRES payable to the Parent Company by the subsidiaries, as well as the benefit connected with the tax loss contributed by the subsidiaries Plurima SpA and Logos Srl in 2024.

Sundry payables

This item Sundry payables breaks down as follows:

tab. B8.5 - Sundry payables

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Sundry payables attributable to BancoPosta	-	17	17	-	3	3	14
Guarantee deposits	4	-	4	15	-	15	(11)
Other payables	-	10	10	-	12	12	(2)
Total	**4**	**27**	**31**	**15**	**15**	**30**	**1**
of which attributable to BancoPosta RFC	-	17	17	-	3	3	14

Accrued liabilities and deferred income

tab. B8.6 - Accrued liabilities and deferred income

Description (€m)	Balance at 31.12.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Deferred income	124	2	126	136	2	138	(12)
Total	**124**	**2**	**126**	**136**	**2**	**138**	**(12)**
of which attributable to BancoPosta RFC	-	-	-	-	-	-	-

The item **Accrued liabilities and deferred income** refers for €113 million to the non-repayable grant received in advance by the Company for the implementation of the "Polis Project - House of Digital Services".

5.4 Notes to the Statement of profit or loss

C1 – Revenue from sales and services (€10,504 million)

tab. C1 - Revenue from sales and services

Description (€m)	FY 2024	FY 2023	Changes
Postal Services	3,359	3,149	210
of which Revenue from contracts with customers	3,359	3,149	210
recognised at a point in time	307	331	(24)
recognised over time	3,052	2,818	234
BancoPosta services	6,768	6,379	389
of which Revenue from contracts with customers	3,772	3,677	95
recognised at a point in time	223	231	(8)
recognised over time	3,549	3,446	103
Other sales of goods and services	377	352	25
of which Revenue from contracts with customers	377	352	25
recognised at a point in time	11	12	(1)
recognised over time	366	340	26
Total	**10,504**	**9,880**	**624**

Revenue from contracts with customers breaks down as follows.

Revenue from Postal Services

tab. C1.1 - Revenue from Postal Services

Description (€m)	FY 2024	FY 2023	Changes
Mail	1,767	1,744	23
Parcels	1,264	1,078	186
Philately	11	10	1
Total external revenue	**3,042**	**2,832**	**210**
Universal Service compensation	262	262	-
Publisher tariff subsidies	55	55	-
Total revenue	**3,359**	**3,149**	**210**

External revenue shows an increase compared to the financial year 2023, mainly due to revenue in the parcel segment.

Universal Service compensation relates to amounts paid by the MEF to cover the costs of fulfilling the USO. Annual compensation, amounting to €262 million, is established in the 2020-2024 Contratto di Programma (Service Contract) in force on 1 January 2020.

Publisher tariff subsidies[386] relate to the amount receivable by the Company from the Cabinet Office - Publishing department as compensation for the discounts applied to publishers and non-profit organisations when sending mail. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry of Enterprise and Made in Italy (former MiSE) in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. With AGCom Resolution 454/22/CONS of 30 December 2022, the new universal basic tariffs of the subsidised publishing products included in the Universal Service were defined. The Resolution provided for

386. Law no. 8 of 28 February 2020 - ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "*for a duration equal to that of the universal postal service*" (i.e. until April 2026).

a gradual increase in the basic tariffs with a consequent increase in the compensation received by the Company per item sent at a subsidised rate. The amount of the subsidies granted by the Company is covered by the State Budget.

BancoPosta services

tab. C1.2 - Revenue from BancoPosta services

Description (€m)	FY 2024	FY 2023	Changes
Income from investment of postal current account deposits and free cash	2,996	2,702	294
Fees for collection of postal savings deposits	1,725	1,740	(15)
Insurance brokerage	660	623	37
Other revenue from current account services	428	428	-
Distribution of payment products and services	259	251	8
Distribution of loan products	251	191	60
Commissions on payment of bills by payment slip	193	208	(15)
Distribution of investment funds	119	94	25
Income from delegated services	89	91	(2)
Other products and services	31	34	(3)
Money transfers	17	17	-
Total	**6,768**	**6,379**	**389**

Revenue from financial services showed an increase compared to the financial year 2023, mainly due to income from investment of postal current account deposits and free cash and income from the placement of financing products.

Specifically:

- **Income from investment of postal current account deposits and free cash** breaks down as follows:

tab. C1.2.1 - Income from investment of postal current account deposits and free cash

Description (€m)	FY 2024	FY 2023	Changes
Income from investments in securities	2,284	1,962	322
Interest income on securities at FVTOCI	970	936	34
Interest income on securities at amortised cost	833	780	53
Interest income (expense) on asset swaps of FVH on securities at FVTOCI and CA	332	171	161
Interest income on repurchase agreements	97	70	27
Interest income (expense) on asset swaps of CFH on securities at FVTOCI and CA	52	5	47
Income from investments in tax credits	318	309	9
Interest income on tax credits at AC	318	309	9
ncome from deposits held with the MEF	408	446	(38)
Remuneration of current account deposits (deposited with the MEF)	406	441	(35)
Differential on derivatives stabilising returns	2	5	(3)
Portion of interest income on own liquidity (finance income)	(14)	(15)	1
Total	**2,996**	**2,702**	**294**

The increase in the item compared to the previous year is mainly attributable to income from investments in securities.
Income from investments in securities relates to interest earned on investment of deposits paid into postal current accounts by private customers. The amount of income includes the impact of the interest rate hedge. The increase in this item compared to financial year 2023 is mainly due to the higher profitability of both the new securities that entered the portfolio in financial year 2024 and those subject to the broader restructuring of fair value hedges as described in Note A6 - *Financial assets* and the simultaneous positive effect produced by the initiation of fair value hedges already present in the portfolio.
Income from investments in tax credits relates to interest accrued during the year on the investments described in Note A10 - *Tax Credits Law no. 77/2020.*

Income from deposits held with the MEF primarily represents accrued interest for the year on amounts deposited at Public Administration entities, remunerated at a variable rate as described in Note A6 - *Financial assets*.

Fees for the collection of postal savings deposits relates to remuneration for the provision and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from Postal Savings Books. This service is provided by Poste Italiane SpA on behalf of Cassa Depositi e Prestiti. This item reflects the fees accrued as of the date under the new Postal Savings Agreement valid for the three-year period 2024-2026, effective as of 1 January 2024.

- **Revenue from insurance brokerage** derives from fees receivable from the subsidiaries, Poste Vita and Poste Assicura, in return for the sale of insurance policies.
- Income from the **distribution of payment products** and services regards fees received in return for distributing and promoting the products issued by the subsidiary, PostePay SpA.
- Income from the **distribution of loan products** relate to commissions received by the Company on the placement of personal loans and mortgages on behalf of third parties.
- **Revenue from current account services** mainly comprise commissions for account maintenance expenses (€275 million), commissions for on-line and over-the-counter collection and transfer activity services (approximately €87 million and €30 million, respectively), and commissions for reporting services performed for customers (€2 million).
- **Income from delegated services** primarily regards amounts received by the Company for the payment of pensions and transfers issued by INPS (€26 million), and and services performed on the basis of the agreement with the MEF (€61 million).

Other sales of goods and services

The main revenue items include: income from the subsidiary PostePay SpA for the execution of card payment and payment transactions (€139 million), income from the promotion and marketing of the Energy offer (€12 million), income from the subsidiaries PostePay SpA (€49 million), Poste Vita SpA (€39 million), Postel SpA (€23 million) and SDA Express Courier SpA (€16 million) for technology services in support of business activities and income from call centre services (€16 million).

C2 – Other income (€247 million) and expenses (€683 million) deriving from financial activities

tab. C2.1 - Other income from financial activities

Description (€m)	FY 2024	FY 2023	Changes
Income from equity instruments at FVTPL	8	8	-
Fair value gains	8	7	1
Realised gains	-	1	(1)
Income from financial instruments at FVTOCI	105	164	(59)
Realised gains	105	164	(59)
Income from financial instruments at amortised cost	83	47	36
Realised gains	83	47	36
Foreign exchange gains	6	3	3
Realised gains	4	2	2
Fair value gains	2	1	1
Other income	45	49	(4)
Total	**247**	**271**	**(24)**

The decrease in **Other income from financial activities,** compared to the previous year, was mainly due to lower realised gains on financial instruments at FVTOCI, partially offset by higher realised gains on financial instruments at Amortised cost (of which €20 million from the early extinguishment of repurchase agreements).

tab. C2.2 - Expenses from financial activities

Description (€m)	FY 2024	FY 2023	Changes
Interest expense	577	572	5
in customers' deposits	301	286	15
on repurchase agreements	170	128	42
on guarantee deposits	106	158	(52)
Expense from financial instruments at FVTOCI	70	54	16
Realised losses	70	54	16
Expenses from financial instruments at amortised cost	28	-	28
Realised losses	28	-	28
Expenses from fair value hedges	2	-	2
Fair value losses	2		2
Expenses from financial instruments at FVTPL	6	7	(1)
Fair value losses	6	4	2
Realised losses	-	3	(3)
Total	**683**	**633**	**50**

Expenses from financial activities increased compared to the year 2023 mainly due to higher interest on repurchase agreements and higher losses on the realisation of financial instruments at FVTOCI at amortised cost, partially offset by a decrease in interest on guarantee deposits related to the restructuring dynamics of the fair value hedge derivatives portfolio described in Note A6 - *Financial assets*.

C3 – Other operating income (€1,453 million)

tab. C3 - Other operating income

Description (€m)	FY 2024	FY 2023	Changes
Dividends from subsidiaries	1,372	829	543
Other income	23	25	(2)
Government grants	19	9	10
Rentals	14	14	-
Recoveries of contract expenses and other recoveries	12	12	-
Reimbursement of personal expenses	7	6	1
Gains on disposal*	5	96	(91)
Interest income on tax credits at AC	1	12	(11)
Total	**1,453**	**1,003**	**450**

* For the purposes of reconciliation with the statement of cash flows, in 2024 this item amounts to a positive €1 million, after losses of €4 million. In 2023, this item, after losses of €3 million, amounted to a positive €93 million.

The increase in **Other operating income** was mainly due to higher dividends distributed by subsidiaries, which offset the reduction in capital gains from disposals, which in 2023 benefited from the capital gain of approximately €91 million generated by the sale of the controlling interest in the company sennder.

Dividends from subsidiaries

tab. C3.1 - Dividends from subsidiaries

Name (€m)	FY 2024	FY 2023	Changes
Poste Vita SpA	750	450	300
PostePay SpA	567	305	262
BancoPosta Fondi SpA SGR	29	27	2
SDA Express Courier SpA	16	35	(19)
PosteWelfare SpA	4	3	1
Sengi Express Limited	3	2	1
Nexive Network Srl	3	-	3
Poste Air Cargo Srl	-	1	(1)
sennder Italia Srl	-	4	(4)
EGI SpA	-	2	(2)
Total	**1,372**	**829**	**543**

C4 – Cost of goods and services (€2,918 million)

tab. C4 - Cost of goods and services

Description (€m)	FY 2024	FY 2023	Changes
Service costs	2,646	2,392	254
Lease expense	157	127	30
Raw, ancillary and consumable materials and goods for resale	115	121	(6)
Total	**2,918**	**2,640**	**278**

Costs of goods and services increased by a total of €278 million compared to the financial year 2023. The trend is mainly attributable to the increase in costs for the purchase of energy and gas related to operating buildings for €51 million, the increase in costs for air and road transport services for mail for €19 million and logistics and delivery services related to parcels for €126 million as shown in the table below.

Service costs

tab. C4.1 - Service costs

Description (€m)	FY 2024	FY 2023	Changes
Transport of mail, parcels and forms	1,365	1,212	153
Outsourcing fees and external service charges	412	403	9
Routine maintenance and technical assistance	204	198	6
Energy and water	156	105	51
Personnel services	138	133	5
Advertising and promotions	78	44	34
Cleaning, waste disposal and security	74	80	(6)
Exchange of mail and telegraphy	55	46	9
Transport of cash	47	56	(9)
Telecommunications and data transmission services	43	49	(6)
Electronic document management, printing and enveloping services	29	25	4
Agent commissions and other	20	15	5
Insurance premiums	15	16	(1)
Consultants' fees and legal expenses	9	9	-
Securities custody and management fees	1	1	-
Total	**2,646**	**2,392**	**254**

Lease expense

tab. C4.2 - Lease expense

Description (€m)	FY 2024	FY 2023	Changes
Equipment hire and software licences	141	110	31
Property rentals	9	11	(2)
Vehicle leases	2	2	-
Other lease expense	5	4	1
Total	**157**	**127**	**30**

Raw, ancillary and consumable materials and goods for resale

tab. C4.3 - Raw, ancillary and consumable materials and goods for resale

Description (€m)	FY 2024	FY 2023	Changes
Fuels and lubricants	51	53	(2)
Consumables and goods for resale	33	35	(2)
Stationery and printed matter	25	27	(2)
Printing of postage and revenue stamps	5	6	(1)
Change in inventories of raw, ancillary and consumable materials	1	-	1
Total	**115**	**121**	**(6)**

C5 – Personnel expenses (€5,318 million)

tab. C5 - Personnel expenses

Description (€m)	Note	FY 2024	FY 2023	Changes
Wages and salaries		3,867	3,874	(7)
Social security contributions		1,093	1,096	(3)
Employee termination benefits: supplementary pension funds and INPS		229	228	1
Agency staff		2	1	1
Remuneration and expenses paid to Directors		3	2	1
Share-based payments		13	10	3
Early retirement incentives		7	11	(4)
Net provisions (reversals) for disputes with staff	[tab. B4]	5	9	(4)
Provisions for early retirement incentives	[tab. B4]	127	158	(31)
Amounts recovered from staff due to disputes		(3)	(3)	-
Other personnel expenses/(cost recoveries)		(25)	(38)	13
Total		**5,318**	**5,348**	**(30)**

Personnel expenses decreased by €30 million compared to 2023 due to lower provisions for early retirement incentives.

Net provisions for disputes with staff and provisions for restructuring charges are described in note B4 – *Provisions for risks and charges*.

The following table shows the Company's average and year-end headcounts by category:

tab. C5.1 - Number of employees

Permanent workforce	Average FY 2024	Average FY 2023	Changes	Year end 31.12.2024	Year end 31.12.2023	Changes
Executives	565	541	24	565	533	32
Middle managers (A1)	6,638	6,573	65	6,652	6,530	122
Middle managers (A2)	7,615	7,549	66	7,612	7,483	129
Grades B, C, D	83,235	85,640	(2,405)	81,952	83,432	(1,480)
Grades E, F	6,268	6,303	(35)	8,106	6,435	1,671
Total employees on permanent contracts*	**104,321**	**106,606**	**(2,285)**	**104,887**	**104,413**	**474**

* Figures expressed in full-time equivalent terms

Furthermore, taking account of personnel on flexible contracts, the average number of full-time equivalent personnel is 114,218 (in 2023: 114,613).

C6 – Depreciation, amortisation and impairments (€810 million)

tab. C6 - Depreciation, amortisation and impairments

Description (€m)	FY 2024	FY 2023	Changes
Depreciation of property, plant and equipment	219	205	14
Depreciation of investment property	1	1	-
Amortisation and impairments of intangible assets	363	344	19
Depreciation of right-of-use assets	226	223	3
Impairments/recoveries/adjustments right of use	1	-	1
Total	**810**	**773**	**37**

Depreciation, amortisation and impairments showed an increase of €37 million compared to the year 2023, mainly due to higher depreciation of Intangible assets by €19 million and of Property, plant and equipment by €14 million.

C7 – Other operating costs (€238 million)

tab. C7 - Other operating costs

Description (€m)	Notes	FY 2024	FY 2023	Changes
Other taxes and duties		99	103	(4)
Municipal property tax		27	27	-
Stamp duty		23	38	(15)
Other taxes and duties		49	38	11
Net provisions for risks and charges made/(released)		(1)	61	(62)
for disputes with third parties	[tab. B4]	6	(19)	25
for operational risks	[tab. B4]	(9)	(2)	(7)
for other risks and charges	[tab. B4]	2	2	-
for risks - tax credits Law no. 77/2020	[tab. B4]	-	80	(80)
Operational risk events		25	28	(3)
Thefts		6	4	2
Loss of BancoPosta assets, net of recoveries		8	3	5
Other operating losses of BancoPosta		11	21	(10)
Contribution to the Life Insurance Fund		16	-	16
Reversal of tax credits for years prior to 2024		57	-	57
Capital losses		4	3	1
Other current costs		38	28	10
Total		**238**	**223**	**15**

Other operating costs were substantially in line with the previous year. In the period under review, non-recurring charges were recognised in connection with the risk analysis on tax credits in the amount of €57 million (see Note A10 - *Tax credits Law no. 77/2020*), charges related to the contribution to the life business guarantee fund in the amount of €16 million, partially offset by lower accruals to provisions for risks in the amount of €62 million.

C8 – Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets (€403 million)

tab. C8 - Impairment losses/(Reversals of impairment losses) on debt instruments, receivables and other assets

Description (€m)	FY 2024	FY 2023	Changes
Impairment/(reversal) on trade receivables and other assets	34	10	24
Impairment/(reversal) on tax credits Law no. 77/2020	380	32	348
Impairment/(reversal) on tax credits Law No. 77/2020	548	32	516
Absorption in profit and loss Provision for tax credit risks	(168)	-	(168)
Impairment/(reversal) on debt instruments and receivables of financial operations	(11)	8	(19)
Impairment/(reversal) on receivables of financial operations	(1)	-	(1)
Impairment/(reversal) on debt instruments at FVTOCI	(5)	3	(8)
Impairment/(reversal) on debt instruments at amortised cost	(5)	5	(10)
Total	**403**	**50**	**353**

The increase in the item is mainly attributable to the accounting effects related to the risk analysis on tax credits analytically described in Note A10 - *Tax credits Law no. 77/2020*.

C9 – Finance income (€136 million) and costs (€186 million)

Finance costs

tab. C9.1 - Finance costs

Description (€m)	Notes	FY 2024	FY 2023	Changes
Finance costs on financial liabilities		80	69	11
on lease payables		22	21	1
on due to financial institutions		16	6	10
on bonds		3	5	(2)
on payables due to parent companies		39	37	2
Finance costs on provisions for employee termination benefits and pension plans	[tab. B5]	20	25	(5)
Finance costs on provisions for risks	[tab. B4]	2	3	(1)
Impairment of investments in joint ventures(1)		19	-	19
Other finance costs		13	8	5
Foreign exchange losses*		2	6	(4)
Total		**136**	**111**	**25**

* For the purposes of reconciliation with the statement of cash flows, in 2024 finance costs after foreign exchange losses and the impairment of investments in associates amounted to €115 million (€105 million in 2023).

Finance costs increased compared to the year 2023 mainly due to higher interest on payables to financial institutions described in Note B6 - *Financial liabilities* and the impairment of the investment in Financit SpA recognised in the year under review.

Finance income

tab C9.2 - Finance income

Description (€m)	Notes	FY 2024	FY 2023	Changes
Income from subsidiaries and associates		143	134	9
Interest on loans		25	22	3
Interest on non-convertible subordinated capital instruments		57	57	-
Interest on intercompany current accounts		2	1	1
Dividends from associates*		15	13	2
Other finance income		44	41	3
Income from financial instruments at FVTOCI		2	5	(3)
Interest on fixed-income instruments		2	2	-
Dividends from other equity investments(1)		-	3	(3)
Income from financial instruments at FVTPL		1	1	-
Interest		1	-	1
Accrued differentials on derivative financial instruments at FVTPL		-	1	(1)
Income from valuation of cash flow hedges		-	6	(6)
Realised gains		-	6	(6)
Other finance income		36	25	11
Remuneration of own liquid funds of Poste Italiane	[tab. C1.2.1]	14	15	(1)
Finance income on discounting receivables**		1	2	(1)
Late payment interest		29	27	2
Impairment of amounts due as late payment interest		(28)	(26)	(2)
Interest on bank deposits		17	3	14
Other income		3	4	(1)
Foreign exchange gains(1)		4	5	(1)
Total		**186**	**176**	**10**

* For the purposes of reconciliation with the statement of cash flows, in 2024 finance income after foreign exchange gains and dividends from associates and other investments amounts to €167 million (€155 million in 2023).
** Finance income on discounted receivables regards interest on amounts due from staff and INPS under the fixed-term contract settlements.

Finance income increased compared to the year 2023 mainly due to higher interest on bank deposits as a result of the increase in interest rates recognised by major banks and higher liquidity deposited on bank accounts.

C10 – Impairment losses/(reversals of impairment losses) on financial assets

Reversals of impairment losses of €13 million related to the receivable for interest income on the IRES reimbursement is described in Note A9 - *Other receivables and assets*.

C11 – Income tax expense (€60 million)

The nominal IRES rate is 24%, while the theoretical average IRAP rate is 4.53%[387]. The breakdown of income taxes for the year is as follows:

tab. C11 - Income tax expense

Description (€m)	FY 2024			FY 2023			Changes
	IRES	IRAP	Total	IRES	IRAP	Total	
Current taxes	83	53	136	168	42	210	(74)
Deferred tax assets	(79)	2	(77)	17	1	18	(95)
Deferred tax liabilities	-	1	1	1	-	1	-
Total	**4**	**56**	**60**	**186**	**43**	**229**	**(169)**

With regard to the deductibility of losses related to the non-compensation of tax credits, the allocation of risk provisions on tax credits and the charges resulting from sharing the Risk Analysis with the Agenzia delle Entrate (see also Note A10 - Tax credits Law no. 77/2020), on 22 November 2024, the Agenzia delle Entrate's response was received to the risk communication of 14 November 2024 submitted by the Company; the response received confirmed the deductibility for IRES purposes of the charges related to the tax credits recognised in the 2022, 2023 and 2024 financial statements, resulting in the recognition of lower taxes amounting to €229 million, including taxes related to previous years.

The actual tax rate for 2024 is 3.08% and consists of:

tab. C11.1 - Reconciliation between theoretical and effective IRES rate

Description (€m)	FY 2024		FY 2023	
	IRES	Impact %	IRES	Impact %
Profit before tax	*1,942*		*1,619*	
Theoretical tax charge	466	24.0%	389	24.0%
Effect of increases/(decreases) on theoretical tax charge				
Dividends from investee companies	(316)	-16.29%	(192)	-11.83%
Realised gains on investments	-	-	(21)	-1.28%
Net provisions for risks and charges and bad debts	4	0.21%	21	1.29%
Taxation for previous years	(158)	-8.15%	(9)	-0.54%
Non-deductible out-of-period losses	3	0.17%	5	0.31%
Non-deductible taxes	-	0.02%	1	0.02%
Other	1	0.02%	(8)	-0.47%
Effective tax charge	**4**	**0.21%**	**186**	**11.50%**

387. The nominal tax rate for IRAP is 3.90% for entities as a whole and 4.20% for entities that hold concessions other than those relating to the construction and operation of motorways and tunnels (+/–0.92% resulting from regional surtaxes and/or relief and +0.15% as a result of additional surtaxes levied in regions with a health service deficit).

tab. C11.2 - Riconciliazione tra aliquota ordinaria e aliquota effettiva IRAP

Description (€m)	FY 2024		FY 2023	
	IRES	Impact %	IRES	Impact %
Profit before tax	*1,942*		*1,619*	
Theoretical tax charge	88	4.53%	73	4.53%
Effect of increases/(decreases) on theoretical tax charge				
Dividends from investee companies	(63)	-3.24%	(38)	-2.36%
Non-deductible personnel expenses	12	0.64%	21	1.31%
Net provisions for risks and charges and bad debts	20	1.03%	(3)	-0.16%
Non-deductible out-of-period losses	1	0.03%	1	0.06%
Finance income and costs	(4)	-0.19%	(3)	-0.20%
Impairment losses/(reversals of impairment losses) on financial assets	1	0.04%	(2)	-0.12%
Non-deductible taxes	1	0.06%	1	0.08%
Realised gains on investments	-	-	(4)	-0.26%
Taxation for previous years	(2)	-0.10%	(1)	-0.10%
Other	2	0.07%	(2)	-0.11%
Effective tax charge	**56**	**2.87%**	**43**	**2.66%**

Current tax expense

tab. C11.3 - Movements in current tax assets/(liabilities)

Description (€m)	Current tax 2024		
	IRES	IRAP	
	Assets/ (Liabilities)	Assets/ (Liabilities)	Total
Balance at 1 January	**(86)**	**5**	**(81)**
Payments	636	40	676
on account for the current year	503	40	543
for balance payable for the previous year	133	-	133
Provisions to profit or loss	(83)	(53)	(136)
for current liabilities	(83)	(53)	(136)
Provisions to equity	10	-	10
Tax consolidation	(446)	-	(446)
Other*	27	-	27
Balance at 31 December	**58**	**(8)**	**50**
of which:			
Current tax assets	81	5	86
Current tax liabilities	(23)	(13)	(36)

* This item mainly refers to receivables for withholding taxes.

Under IAS 12 – Income Taxes, IRES and IRAP credits are offset against the corresponding current tax liabilities, when applied by the same tax authority to the same taxable entity, which has a legally enforceable right to offset and intends to exercise this right.

At 31 December 2024, current tax assets/(liabilities) include:

- assets totalling €42 million related to the deductibility of prior years' expenses referring to tax credits and the tax recognition of negative income components arising from the management of postal current account balances, which will become offsettable after the submission of the relevant supplementary tax returns;
- assets for a total of €20 million, mainly arising from the redemption of goodwill and other intangible assets as follows:
  - €9 million for redemption on goodwill in 2018 and other intangible assets arising from the acquisition of the investment in FSIA Investimenti Srl;
  - €5 million for redemption on goodwill in 2022 arising from the acquisition of the investments in Nexive Group and Sengi HK;

  - €6 million for redemption on goodwill in 2023 arising from the acquisition of the investments in Sourcesense SpA and Agile Power Srl;
- residual assets of €10 million related to the adhesion to the Patent Box regime for the 2018-2019 financial years;
- assets totalling a residual €9 million recognised as a result of the responses received to two petitions filed with the Agenzia delle Entrate concerning the tax effects of implementation of IFRS 9 and 15;
- liabilities totalling €35 million referring to all companies participating in the tax consolidation determined by IRES and IRAP accruals for the year 2024 net of IRES and IRAP advances and IRES credits.

Deferred tax assets and liabilities

Details of this item at 31 December 2024 are shown in the following table:

tab. C11.4 - Deferred taxes

Description (€m)	Balance at 31.12.24	Balance at 31.12.23	Changes
Deferred tax assets	855	928	(73)
Deferred tax liabilities	(320)	(272)	(48)
Total	**535**	**656**	**(121)**
of which attributable to BancoPosta RFC			
Deferred tax assets	499	642	(143)
Deferred tax liabilities	(315)	(266)	(49)

Movements in deferred tax assets and liabilities are shown below:

tab. C11.5 - Movements in deferred tax assets and liabilities

Description (€m)	Notes	FY 2024
Balance at 1 January		**656**
Net income/(expense) recognised in profit or loss		76
Net income/(expense) recognised in equity	[tab. C11.8]	(197)
Balance at 31 December		**535**

The following table shows movements in deferred tax assets and liabilities, broken down according to the events that generated such movements:

tab. C11.6 - Movements in deferred tax assets

Description (€m)	Investment property	Financial assets and liabilities	Provisions to cover expected losses	Provisions for risks and charges	Contract liabilities	Other	Total
Balance at 1 January 2024	**16**	**608**	**79**	**175**	**23**	**27**	**928**
Income/(expense) recognised in profit or loss	(6)	-	13	69	5	(4)	77
Income/(expense) recognised in equity	-	(144)	(6)	-	-	-	(150)
Balance at 31 December 2024	**10**	**464**	**86**	**244**	**28**	**23**	**855**

tab. C11.7 - Movements in deferred tax liabilities

Description (€m)	Financial assets and liabilities	Gains	Other	Total
Balance at 1 January 2024	**269**	**1**	**2**	**272**
Expense/(income) recognised in profit or loss	-	-	1	1
Expense/(income) recognised in equity	47	-	-	47
Balance at 31 December 2024	**316**	**1**	**3**	**320**

At 31 December 2024, deferred tax assets and liabilities recognised directly in equity are as follows:

tab. C11.8 - Deferred tax assets and liabilities recognised in equity

Increases/(decreases) in equity	
Description (€m)	**FY 2024**
Fair value reserve for financial assets at FVTOCI	(173)
Cash flow hedge reserve	(18)
Other changes	(6)
Total	**(197)**

5.5 Related party transactions

Impact of related party transactions on statement of financial position and profit or loss

Impact of related party transactions on financial position at 31 December 2024

Name (€m)	Balance at 31.12.2024								
	BancoPosta financial assets	Financial assets	Trade receivables	Other receivables and assets	Cash and cash equivalents	BancoPosta financial liabilities	Financial liabilities	Trade payables	Other liabilities
Direct subsidiaries									
BancoPosta Fondi SpA SGR	-	-	28	3	-	16	41	6	-
CLP ScpA	-	-	6	1	-	-	-	74	-
Consorzio PosteMotori	-	-	3	-	-	1	-	0	-
Consorzio Servizi ScpA	-	-	0	-	-	4	-	32	-
EGI SpA	-	-	-	-	-	2	46	0	-
Poste Welfare Servizi Srl	-	-	3	22	-	1	3	26	-
Poste Air Cargo Srl	-	2	1	-	-	-	-	15	-
PatentiViaPoste ScpA	-	-	-	-	-	-	15	-	-
Poste Vita SpA	-	259	394	58	-	871	74	2	-
Postel SpA	-	17	34	3	-	3	7	14	2
PostePay SpA	102	-	195	26	-	10.625	659	93	1
Poste Logistics SpA	-	4	1	2	-	-	5	2	-
SDA Express Courier SpA	-	63	19	-	-	7	3	162	12
Milkman Deliveries SpA	-	-	1	-	-	6	7	4	-
Nexive Network Srl	-	-	1	1	-	-	-	0	2
Nexive Scarl	-	-	17	-	-	-	13	0	1
Sengi Express Limited LIM	-	-	71	-	-	-	-	-	-
Agile Lab Srl	-	4	-	-	-	-	-	6	-
Sourcesense SpA	-	-	-	1	-	-	2	6	-
Indirect subsidiaries									
Kipoint SpA	-	-	1	-	-	-	2	1	-
Poste Assicura SpA	-	-	31	2	-	4	5	0	-
Indabox Srl	-	-	-	-	-	1	-	1	-
Plurima SpA	-	69	-	-	-	-	-	1	3
Bridge Technologies Srl	-	-	-	-	-	-	-	1	-
Poste Insurance Broker	-	-	-	-	-	3	-	0	-
LIS Holding SpA	-	-	-	1	-	-	86	0	-
LIS Pay SpA	-	-	-	1	-	-	1	0	-
Associates									
Anima Group	-	0	-	-	-	-	-	-	-
Financit SpA	-	-	5	-	-	-	-	19	-
sennder Italia Srl	-	-	-	-	-	29	-	-	-
External related parties									
MEF	9,972	-	292	1	346	5,436	3	3	-
Direct relations	9,972	-	229	1	346	5,436	-	-	-
Agencies and other territorial branches	-	-	63	-	-	-	3	2	-
former State General Inspectorate	-	-	-	-	-	-	-	1	-
Cassa Depositi e Prestiti Group	2,903	-	224	1	-	-	-	17	-
Enel Group	-	-	17	-	-	-	-	1	-
Eni Group	-	-	4	-	-	-	-	4	-
Leonardo Group	-	-	-	-	-	-	-	12	-
Monte dei Paschi di Siena Group	129	-	-	-	41	270	-	-	-
Other external related parties	-	20	44	-	-	-	4	1	71
Provisions for doubtful debts from external related parties	(5)	(20)	(4)	-	(0)	-	-	-	-
Total	**13,101**	**418**	**1,388**	**123**	**387**	**17,279**	**976**	**504**	**92**

Impact of related party transactions on financial position at 31 December 2023

Name (€m)	Balance at 31.12.2023								
	BancoPosta financial assets	Financial assets	Trade receivables	Other receivables and assets	Cash and cash equivalents	BancoPosta financial liabilities	Financial liabilities	Trade payables	Other liabilities
Direct subsidiaries									
BancoPosta Fondi SpA SGR	-	-	29	1	-	11	30	3	-
CLP ScpA	-	-	3	1	-	-	-	112	-
Consorzio PosteMotori	-	-	3	-	-	1	-	-	-
Consorzio Servizi ScpA	-	2	-	-	-	-	-	19	-
EGI SpA	-	-	-	-	-	1	51	-	1
Poste Welfare Servizi Srl	-	-	5	10	-	-	14	13	1
Poste Air Cargo Srl	-	5	1	-	-	-	-	-	-
PatentiViaPoste ScpA	-	-	1	-	-	1	16	-	-
Poste Vita SpA	-	259	355	104	-	721	247	2	1
Postel SpA	-	19	58	3	-	-	-	16	4
PostePay SpA	185	-	189	18	-	10,197	855	85	1
SDA Express Courier SpA	-	69	19	-	-	3	-	176	12
Milkman Deliveries SpA	-	-	-	-	-	3	8	6	-
Nexive Network Srl	-	9	1	3	-	-	5	-	2
Nexive Scarl	-	-	13	-	-	-	6	-	1
Sengi Express Limited LIM	-	-	66	-	-	-	-	-	-
Agile Lab Srl	-	1	-	-	-	-	-	2	-
Sourcesense SpA	-	4	-	-	-	-	-	4	-
Indirect subsidiaries									
Address Software Srl	-	-	-	-	-	-	-	1	-
Kipoint SpA	-	-	1	-	-	-	2	3	-
Poste Assicura SpA	-	-	16	6	-	6	-	-	-
Plurima SpA	-	46	-	-	-	-	-	-	1
Bridge Technologies Srl	-	-	-	-	-	-	-	2	-
Poste Insurance Broker	-	-	-	-	-	2	-	-	-
LIS Holding SpA	-	-	-	6	-	-	85	-	-
LIS Pay SpA	-	-	1	-	-	1	63	-	-
Associates									
ItaliaCamp Srl	-	-	1	-	-	-	-	-	-
Financit SpA	-	-	3	-	-	-	-	17	-
sennder Italia Sr.l.	-	-	-	-	-	36	-	-	-
External related parties									
MEF	8,937	-	364	2	874	5,371	4	4	1
Cassa Depositi e Prestiti Group	2,891		251	1	-	-	-	16	-
Enel Group	-	-	24	-	-	-	-	-	-
Eni Group	-	-	4	-	-	-	-	3	-
Leonardo Group	-	-	-	-	-	-	-	11	-
Monte dei Paschi di Siena Group	224	-	1	-	-	351	-	-	-
Invitalia Group	-	20	1	-		-	-	-	-
Other external related parties	-	-	24	-	-	-	4	1	69
Provisions for doubtful debts from external related parties	(7)	(20)	(36)	-	-				
Total	**12,230**	**414**	**1,398**	**155**	**874**	**16,705**	**1,390**	**496**	**94**

At 31 December 2024, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Company and attributable primarily to trading relations amount to €48 million (€59 million at 31 December 2023).

Impact of related party transactions on profit or loss in FY 2024

	FY 2024										
	Revenue			Costs							
				Investments		Current expenses					
Name (€m)	Revenue from sales and services	Other operating income	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and services	Expenses from financial activities	Personnel expenses	Other operating costs	Impairment losses/ (Reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
Direct subsidiaries											
BancoPosta Fondi SpA SGR	128	30	-	-	-	13	-	-	-	-	2
CLP ScpA	1	-	-	2	-	277	-	-	1	-	-
Consorzio Servizi ScpA	-	1	-	-	-	158	-	-	-	-	-
EGI SpA	-	0	-	-	-	1	-	-	4	-	1
Poste Welfare Servizi Srl	4	4	-	-	-	3	-	-	-	-	-
Poste Air Cargo Srl	1	1	-	-	-	53	-	-	-	-	-
PatentiViaPoste ScpA	-	-	-	-	-	-	-	-	-	-	1
Poste Vita SpA	685	752	118	-	-	-	27	(1)	-	-	5
Postel SpA	51	2	1	-	-	33	-	-	-	-	1
PostePay SpA	530	573	-	-	-	209	50	(1)	-	-	25
Poste Logistics SpA	1	-	-	-	-	2	-	-	-	-	-
SDA Express Courier SpA	22	19	5	-	-	973	-	-	-	-	-
Milkman Deliveries SpA	1	-	-	-	-	25	-	-	-	-	-
Nexive Network Srl	2	3	-	-	-	-	-	(1)	-	-	-
Nexive Scarl	-	4	-	-	-	-	-	-	-	-	-
Sengi Express Limited LIM	207	3	-	-	-	-	-	-	-	-	-
Agile Lab Srl	-	-	-	-	6	-	-	-	-	-	-
Sourcesense SpA	-	-	-	-	18	1	-	-	-	-	-
Indirect subsidiaries											
Kipoint SpA	3	-	-	-	-	3	-	-	-	-	-
Poste Assicura SpA	75	1	-	-	-	-	-	-	-	-	-
Indabox Srl	-	-	-	-	-	1	-	-	-	-	-
Plurima SpA		-	3	-	-	1	-	-	-	-	-
Bridge Technologies Srl	-	-	-	-	1	1	-	-	-	-	-
Poste Insurance Broker	2	-	-	-	-	-	-	-	-	-	-
LIS Holding SpA		-	-	-	-	-	-	-	-	-	3
LIS Pay SpA		-	1	-	-	-	-	-	-	-	1
Associates											
Anima Group	2	-	10	-	-	-	-	-	-	-	-
Financit SpA	29	-	6	-	-	-	-	-	-	-	19
External related parties											
MEF	1,250	-	14	-	-	-	-	-	1	(2)	-
Direct relations	1,134	-	14	-	-	-	-	-	-	(2)	-
Agencies and other territorial branches	116	-	-	-	-	-	-	-	1	-	-
Cassa Depositi e Prestiti Group	1,821	-	-	14	2	7	-	-	-	-	1
Enel Group	30	-	-	2	-	-	-	-	-	-	-
Eni Group	15	-	-	1	-	15	-	-	-	-	-
Leonardo Group	-	-	-	-	2	19	-	-	-	-	-
Monte dei Paschi di Siena Group	23	2	-	-	-	-	5	-	-	-	-
Invitalia Group	2	-	-	-	-	-	-	-	-	-	-
Other external related parties	82	3	-	-	-	3	-	74	1	-	-
Total	**4,967**	**1,398**	**158**	**19**	**29**	**1,798**	**82**	**71**	**7**	**(2)**	**59**

Impact of related party transactions on profit or loss in FY 2023

Name (€m)	FY 2023									
	Revenue			Costs						
				Investments		Current expenses				
	Revenue from sales and services	Other operating income	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and services	Expenses from financial activities	Personnel expenses	Other operating costs	Finance costs
Direct subsidiaries										
BancoPosta Fondi SpA SGR	103	28	-	-	-	13	-	(1)	-	1
CLP ScpA	1	-	-	2	-	314	-	-	1	-
Consorzio Servizi ScpA	-	-	-	-	-	27	-	-	1	-
EGI SpA	-	3	-	-	-	1	-	-	4	1
Poste Welfare Servizi Srl	4	3	-	-	-	2	-	-	-	-
Poste Air Cargo Srl	1	2	-	-	-	-	-	-	-	-
PatentiViaPoste ScpA	22	-	-	-	-	-	-	-	-	-
Poste Vita SpA	655	452	113	-	-	-	24	(1)	-	4
Postel SpA	43	2	1	-	-	30	-	-	-	-
PostePay SpA	491	309	-	-	-	207	43	(1)	-	28
SDA Express Courier SpA	21	38	4	-	-	839	-	(1)	-	1
Milkman Deliveries SpA	-	-	-	-	-	32	-	-	-	-
Nexive Network Srl	2	-	1	-	-	-	-	(1)	-	-
Nexive Scarl	-	3	-	-	-	-	-	-	-	-
Sengi Express Limited LIM	114	2	-	-	-	-	-	-	-	-
Agile Lab Srl	-	-	-	-	2	-	-	-	-	-
Sourcesense SpA	-	-	-	-	6	-	-	-	-	-
Indirect subsidiaries										
Address Software Srl	-	-	-	-	-	1	-	-	-	-
Kipoint SpA	1	-	-	-	-	3	-	-	-	-
Poste Assicura SpA	72	1	-	-	-	-	-	-	-	-
Plurima SpA	-	-	2	-	-	-	-	-	-	-
Bridge Technologies Srl	-	-	-	-	1		-	-	-	-
Poste Insurance Broker	1	-	-	-	-		-	-	-	-
LIS Holding SpA	-	-	-	-	-	-	-	-	-	2
LIS Pay SpA	-	-	-	-	-	-	-	-	-	1
Associates										
Anima Group	2	-	8	-	-	-	-	-	-	-
Financit SpA	30	-	4	-	-	-	-	-	-	-
sennder Italia Sr.l.	-	95	-	-	-	-	-	-	-	-
External related parties										
MEF	1,315	-	15	-	-	1	-	-	1	-
Cassa Depositi e Prestiti Group	1,832	-	-	8	2	10	-	-	-	-
Enel Group	35	-	-	-	-	-	-	-	-	-
Eni Group	21	-	-	-	-	30	-	-	-	-
Leonardo Group	-	-	-	-	4	23	-	-	-	-
Monte dei Paschi di Siena Group	14	2	-	-	-	-	7	-	-	-
Invitalia Group	2		-	-	-	-	-	-	-	-
Other related parties external to the Group	31	3	-	-	-	6	-	73	1	-
Total	**4,813**	**943**	**148**	**10**	**15**	**1,539**	**74**	**68**	**8**	**38**

At 31 December 2024, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Company and primarily attributable to trading relations amount to €0.04 million compared to net allocations of €0.07 million at 31 December 2023.

The nature of the Company's principal transactions with related parties external to the Group is summarised below:

- The fees recognised by the MEF mainly relate to the remuneration for the performance of the Universal Service (OSU), remuneration for delegated services, remuneration for postal current account management services, remuneration for the notification service and for deliveries without material postage;
- Amounts received from Cassa Depositi e Prestiti SpA Group primarily relate to remuneration for the collection of postal savings deposits;
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail;
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles;
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised mail sorting equipment, and systems and IT assistance regarding the creation of document storage facilities, the supply of software licences and of hardware and the associated maintenance and specialist consulting services;
- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

Impact of related party transactions or positions

The impact of related party transactions on the financial position, profit or loss and cash flows is shown in the following table:

Impact of related party transactions

	Balance at 31.12.2024			Balance at 31.12.2023		
Description (€m)	**Total in financial statements**	**Total related parties**	**Impact (%)**	**Total in financial statements**	**Total related parties**	**Impact (%)**
Financial position						
Financial assets	81,675	13,519	16.6	81,272	12,644	15.6
Trade receivables	2,476	1,388	56.1	2,774	1,397	50.4
Other receivables and assets	2,944	123	4.2	2,777	155	5.6
Cash and cash equivalents	715	387	54.1	1,223	874	71.5
Provisions for risks and charges	999	48	4.8	1,228	59	4.8
Financial liabilities	94,688	18,255	19.3	96,863	18,095	18.7
Trade payables	1,696	504	29.7	1,967	496	25.2
Other liabilities	3,254	92	2.8	3,361	94	2.8
Profit or loss						
Revenue from sales and services	10,504	4,967	47.3	9,880	4,814	48.7
Other operating income	1,453	1,398	96.2	1,004	943	94.0
Cost of goods and services	2,918	1,798	61.6	2,640	1,539	58.3
Expenses from financial activities	683	82	12.0	633	74	11.7
Personnel expenses	5,318	71	1.3	5,348	68	1.3
Other operating costs	238	7	2.9	223	8	3.6
Finance costs	136	59	43.4	111	38	34.2
Finance income	186	158	84.9	176	148	84.3
Cash flows						
Net cash flow from/(for) operating activities	2,181	(261)	n.a.	850	4,970	584.7
Net cash flow from/(for) investing activities	(895)	(47)	5.2	(843)	(43)	5.1
Net cash flow from/(for) financing activities and shareholder transactions	(1,794)	(1,170)	65.2	(1,042)	758	n.a.

Key management personnel

Key management personnel consist of Directors, members of the Board of Statutory Auditors and the Supervisory Board, managers at the first organisational level of the Company and Poste Italiane's manager responsible for financial reporting. The related remuneration, gross of expenses and social security contributions, is as follows:

Remuneration of key management personnel

Description	Balance at 31.12.2024	Balance at 31.12.2023
Remuneration to be paid in short/medium term	20,256	14,343
Post-employment benefits	698	580
Other benefits to be paid in longer term	1,195	(787)
Share-based payments	5,849	4,936
Total	**27,998**	**19,072**

Remuneration of Statutory Auditors

Description (€k)	Balance at 31.12.2024	Balance at 31.12.2023	Changes
Remuneration	262	263	(1)
Expenses	9	3	6
Total	**271**	**266**	**5**

The remuneration paid to members of the Company's Supervisory Board for 2024 amounts to approximately €96 thousand. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

No loans were granted to key management personnel during the year and, at 31 December 2024, the Company does not report receivables in respect of loans granted to key management personnel.

Transactions with personnel pensions funds

Poste Italiane SpA and the subsidiaries that apply the National Collective Labour Agreement are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chairman and Deputy Chairman of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the Shareholders' Meeting.

5.6 Risk management

Introduction

The note "Risk management" presents information on Poste Italiane's exposure to risks of various kinds and includes a discussion of financial risks (pursuant to IFRS 7 - *Financial Instruments*: *Disclosures*), as well as other risks for which it is deemed appropriate/necessary to provide information, also taking into account the recommendations published by ESMA and CONSOB[388] during the year.

Qualitative information

Financial risk

The management of lending and risk hedging operations relating to BancoPosta RFC and Poste Italiane are entrusted to BancoPosta Fondi SpA SGR, while finance activities, relating to treasury and medium/long-term funding operations, including on the capital market, as well as extraordinary and subsidised finance initiatives, are entrusted to the Administration, Finance and Control function.

Poste Italiane SpA's financial management primarily relate to BancoPosta RFC's operations, asset financing and liquidity investment activities.

BancoPosta RFC's operations consist in the active management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties. The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee[389], whilst deposits by Public Administration entities are deposited with the MEF. Moreover, within the 50% of deposits from private customers that can be invested in Italian government-guaranteed securities, BancoPosta RFC may use up to a maximum of 30% of that portion to purchase tax credits transferable pursuant to Law Decree no. 34/2020 (the so-called Relaunch Decree) and subsequent amendments and additions, or other tax credits transferable pursuant to current legislation[390].

The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/econometric model that forecasts the interest rates and maturities typical of postal current accounts. Accordingly, the portfolio composition aims to replicate the financial structure of postal current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned model is thus the general reference for the investments, in order to limit exposure to interest rate risk and liquidity risks. The prudential requirements introduced by the third revision of the Bank of Italy Circular 285/2013 require BancoPosta to apply the same regulations applicable to banks in terms of its controls, establishing that its operations are to be conducted in accordance with the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF). BancoPosta RFC is, therefore, required to establish a system of internal controls in line with the provisions of Circular 285[391], which, among other things, requires definition of a Risk Appetite Framework (RAF[392]), the containment of risks within the limits set by the RAF, protection of the value of assets and against losses, and identification of material transactions to be subject to prior examination by the risk control function.

388. Public statement ESMA32-193237008-8369 of 24 October 2024 "*European common enforcement priorities for 2024 annual financial reports*" and Warning notice no. 2/24 of 20 December 2024.
389. As provided for by Law no. 296 of 27 December 2006 and subsequent amendments provided for by the 2015 Stability Law, no. 190 of 23 December 2014.
390. As provided for in Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021.
391. See in particular the provisions laid down in Part I – Section IV – Chapter 3.
392. The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits, and risk management policies, together with the processes needed to define and implement them.

BancoPosta's capital structure, which is subject to the prudential provisions introduced with the third update of Bank of Italy Circular 285/2013, is solid due to the CET1 ratio, which, at 31 December 2024, was 19.4% and the Total Capital Ratio, which, at 31 December 2024, was 22.6%. The Leverage Ratio stood at 3.3%[393] at the end of 2024, up slightly from 31 December 2023 as a result of the decrease in the statement of financial position assets, including Leverage adjustments.

Operations not covered by BancoPosta RFC, primarily relating to management of Poste Italiane's own liquidity, are carried out in accordance with investment guidelines, which require the Company to invest in instruments such as government securities, high-quality corporate or bank bonds, term bank deposits and tax credits. Liquidity is also deposited in postal current accounts, subject to the same requirements applied to the investment of deposits by private current account holders.

Within the above context, balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including the progressive introduction of appropriate information systems.

In this regard, on 12 December 2024, the Board of Directors of Poste Italiane SpA adopted a revised version of the Guidelines for Internal Control and Risk Management System (SCIGR), which contains integrated guidelines for Poste Italiane SpA's Internal Control and Risk Management System.

From an organisational viewpoint, the model consists of:
- the **Control and Risk Committee**, established in 2015 within the Board, which has the task of supporting, through an appropriate investigative, proposal-making and advisory activity, the evaluations and decisions of the Board of Directors on the internal control and risk management system and on the approval of the relative periodic financial and non-financial reports;
- the **Financial and Insurance Services Committee**, established on 19 March 2018, has the objective of overseeing the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested;
- the **BancoPosta Risk Management function**, responsible for measuring and controlling risk and respect for the principle of ensuring the organisational separation of risk assessment from risk management activities;
- appropriate functions established within Poste Italiane SpA and the subsidiaries providing financial and insurance services (BancoPosta Fondi SGR SpA and Poste Vita SpA) that perform **Risk Measurement** and **Control** activities, ensuring the organisational separation of risk assessment from risk management activities; the results of these activities are examined by the relevant advisory Committees, which are responsible for carrying out an integrated assessment of the main risk profiles.

In constructing the Risk Model used by BancoPosta RFC, account was also taken of the existing prudential supervisory standards for banks and the specific instructions for BancoPosta, published by the Bank of Italy on 27 May 2014 with the third revision of Circular 285 of 17 December 2013.

The financial risks to which Poste Italiane as a whole is exposed are broken down into the types of risk indicated below:
- **Market risk**, defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk:
  - **Fair value interest rate risk:** the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates. The analyses on this type of risk refers primarily to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components of variable rate financial instruments or fixed rate financial instruments converted to variable rate via fair value hedges. The impact of these effects is directly related to the financial instrument's duration. The sensitivity analysis to the interest rate risk of the positions concerned was calculated as a result of a hypothetical parallel shift in the market rate curve of +/- 100 bps, providing a baseline reference that can be used to appreciate potential changes in fair value in the event of interest rate fluctuations.

393. The CET1 ratio and the Total Capital Ratio already take into account the proposed capital strengthening of €61 million by setting aside the profit of the financial year 2024, in application of the provisions of Article 26 of Regulation (EU) no. 575/2013.

- **Price risk:** the risk that the value of a financial instrument fluctuates as a result of market price movements, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market. Price risk relates to financial assets classified as measured at fair value through other comprehensive income ("FVTOCI") or measured at fair value through profit or loss ("FVTPL"), and certain derivative financial instruments where changes in value are recognised in profit or loss. The sensitivity analysis took into account positions potentially exposed to the highest fluctuations in value. Financial statement balances have been subjected to a stress test, based on actual volatility during the year, considered to be representative of potential market movements.
- **Foreign Exchange Risk**: the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency. Sensitivity analysis of the items subject to foreign exchange risk was based on the most significant positions, assuming a stress scenario determined by the levels of exchange rate volatility applicable to each foreign currency position. The test applies an exchange rate movement based on volatility during the year, which was considered to be representative of potential market movements.

- **Spread risk** or country risk: the risk relates to the potential fall in the value of bonds held, following a deterioration in the creditworthiness of issuers. This is due to the importance that the impact of the spread of returns on government securities had on the fair value of euro zone government securities, reflecting the market's perception of the credit rating of issuers. The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called risk-free interest rates. This is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning both the fixed and variable rate components. In this latter case, in fact, fair value derivatives, used to convert variable rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and variable rate instruments. The sensitivity to the spread has been calculated by applying a shift to the yield curve for Italian government bonds. Compared to the previous year, the actual risk exposure was assessed and only a worst-case scenario of stress conditions, i.e. a shift in the curve of +100 bps, was deemed more significant in terms of potential impact on results.
- **Credit risk**: defined as the risk of default of one of the counterparties to which there is an exposure, with the exception of equities. For more detailed information on the inputs, assumptions and estimation techniques used to calculate Expected Credit Losses (ECL), please see Note *2.6 - Use of estimates - "Impairment and stage allocation for financial instruments"*.
- **Liquidity risk:** defined as the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments. In order to minimise this risk, Poste Italiane applies a financial policy based on diversification of the various forms of short-term and long-term borrowings and counterparties; availability of relevant credit lines in terms of amounts and the number of banks; gradual and consistent distribution of the maturities of medium/long-term borrowings; and use of dedicated analytical models to monitor the maturities of assets and liabilities.
- **Cash flow interest rate risk:** this is defined as the uncertainty related to the generation of future cash flows, due to interest rate fluctuations. Such risk may arise from the mismatch - in terms of interest rate, indexation methods and maturities - of financial assets and liabilities until their contractual and/or expected maturity (*banking book*), with effects in terms of interest spreads, reflecting on the income results of future periods. The following analysis refers to the uncertainty over future cash flows generated by variable rate instruments and variable rate instruments created through fair value hedges following fluctuations in market interest rates. Sensitivity to cash flow interest rate risk relating to these instruments is calculated by assuming a parallel shift in the yield curve of +/- 100 bps.
- **Cash flows inflation rate risk**: this is defined as the uncertainty related to the generation of future cash flows, due to fluctuations in inflation rates recorded on the market.

Operational risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This category of risk includes losses resulting from fraud, human error, business disruption, systems failures, breach of contracts and natural disasters. Operational risk includes legal risk, but not strategic and reputational risks.

To protect against this form of risk, BancoPosta RFC has formalised a methodological and organisational framework to identify, measure and manage the operational risk related to its products/processes.

The framework, which is based on an integrated (qualitative and quantitative) measurement model, makes it possible to monitor and manage risk on an increasingly informed basis.

In 2024, activities continued to refine the operational risk management framework, with the aim of making the process of recording operational losses, monitoring and reporting more efficient and mitigating such risks by cross-functional working groups. Support has also been provided to the specialist units and the owner of the process of analysing and assessing IT risk, in keeping with the approach adopted in 2023 and the monitoring of IT risk remedial plans has been enhanced. In the area of cyber risks, adjustments were made to internal regulations in connection with Regulation (EU) 2022/2554 (Digital Operational Resilience Act, "DORA").

Other activities carried out in 2024 include the assessment of the risk profile related to the assignment and outsourcing of BancoPosta RFC asset and the refinement of the model for ex-ante assessments of the risk profile related to the innovation of the BancoPosta's offering and/or specific project initiatives.

At 31 December 2024, the risk map prepared in accordance with the aforementioned framework shows the type of operational risks BancoPosta RFC's products are exposed to. Specifically:

Event Type	Number of types
Internal fraud	27
External fraud	44
Employee practices and workplace safety	8
Customers, products and business practices	38
Damage caused by external events	4
Business disruption and system failure	8
Execution, delivery and process management	105
Total at 31 December 2024	**234**

For each type of mapped risk, the related sources of risk (internal losses, external losses, scenario analysis and risk indicators) have been recorded and classified in order to construct complete inputs for the integrated measurement model. Systematic measurement of the mapped risks has enabled the prioritization of mitigation initiatives and the attribution of responsibilities in order to contain any future impact.

Reputational risk

The main element of reputational risk to which Poste Italiane is, by its nature, exposed is linked to market performance and primarily associated with the placement of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiary, Poste Vita SpA, and mutual funds managed by BancoPosta Fondi SpA SGR).

Climate change risks

Poste Italiane is aware of the relevance in terms of its widespread presence within the territory in which it operates and of the risks to which it is exposed. In an attempt to counter these risks, considering the potential economic impacts of climate change risks, the company:
- aims to **reduce its environmental impact** and contribute to the *low-carbon* transition of the country's economy; and
- adopts a **responsible approach in carrying out its activities**.

For the proper management of environmental issues, a specific internal board Committee was set up. The role of the Sustainability Committee is to assist the Board of Directors which approves the sustainability guidelines and strategies, by supporting it in evaluating and deciding on environmental, social and governance factors.

Poste Italiane's approach to climate risk is reported extensively in the specific section of the Sustainability Report within the Report on Operations on the management of risks and opportunities related to climate change, to which reference should be made for a complete discussion, as well as in Note 2.7 - *Climate change and the macroeconomic environment* of these financial statements.

Quantitative information

Quantitative information is provided below on Poste Italiane SpA's exposure to financial risks.

Fair value interest rate risk

Fair value interest rate risk

Description (€m)	31.12.2023		31.12.2024			
	Risk exposure		Risk exposure		Impacts Equity reserves before taxation	
	Nominal	Fair Value	Nominal	Fair Value	+100bps	-100bps
Financial assets BancoPosta RFC						
Financial assets at FVTOCI	34,859	33,069	33,795	33,645	(1,201)	1,246
Derivative financial instruments	-	-	452	3	52	(64)
Financial assets outside the ring-fence						
Financial assets at FVTOCI	110	99	110	102	(3)	3
Financial liabilities BancoPosta RFC						
Derivative financial instruments	-	-	150	(1)	18	(23)
Total	**34,969**	**33,168**	**34,507**	**33,749**	**(1,134)**	**1,162**

Financial assets at fair value through other comprehensive income, which are relevant to the risk in question are comprised of fixed income government bonds held primarily by BancoPosta RFC, of which: fixed rate securities for €13,295 million, variable rate securities converted into fixed rate positions through interest rate swaps designated as cash flow hedges for €6,674 million, variable rate securities for €1,538 million (of which inflation-indexed bonds for €879 million) and fixed or variable rate securities (originally inflation-indexed) swapped into variable rate instruments through fair value hedge derivatives for €12,240 million (of which €2,697 million with forward starts).

Derivative financial instruments which are relevant to the risk in question relate to forward sales of government bonds with a nominal value of €602 million, classified as cash flow hedges, entered into by BancoPosta RFC.

At 31 December 2024, with reference to the interest rate risk exposure determined by the average financial duration of the portfolios and relating mainly to BancoPosta RFC, the duration[394] of overall investments went from 5.06 to 5.74.

394. Duration is the indicator used to estimate the percentage change in price in response to a shift in market returns.

Price risk

Price Risk

Description (€m)	31.12.2023 Risk exposure	31.12.2024 Risk exposure	Impacts Profit/(Loss) before tax + Vol 260 days	Impacts Profit/(Loss) before tax - Vol 260 days	Impacts Equity reserves before taxation + Vol 260 days	Impacts Equity reserves before taxation - Vol 260 days
Financial assets BancoPosta RFC						
Financial assets at FVTOCI	-	-	-	-	-	-
Equity instruments	-					
Financial assets at FVTPL	26	34	6	(6)	-	-
Equity instruments	26	34	6	(6)		
Financial assets outside the ring-fence						
Financial assets at FVTOCI	345	249	-	-	70	(70)
Equity instruments	345	249			70	(70)
Financial liabilities BancoPosta RFC						
Derivative financial instruments	(3)	(8)	(5)	5	-	-
Fair value through profit or loss	(3)	(8)	(5)	5		
Total	**368**	**275**	**1**	**(1)**	**70**	**(70)**

The financial instruments that are relevant to the price risk concern:
- **Financial assets at fair value through other comprehensive income** consisting of the shares held by the Capital outside the ring-fence in Nexi SpA;
- **Financial assets at fair value through profit or loss** relating to preferred shares held by BancoPosta RFC in Visa Incorporated. For the purpose of the sensitivity analysis, the equities are matched with the corresponding amount of the Class A shares, considering the volatility of the shares listed on the NYSE;
- **Derivative financial instruments** related to the forward sale agreement for 95,000 shares of Visa Incorporated common stock.

The shares in Moneyfarm Holding Ltd, Sennder Technologies GmbH, Milkman and Scalapay Limited classified as **Financial assets at fair value through other comprehensive** and held by Capital outside the ring-fence, are not subject to sensitivity in the above table.

Foreign exchange risk

Foreign exchange risk

Description (€m)	31.12.2023 Position in USD	31.12.2023 Position in GBP	31.12.2023 Position in Euro	31.12.2024 Position in USD	31.12.2024 Position in GBP	31.12.2024 Position in Euro	Impacts Profit/(Loss) before tax + Vol 260 days	Impacts Profit/(Loss) before tax - Vol 260 days	Impacts Equity reserves before taxation + Vol 260 days	Impacts Equity reserves before taxation - Vol 260 days
Financial assets BancoPosta RFC										
Financial assets at FVTPL	29	-	26	35	-	34	2	(2)	-	-
Financial assets outside the ring-fence										
Financial assets at FVTOCI	-	48	55	-	47	56	-	-	2	(2)
Financial liabilities BancoPosta RFC										
Derivative financial instruments	(3)	-	(3)	(9)	-	(8)	(2)	2	-	-
Total	**26**	**48**	**78**	**27**	**47**	**82**	**-**	**-**	**2**	**(2)**

At 31 December 2024, foreign exchange risk concerns:
- the equity investment in Visa Incorporated held by BancoPosta RFC and the related derivative financial instrument entered into on the ordinary shares;
- the equity investment in the company MFM Holding Ltd held by the Capital outside the ring-fence.

Below is also reported the risk concerning the net trading position in SDR[395] held by Poste Italiane SpA and used globally for the settlement of trade positions between Postal Operators:

Foreign exchange risk/DSP

Description (€m)	31.12.2023		31.12.2024			
					Impacts Profit/(Loss) before tax	
	Position in DSP	Position in EUR	Position in DSP	Position in EUR	+ Vol 260 days	- Vol 260 days
Current assets in SDRs	77	94	88	107	3	(3)
Current liabilities in SDRs	(67)	(82)	(64)	(78)	(2)	2
Total	**10**	**12**	**24**	**29**	**1**	**(1)**

Spread risk

The 2024 financial year was characterised by a reduction in yields on Italian government bonds (the 10-year BTP fell from 3.7% to 3.52%), which brought the BTP-Bund spread to 116 basis points compared to 168 last year. These movements led to an increase in the price of the securities in the portfolio.

Below is the result of the sensitivity analysis[396] to spread risk carried out at 31 December 2024:

Fair value spread risk

Description (€m)	31.12.2023		31.12.2024		
	Risk exposure		Risk exposure		Impacts Equity reserves before taxation
	Nominal	Fair value	Nominal	Fair value	+100bps
Financial assets attributable to BancoPosta					
Financial assets at FVTOCI	34,859	33,069	33,795	33,645	(3,346)
Derivative financial instruments	-	-	452	3	56
Financial assets outside the ring-fence					
Financial assets at FVTOCI	110	99	110	102	(3)
Financial liabilities attributable to BancoPosta					
Derivative financial instruments	-	-	150	(1)	19
Total	**34,969**	**33,168**	**34,507**	**33,749**	**(3,274)**

Financial assets at fair value through other comprehensive income concern fixed-income Government bonds held mainly by BancoPosta RFC, and recorded an overall net increase in fair value of approximately €847 million: this change was recognised in the profit or loss for €252 million for the part relating to the change in the fair value of securities hedged against interest rate risk, whilst the change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in equity for €595 million.

For the purposes of full disclosure, a movement in the spread would have no accounting effect on financial assets measured at amortised cost, but would only impact unrealised gains and losses. In other words, fixed income instruments measured at amortised cost attributable entirely to BancoPosta RFC, which at 31 December 2024 amounted to €31,108 million (nominal value of €30,866 million) and have a fair value of €29,647 million, would be reduced in fair value by approximately €2.8 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Movements in the spread have no impact on BancoPosta RFC's ability to meet its capital requirements, as the fair value reserves are not included in the computation of own funds for supervisory purposes.

395. Synthetic currency determined by the weighted average of the exchange rates of four major currencies (Euro, US Dollar, British Pound Sterling, Japanese Yen).
396. For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of 236 bps and the spread of the BTP compared to the 10-year swap rate of 116 bps).

Credit risk

Information on credit risk exposure is presented in the following section only for financial assets other than trade and other receivables and assets subject to impairment provisions, for which information is provided in *Note A8 - Trade receivables and Note A9 - Other receivables and assets*.

Exposure to credit risk

The exposure to credit risk of **financial assets** is shown below for which, for the purposes of applying the impairment provisions, the General impairment model is used. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

Credit risk - Ratings for BancoPosta RFC

Description (€m)	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
2024									
Financial assets at amortised cost									
Gross carrying amount	9	-	44,920	-	-	-			44,929
Provision to cover expected losses	-	-	(17)	-	-	-	-	-	(17)
Total amortised cost at 31 December 2024	**9**	**-**	**44,903**	**-**	**-**	**-**	**504**	**(1,082)**	**44,334**
Financial assets at FVTOCI									
Gross carrying amount	-	-	34,499	-	-	-	-		34,499
Provision to cover expected losses - OCI	-	-	(14)	-	-	-			(14)
Carrying amount - Fair value at 31 December 2024	**-**	**-**	**33,645**		**-**	**-**	**-**	**-**	**33,645**
2023									
Financial assets at amortised cost									
Gross carrying amount	-	-	44,289	-	-	-			44,289
Provision to cover expected losses	-	-	(23)	-	-	-			(23)
Total amortised cost at 31 December 2023	**-**	**-**	**44,266**	**-**	**-**	**-**	**536**	**(1,944)**	**42,858**
Financial assets at FVTOCI									
Gross carrying amount	-	-	35,512	-	-	-	-		35,512
Provision to cover expected losses - OCI	-	-	(18)	-	-	-			(18)
Carrying amount - Fair value at 31 December 2023	**-**	**-**	**33,069**		**-**	**-**	**-**	**-**	**33,069**

Credit risk - Ratings for assets outside the ring-fence

Description (€m)	from AAA to AA-		from A+ to BBB-		from BB+ to C		Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2			
2024									
Financial assets at amortised cost									
Gross carrying amount	-	-	441	-	-	-			441
Provision to cover expected losses	-	-	(21)	-	-	-	-	-	(21)
Total amortised cost at 31 December 2024	**-**	**-**	**420**	**-**	**-**	**-**	**4**	**-**	**424**
Financial assets at FVTOCI									
Gross carrying amount	-	-	103	-	-	-			103
Carrying amount - Fair value at 31 December 2024	**-**	**-**	**102**	**-**	**-**	**-**	**-**	**-**	**102**
2023									
Financial assets at amortised cost									
Gross carrying amount	-	-	434	-	-	-			434
Provision to cover expected losses	-	-	(21)	-	-	-	-	-	(21)
Total amortised cost at 31 December 2023	**-**	**-**	**413**	**-**	**-**	**-**	**4**	**-**	**417**
Financial assets at FVTOCI									
Gross carrying amount	-	-	101	-	-	-			101
Carrying amount - Fair value at 31 December 2023	**-**	**-**	**99**	**-**	**-**	**-**	**-**	**-**	**99**

Financial assets at amortised cost that are relevant to the risk in question refer to: fixed income instruments held by BancoPosta RFC with a gross carrying amount of €32,203 million decreased by a total of €1,095 million to take into account the effects of fair value hedges and the related impairment provision; loans and receivables with a gross carrying amount of €13,157 million, including €9,972 million relating to BancoPosta RFC and deriving from Deposits with the MEF and €414 million relating to Capital outside the ring-fence and relating to loans and current accounts receivable from subsidiaries.

Financial assets at fair value through other comprehensive income which are relevant for the risk in question concern fixed income instruments held mainly by BancoPosta RFC.

The following table also shows the counterparty concentration of credit risk by financial asset class.

Credit risk - Credit risk concentration

	31.12.2024		31.12.2023	
Description (€m)	**Gross carrying amount**	**Provision to cover expected losses**	**Gross carrying amount**	**Provision to cover expected losses**
Financial assets BancoPosta RFC				
Financial assets at amortised cost	44,929	(17)	44,289	(23)
Sovereign	39,273	(16)	38,406	(21)
Corporate	5,044	(1)	4,937	(2)
Banking	612	-	946	-
Financial assets at FVTOCI	34,499	(14)	35,512	(18)
Sovereign	34,499	(14)	35,512	(18)
Financial assets outside the ring-fence				
Financial assets at amortised cost	441	(21)	438	(21)
Corporate	440	(21)	438	(21)
Banking	1	-	-	-
Financial assets at FVTOCI	103	-	101	-
Sovereign	103	-	101	-
Total	**79,972**	**(52)**	**80,340**	**(62)**

Collateral held and other credit enhancements

For credit risk mitigation purposes, the Company adopts credit and counterparty risk mitigation tools. In particular, as regards BancoPosta RFC, counterparty risk is mitigated, with respect to hedging derivative and repurchase agreements, by entering into master netting agreements and requesting collateral in the form of cash or government securities; with reference to credit risk, there are also government guarantees on certain securities.

At 31 December 2024, the Company does not hold financial assets secured by guarantees or other risk mitigation instruments for which no loss provisions have been made (except for the temporary use of liquidity in repurchase agreements).

The main types of credit risk mitigation tools adopted by Poste Italiane are detailed below:

Fixed income instruments

Debt instruments held, mainly by BancoPosta RFC, secured by guarantees or other credit risk mitigation instruments are bonds issued by CDP SpA guaranteed by the Italian State and subscribed by BancoPosta RFC, amounting to a nominal value of €3,000 million at 31 December 2024. These are recognised as financial assets measured at amortised cost and, in determining the expected credit losses, account was taken of the PD of the Italian Republic.

Derivative financial instruments and repurchase agreements

In order to limit the counterparty risk exposure, Poste Italiane has concluded standard ISDA master agreements (with attached CSA) and GMRAs which govern the collateralisation of derivative transactions and repurchase agreements, respectively.

In addition, in order to mitigate counterparty risk and gain easier access to the market, from December 2017, BancoPosta RFC has entered into repurchase agreements with the Central Counterparty, the Cassa di Compensazione e Garanzia. As of 2021, certain derivatives entered into by BancoPosta RFC through bilateral contracts will be routed to a Qualified Central Counterparty for centralised clearing through the services provided by a clearing broker.

The calculation of positions in derivatives and repurchase agreements and the related risk mitigation instruments are illustrated in Note 5.12 *"Additional information - Offsetting financial assets and liabilities"*, to which reference should be made.

ECL measurement

The following tables show, for **Financial assets**, the reconciliation between the opening and closing balances of the ECL provisions required by IFRS 9.

Credit risk - Details of the provision to cover expected losses on financial instruments of BancoPosta RFC

Description (€m)	Financial assets at amortised cost		Financial assets at FVTOCI	
	Stage 1	Total	Stage 1	Total
Balance at 1 January 2024	**23**	**23**	**19**	**19**
Impairment financial instruments held at the beginning of the period	-	-	-	-
Reversal financial instruments held at the beginning of the period	(6)	(6)	(4)	(4)
Impairment financial instruments purchased/paid in the period	1	1	2	2
Reversal due to write-off	-	-	-	-
Reversal due to sale/collection	(1)	(1)	(3)	(3)
Balance at 31 December 2024	**17**	**17**	**14**	**14**

Credit risk - Details of the provision to cover expected losses on financial instruments of assets outside the ring-fence

Description (€m)	Financial assets at amortised cost		Financial assets at FVTOCI	
	Stage 1	Total	Stage 1	Total
Balance at 1 January 2024	**21**	**21**	**-**	**-**
Impairment financial instruments held at the beginning of the period	-	-	-	-
Reversal financial instruments held at the beginning of the period	-	-	-	-
Impairment financial instruments purchased/paid in the period	-	-	-	-
Reversal due to write-off	-	-	-	-
Reversal due to sale/collection	-	-	-	-
Balance at 31 December 2024	**21**	**21**	**-**	**-**

At 31 December 2024, estimated expected losses on financial assets at amortised cost includes €13 million for the provision related to fixed income instruments held by BancoPosta (decreased by €5 million compared to 31 December 2023) and €20 million for the provision related to the residual receivable from Invitalia SpA for the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA (unchanged compared to 31 December 2023).

At 31 December 2024, estimated expected losses on financial instruments at fair value through other comprehensive income amount to €14 million relates to the provision for government bonds held mainly by BancoPosta RFC (decreased by €5 million compared to 31 December 2023).

Liquidity risk

The comparison between liabilities and assets at 31 December 2024 is shown below:

Liquidity risk - Liabilities

	31.12.2024				31.12.2023			
Description (€m)	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Financial liabilities BancoPosta RFC	40,036	19,766	31,092	90,894	41,461	21,702	30,913	94,076
Financial liabilities Capital outside the ring-fence	1,219	2,065	719	4,003	2,117	2,006	249	4,372
Trade payables	1,696	-	-	1,696	1,967	-	-	1,967
Other liabilities	1,385	1,870	-	3,255	1,436	1,925	1	3,362
Total Liabilities	**44,336**	**23,701**	**31,811**	**99,848**	**46,981**	**25,633**	**31,163**	**103,777**

The above table shows expected cash outflows broken down by maturity and payables deriving from postal current accounts classified as Financial liabilities of BancoPosta RFC, represented on the basis of the statistic/econometric model that forecasts the interest rates and maturities typical of the volume of deposits. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2024.

Liquidity risk - Assets

	31.12.2024				31.12.2023			
Description (€m)	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Financial assets BancoPosta RFC	18,688	18,799	76,634	114,121	20,050	19,144	76,135	115,329
Financial assets outside the ring-fence	59	242	533	834	80	209	552	841
Trade receivables	2,475	1	-	2,476	2,774	1	-	2,775
Other receivables and assets	1,186	1,750	12	2,948	982	1,784	17	2,783
Tax credits Law no. 77/2020	1,833	4,152	1,727	7,712	1,760	5,178	2,378	9,316
Cash and deposits attributable to BancoPosta	4,290	-	-	4,290	4,671	-	-	4,671
Cash and cash equivalents	715	-	-	715	1,222	-	-	1,222
Total Assets	**29,246**	**24,944**	**78,906**	**133,096**	**31,539**	**26,316**	**79,082**	**136,937**

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by interest receivable. Investments include securities investments held mainly by BancoPosta RFC, shown on the basis of expected cash flows, consisting of principal and interest paid at the various payment dates.

The liquidity risk at Poste Italiane SpA is mainly attributable to inflows from BancoPosta RFC in postal current accounts and prepaid cards[397] (€74,823 million) and the related investment in Eurozone government and/or Italian government-guaranteed securities (€99,406 million), margining inherent in derivative transactions and tax credits acquired with reference to the Decreto Rilancio no. 34/2020 (later converted into Law no. 77 of 17 July 2020). The potential risk derives from a mismatch between the maturities of investments in securities and those of liabilities, represented by current accounts where the funds are available on demand, thus compromising the ability to meet its obligations to current account holders. Any potential mismatch between assets and liabilities is monitored via comparison of the maturity schedule for assets with the statistical model of the performance of current account deposits, in accordance with the various likely maturity schedules and assuming the progressive total withdrawal of deposits over a period of twenty-three years for retail customers, six years for business customers, ten years for PostePay cards and six years for Public Administration customers.

Lastly, for the proper evaluation of the liquidity risk, it is appropriate to take into account that investments in "euro-government bonds", if unencumbered, may be assimilated with highly liquid assets; these securities can be used as collateral in interbank repurchase agreements to obtain short-term financing (normally carried out in BancoPosta).

397. Since 1 October 2018, prepaid cards are the responsibility of PostePay SpA. The liquidity raised through these cards is transferred to BancoPosta, which invests the funds raised in euro area government bonds or bonds guaranteed by the Italian State. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposits continue to apply.

In addition, in order to meet any liquidity needs, information on the committed and uncommitted credit lines available to the Company, as well as their utilisations, are presented below:

Description (€m)	Balance at 31.12.2024	Balance at 31.12.2023
Committed credit lines	**2,750**	**2,450**
Short-term loans	2,750	2,450
Uncommitted credit lines	**2,144**	**2,080**
Short-term loans	910	960
Current account overdrafts	184	184
Unsecured loans	1,050	936
Total	**4,894**	**4,530**
Committed uses	**-**	**-**
Short-term loans	-	-
Uncommitted uses	**648**	**525**
Short-term loans	-	-
Unsecured loans*	648	525
Total	**648**	**525**

* At 31 December 2024 unsecured loans with a value of €365 million have been used on behalf of Poste Italiane SpA and with a value €283 million on behalf of Group companies.

No collateral has been provided to secure the credit lines available.

At 31 December 2024, no committed and uncommitted credit lines were used for short-term loans.

The uncommitted credit lines are also available for overnight transactions entered into by BancoPosta RFC. In addition, from 5 December 2023, BancoPosta RFC may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €3 billion, unused at 31 December 2024. Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €2,900 million, and the facility is unused at 31 December 2024.

Lastly, at 31 December 2024 Poste Italiane SpA had an EMTN - Euro Medium Term Note programme of €2.5 billion in place, thanks to which it can raise an additional €2 billion on the capital market. As part of this programme, the first tranche with a nominal value of €500 million of the senior unsecured loan issued by Poste Italiane on 10 December 2020 was repaid in December 2024.

Cash flow interest rate risk

Description (€m)	31.12.2023	31.12.2024		
	Risk exposure	Risk exposure	Impacts Profit/(Loss) before tax	
	Nominal	Nominal	+100 bps	-100 bps
Financial assets BancoPosta RFC				
Financial assets at amortised cost	16,616	20,487	205	(205)
Financial assets at FVTOCI	8,895	11,105	111	(111)
Financial assets outside the ring-fence				
Financial assets at amortised cost	403	408	4	(4)
Cash and deposits attributable to BancoPosta	762	133	1	(1)
Cash and cash equivalents	950	670	6	(6)
Financial liabilities BancoPosta RFC				
Loans	(3,996)	(2,225)	(22)	22
Other financial liabilities	(2,831)	(1,539)	(15)	15
Financial liabilities Capital outside the ring-fence				
Loans	(125)	(690)	(7)	7
Financial liabilities due to subsidiaries	(1,340)	(930)	(9)	9
Total	**19,334**	**27,419**	**274**	**(274)**

In detail, the financial instruments relevant to the risk under comment mainly concern:

- Receivables classified as **Financial assets at amortised cost** totalling €20,895 million, of which: €1,187 million for guarantee deposits pledged as collateral for liabilities for derivative financial instruments and repurchase agreements and for the liquidity reserve deposited with CC&G for any intraday margins held by BancoPosta RFC; €9,972 million for the investment of liquidity from deposits in postal current accounts held by the Public Administration with the MEF; €408 million for loans and current accounts with subsidiaries relating to Capital outside the ring-fence.
- Fixed-income government securities held by BancoPosta RFC, of which €9,327 million classified as **Financial assets at amortised cost** and €11,105 million classified as **Financial assets at fair value through other comprehensive income**. In particular, variable rate securities with a total nominal value of €650 million, fixed rate securities converted to variable rate positions by entering into fair value hedge derivative contracts with a total nominal value of €17,212 million (of which €2,351 million in securities whose fair value hedges begin to produce their effects in the 12 months following the period under review) and securities with a total nominal value of €2,570 million with an inflation-linked yield, subject to fair value hedges.
- **Cash and cash equivalents** of which €346 million for the deposit held with the MEF on the operating current account known as the "Buffer" account and bank deposits at variable interest of approximately €324 million held mainly by the Capital outside the ring-fence (€75 million at 31 December 2023).
- **Financial liabilities attributable to BancoPosta RFC**, including €2,225 million for loans relating to variable rate repurchase agreements and €1,539 million for guarantee deposits received as collateral for derivative financial instruments and repurchase agreements.
- Variable rate loans classified as **Financial liabilities outside the ring-fence**, of which €450 million was contracted with the EIB in November 2024.

Cash flow inflation risk

Cash flow inflation rate risk

Description (€m)	31.12.2023		31.12.2024	
	Risk exposure		Risk exposure	
	Nominal	Carrying amount	Nominal	Carrying amount
Financial assets BancoPosta RFC				
Financial assets at FVTOCI	1,009	1,116	783	879
Fixed income instruments	1,009	1,116	783	879
Financial assets at amortised cost	292	328	242	280
Fixed income instruments	292	328	242	280
Total	**1,301**	**1,444**	**1,025**	**1,159**

At 31 December 2024, cash flow inflation risk relates to inflation-linked government securities not subject to cash flow hedges or fair value hedges and are held entirely by BancoPosta RFC. The results of the sensitivity analyses performed on these securities do not show any significant effects on the pre-tax result.

5.7 Fair value of financial instruments

5.7.1 Fair value measurement techniques

Poste Italiane has adopted a Fair value policy, setting out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance function. The general principles for measuring financial instruments at fair value have not changed since 31 December 2023 and have been identified in compliance with the guidelines from the relevant accounting standards and by the Bank of Italy. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the year.

In compliance with **IFRS 13** - *Fair Value Measurement*, the following section provides information regarding the techniques used to measure the fair value of financial instruments within Poste Italiane.

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

The hierarchy consists of the following 3 levels.

Level 1: this level is comprised of fair values determined with reference to unadjusted prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date. For Poste Italiane the following categories of financial instrument apply:

Bonds quoted on active markets:
- **Bonds issued by EU governmental entities or non-governmental entities:** measurement is based on bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Composite Bloomberg Bond Trader);
- **Financial liabilities:** measurement is based on the ask prices quoted by CBBT (Composite Bloomberg Bond Trader).

Equity instruments quoted on active markets: the valuation is made considering the price resulting from the last contract traded on the day on the relevant stock exchange.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability[398]. For Poste Italiane the following categories of financial instrument apply:

Bonds either quoted on inactive markets or not at all:
- **Straight government and non-government bonds:** valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on spreads determined with reference to quoted and liquid benchmark securities issued by the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.

Unquoted equities: this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount, quoted by primary market counterparties, which represents the implicit cost in the process to align the value of the unquoted shares to the quoted ones.

398. Given the nature of Poste Italiane's operations, the observable data used as input to determine the fair value of the various instruments include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.

Derivative financial instruments:

- ***Interest Rate Swaps:***

Plain vanilla interest rate swaps: valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.

Interest rate swaps with an embedded option: valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the financial derivatives held in the Poste Italiane's portfolio as an example, the option component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.

- ***Bond forwards*:** valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.
- **Currency forwards:** valuation is based on the differential between the reciprocal currency registered at the measurement date and the reciprocal currency fixed at the trade date.

The financial derivatives held in Poste Italiane's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty risk. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by Poste Italiane.

In the rare instances where collateral agreements do not substantially reduce counterparty risk, measurement takes place by discounting to present value the cash flows generated by the securities held as collateral, using as the input a yield curve that reflects the spread applicable to the issuer's credit risk. Alternatively, use is made of fair value to calculate the CVA/DVA (Credit Valuation Adjustment/Debit Valuation Adjustment), in relation to the main technical and financial characteristics of the agreements and the counterparty's probability of default.

Reverse Repos: are valued using discounted cash flow techniques involving the computation of future contractual cash flows. These instruments may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

Financial liabilities either quoted on inactive markets or not at all:

- **Borrowings:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the credit risk.
- **Repurchase agreements:** are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed, in addition to Level 2 inputs. For Poste Italiane the following categories of financial instrument apply:

Investment property (excluding former service accommodation) and inventories of properties held for sale: The fair value of both investment property and inventories has been determined mainly by discounting to present value the cash flows expected to be generated by the rental agreements and/or proceeds from sales, net of related costs. The process uses a discount rate that considers analytically the risks typical of the property.

Investment property (former service accommodation): the value of this investment property is determined on the basis of the applicable law (Law 560 of 24 December 1993), which sets the selling price in case of sale to the tenant or the minimum selling price if the property is sold through a public auction.

Unquoted equity instruments: this category includes shares for which no price is observable directly or indirectly in the market. Measurement of these instruments is based on the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of the unquoted shares to the quoted ones. In the specific case of equities relating to unlisted companies at the “start-up” phase, fair value is instead determined by considering the implicit valuation at the time of acquisition, adjusted by value adjustments to take account of any changes in price resulting from[399] significant transactions observable on the market in the 12 months prior to the reporting date. Alternatively, and in the absence of significant transactions, the *fair value* of the share is determined using alternative methods (verification of financial data that can be inferred from the company’s Business Plans if available and analysis of the company’s performance, multiple market use, etc.).

Tax credits Law no. 77/2020: this category includes credits acquired with reference to the Decreto Rilancio no. 34/2020 (later converted into Law no. 77 of 17 July 2020) for which no directly or indirectly observable market prices are available. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.

Forwards on unquoted equities: for these instruments, the valuation of the counterparty is recalculated by discounting the difference between the forward price of the equity security underlying the derivative updated to the valuation date and the settlement price.

5.7.2 Fair value hierarchy

The following table shows an analysis of financial instruments measured at fair value at 31 December 2024, classified by level in the fair value hierarchy.

Fair value hierarchy

Description (€m)	31.12.2024				31.12.2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets BancoPosta RFC	33,476	2,866	16	36,358	32,901	4,425	26	37,352
Financial assets at FVTOCI	33,476	169	-	33,645	32,901	168	-	33,069
Fixed income instruments	33,476	169	-	33,645	32,901	168	-	33,069
Financial assets at FVTPL	-	18	16	34	-	-	26	26
Equity instruments	-	18	16	34	-	-	26	26
Derivative financial instruments	-	2,679	-	2,679	-	4,257	-	4,257
Financial assets outside the ring-fence	351	-	207	558	444	-	201	645
Financial assets at FVTOCI	351	-	207	558	444	-	192	636
Fixed income instruments	102	-	-	102	99	-	-	99
Equity instruments	249	-	207	456	345	-	192	537
Financial assets at FVTPL	-	-	-	-	-	-	9	9
Convertible bond	-	-	-	-	-	-	9	9
Total assets at fair value	**33,827**	**2,866**	**223**	**36,916**	**33,345**	**4,425**	**227**	**37,997**
Financial liabilities BancoPosta RFC	-	(1,348)	(8)	(1,356)	-	(1,136)	(2)	(1,138)
Derivative financial instruments	-	(1,348)	(8)	(1,356)	-	(1,136)	(2)	(1,138)
Total liabilities at fair value	**-**	**(1,348)**	**(8)**	**(1,356)**	**-**	**(1,136)**	**(2)**	**(1,138)**

There were no transfers of the related financial instruments measured at fair value on a recurring basis between Level 1 and Level 2 in the year under review.

399. A significant transaction in this context is defined as a minimum investment of €10 million or at least 5% of the share capital of the investee entity over the last twelve months from the reporting date.

Movements in Level 3 during the year are shown below:

Changes in financial instruments - level 3

Description (€m)	Financial assets		Total
	Financial assets at FVTOCI	Financial assets at FVTPL	
Balance at 1 January 2024	**192**	**35**	**227**
Purchases/Issues	-	-	-
Changes in fair value through profit or loss	-	4	4
Changes in fair value through equity	5	-	5
Transfers to other levels	-	(13)	(13)
Other changes	10	(10)	-
Balance at 31 December 2024	**207**	**16**	**223**

Financial assets measured at FVTOCI classified in Level 3 are held by Capital outside the ring-fence. Other changes for the year totalling €10 million relate to the early conversion of the bond issued by sennder Technologies GmbH, classified as financial assets at fair value through profit or loss, into shares of the same.

Financial assets measured at FVTPL, held by BancoPosta RFC, relate to Visa Incorporated Series C Convertible Participating Preferred Stocks. In particular, following the conversion of part of the Series C shares into Series A Preferred Stocks on 19 July 2024, approximately €13 million of the C shares were reclassified from Level 3 to Level 2.

5.8 Hedging transactions

Below is a description of the hedging transactions implemented by Poste Italiane divided between fair value hedges and cash flow hedges and to which the related accounting rules set forth in IFRS 9 - *Financial Instruments* to which Poste Italiane has transitioned with retroactive effect as of 1 January 2024 are applied, as better described in Section *2.4– Changes to accounting policies*. The fair value hedges and cash flow hedges described below refer mainly to fixed income instruments or inflation-indexed securities held by BancoPosta RFC.

Hedging transactions - Fair value hedges

Fair value hedges refer to the following types of hedged items:
- fixed income government bonds;
- inflation-indexed government bonds; and
- repurchase agreements.

In order to hedge the risks associated with these elements and described in the following paragraphs, Poste Italiane enters into derivative financial transactions and assesses the effectiveness of the derivative designated in each hedging relationship in order to verify that the following effectiveness criteria are met:
- the existence of an economic relationship between the hedging instrument and the hedged item;
- the effect of credit risk does not prevail over the changes in value deriving from the economic relationship;
- the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes.

These assessments are made on an ongoing basis at each reporting date, or when there is a significant change in the drivers affecting individual hedging relationships.

The requirements of hedge effectiveness can be assessed on the basis of a qualitative assessment of the critical terms[400] only in cases where the hedging instrument and the related hedged instrument are perfectly aligned and their fair values move speculatively in opposite directions.

In cases where the qualitative analysis reveals potential sources of ineffectiveness and consequently the critical terms approach is not applicable, Poste Italiane performs a quantitative assessment of the hedging relationship in order to intercept, at source, all potential sources of ineffectiveness that could impact the valuation of the hedging relationship (hedge relationship).

In order to measure ineffectiveness at each reporting date, Poste Italiane uses the "Dollar offset approach through the hypothetical derivative[401]". This approach consists of comparing the changes in fair value of the hedging instrument and the hedged item between the inception date of the hedging relationship and the reporting date. The hedged item considered for the use of the Dollar Offset method is the hypothetical derivative. The hypothetical derivative and the actual hedging instrument have a settlement date consistent with the hedge inception (spot or forward start) and differ solely in their spread which is considered, as already indicated, the main source of ineffectiveness[402]. The partial ineffectiveness of the hedge, equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

The risk management strategy and how it is applied by type of hedged item are defined below.

400. The critical terms approach involves a comparison between the critical terms of the hedging instrument with those of the hedged item. The hedging relationship is highly effective when all the critical terms of the two instruments match perfectly and there are no features or options that might invalidate the hedge. Critical terms include, for example: notional amount of the derivative and principal of the underlying, credit risk, timing, currency of the cash flows.
401. The Dollar offset method is a quantitative method that involves a comparison between movements in the fair value or cash flow of the hedging instrument and the movements in the fair value or cash flow of the hedged instrument attributable to the risk hedged. Depending on the policy selected, this approach can be used:
   - on a cumulative basis, by observing the performance of the hedge since inception;
   - on a periodic basis, by comparing the hedge performance with that of the last test.

   The dollar offset method can be implemented through a hypothetical derivative, that is by constructing a theoretical derivative to compare the relevant theoretical movements in far value or cash flow with those of the hedged instrument (actual derivative).
402. With reference to Repos, hedging is performed by defining the variable-rate component simply indexed to Euribor and the fixed-rate component incorporating market conditions. The hypothetical derivative uses the mid-market fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.

Hedging transactions on fixed-income and inflation-linked government bonds

Poste Italiane has a government bond portfolio – made up of fixed rate BTPs and inflation-linked BTPs – subject to movements in fair value due to changes in interest rates and in the inflation rate.

To limit the effects of interest rates on fair value, the Company enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the bonds held in the portfolio. The objective of these transactions is to have instruments that can offset changes in fair value of the portfolio due to interest rate fluctuations and the rate of inflation. The credit risk of the Italian Republic is not hedged and is set for the duration of the swap.

Full hedges and partial hedges are implemented, with the start date equal to the date of purchase of the instrument (swap spot start) and after the purchase of the instrument (swap forward start), respectively.

In addition to what has been reported in the previous paragraph on the methods used to verify the existence of the requirements of effectiveness of fair value hedges, it should be noted that Poste Italiane also carries out a prospective assessment of the hedge using different approaches depending on the characteristics of the hedging instrument. Specifically:

- the "Critical terms" approach for swap spot starts, for which it has been determined at inception that the characteristics of the fixed leg make it possible to replicate exactly the fixed cash flows generated by the hedged item;
- the "Dollar offset through the hypothetical derivative" approach for forward start swaps, for which the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[403].

Hedging on repurchase agreements

Poste Italiane carries out transactions in repurchase agreements, on euro-government securities or with the guarantee of the Italian state for various purposes, including to invest in government securities, to meet liquidity needs arising from the dynamics of funding on current accounts, and to actively manage the treasury position and deposits as collateral for collateralisation transactions. These transactions are mainly fixed rate transactions and are therefore exposed to changes in *fair value* due to fluctuations in interest rates.

To limit the effects of interest rates on fair value, the Company enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the repurchase agreements held in the portfolio.

In addition to what is reported in the previous paragraph on the methods used to verify the existence of the effectiveness requirements of fair value hedges, it is specified that Poste Italiane also carries out a prospective hedge valuation adopting the "Dollar offset through the hypothetical derivative" approach, carried out by calculating the Hedge Ratio as the ratio between the change in the fair value of the hypothetical derivative and the change in the fair value of the effective derivative[404].

403. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.
404. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.

Effects of fair value hedging transactions on profit or loss and financial position

The following tables present the time distribution by contractual residual maturity of fair value hedging derivatives as well as the statement of financial position and profit or loss effects of this type of hedging transaction.

Time distribution based on remaining duration of fair value hedge contracts

	Maturity			
(€m)	**Up to 1 year**	**1 - 5 years**	**Over 5 years**	**Total**
Fair value hedges - Interest rate risk				
Interest rate swaps				
Nominal	-	-	24,452	24,452

Fair value hedges - Interest rate risk

Hedged items (€m)	**Nominal**	**Carrying amount***		**Accumulated amount of fair value hedge adjustments on the hedged item**		**Change in value used to recognise ineffective portion of hedge**	**Accumulated amount of fair value hedge adjustments on the hedged item in case of discontinuing**
		Assets	**Liabilities**	**Assets**	**Liabilities**		
Fixed income instruments, of which:							
at amortised cost		11,392	-	(1,082)		207	(109)
at FVTOCI		12,240	-			252	(46)
Repurchase agreements		-	-		-	(38)	-
Hedging instruments							
Interest rate swaps	24,452	2,667	(806)			(423)	
Profits/(losses) on hedging recognised in P&L						**(2)**	

* Not including expected credit loss provisions.

Hedging transactions – Cash flow hedges

Hedging transactions on inflation-linked government bonds and forecast transactions

To limit the exposure to interest rate risk deriving from the need to reinvest the cash generated by maturing bonds held in portfolio, Poste Italiane enters, if necessary, into forward purchases. In addition, to pursue the stabilisation of returns, forward sales are entered into. These derivatives qualify as cash flow hedges of forecast transactions.

In addition, Poste Italiane has a portfolio of inflation-linked BTPs subject to cash flow variability in relation to inflation.

To limit the effects of interest rates on cash flows deriving from the types of instruments described previously, Poste Italiane enters into OTC interest rate swaps or inflation swaps to hedge the cash flows of the bonds held in portfolio. The objective of these transactions is to stabilise until maturity the return of the instrument, regardless of movements of the variable parameter.

Poste Italiane evaluates the effectiveness of the designated derivative in every hedging relationship in the stabilisation of cash flow changes of the hedged instrument through a qualitative and quantitative test.

With regard to the hedges of forecast transaction, in cases where the qualitative analysis of critical terms reveals potential sources of ineffectiveness and, consequently, the critical terms approach is not applicable, Poste Italiane performs a quantitative assessment of the hedging relationship in order to intercept, at source, all potential sources of ineffectiveness that could impact the measurement of the hedge relationship.

In said context, in order to limit the ineffectiveness at each reporting date, the quantitative test involves the calculation of a hedge ratio defined as the ratio of the difference between the fair value of the forward transaction entered into with the counterparty on the test and inception date and the present value of the difference between the theoretical forward price of the BTP calculated as of the test and inception date[405].

For the purposes of the prospective effectiveness test, the critical terms approach is applied, considering at inception the consistency between the hedging instrument and the hedged item on the basis of the qualitative characteristics of the contracts[406].

With regard to the hedging of inflation-indexed securities, in cases where the qualitative analysis of the "Critical terms" reveal potential sources of ineffectiveness and, consequently, the critical terms approach is not applicable, Poste Italiane performs a quantitative test by considering the ratio (Hedge Ratio) between the change in the fair value of the derivative actually entered into and the change in the fair value of the hypothetical derivative, occurring in the time interval between the date the transaction was entered into and the valuation date.

The hypothetical derivative and the actual derivative have the settlement date that matches the inception of the hedge and differ in terms of their fixed income component[407]. Moreover, for the derivatives used to hedge inflation-linked BTP, the fair value at the settlement date reflects also the interest accrued of the instrument accrued from the latest interest payment date to the date of settlement of the derivative. As such, both are considered the main sources of ineffectiveness.

The change in fair value of the actual derivative is recognised through equity, for the effective portion of the hedge, while the change in fair value of the ineffective portion is recognised through profit or loss.

For the purposes of the prospective hedge effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. Specifically:

- the "Critical terms" approach for derivatives for which it has been determined at inception that the characteristics of the indexed leg of the swap make it possible to replicate exactly the variable cash flows generated by the hedged item;
- the "Dollar offset through the hypothetical derivative" approach for derivative contracts with a fixed rate applicable to a nominal amount growing constantly at six-month intervals until the derivative expires. For these contracts the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[408].

Effects of cash flow hedges on profit or loss and financial position

The following tables present the time distribution by contractual residual maturity of cash flow hedging derivatives, the effects on profit or loss and financial position of this type of hedging transactions, and the effects of cash flow hedges on other comprehensive income.

The average interest rate of the interest rate swaps shown represents the contractually expected average fixed rate of the hedging transaction by maturity band.

405. Assuming a perfect match between the forward prices of the counterparties and the theoretical forward prices, the hedge ratio is always equal to 100%. As such, there are no sources of ineffectiveness.
406. The notional amount of the forward contract must be set, at the settlement date, as equal to the nominal amount of the instrument in case of purchase, and equal or lower than the nominal amount of the instrument in case of sale. The underlying of the forward contract must coincide with the instrument that must be purchased or sold (in this case it must be an instrument in the portfolio) at the settlement date. The settlement date must be the same as the date on which the cash flow to be hedged is expected, in case of forward purchase, or must be related to the year in which the total return must be stabilised, in case of forward sale.
407. The hypothetical derivative uses the fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.
408. Calculated by assuming a parallel shift of +/- 100 bps of the yield curves.

Time distribution based on remaining duration of cash flow hedge contracts

	Maturity			
(€m)	Up to 1 year	1 - 5 years	Over 5 years	Total
Cash flow hedges - Interest rate risk				
Forward sales				
Nominal	602	-	-	602
Settlement price	547	-	-	547
Interest rate swaps				
Nominal	-	609	5,347	5,956
Average rate %	-	4.832%	4.073%	4.151%

Cash flow hedges - Rate risk

Hedged items (€m)	Nominal	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item	Cash flow hedge		
		Assets	Liabilities		Hedge reserve	Discontinued	
Fixed income instruments, of which:							
at FVTOCI		6,674	-	26			
Hedging instruments							
Forward purchases	-	-	-	-	42	-	-
Forward sales	602	3	(1)	2	2	-	-
Interest rate swaps	5,956	9	(541)	(28)	(396)	-	-
Profits/(losses) on hedging recognised in P&L				**-**			

Impact on OCI of cash flow hedges - Rate risk

(€m)	Profits/(losses) on hedging recognised in OCI, period fair value (inc./dec.)	Transfers to profit or loss:	
		Hedge accounting effects	Discontinued
Fixed income instruments	111	(48)	-
Total	**111**	**(48)**	**-**

Reform of reference indices for determining interest rates

The reform of key interest rate benchmarks, called the "InterBank Offered Rate (IBOR) Reform", involved regulators in various jurisdictions around the world with the aim of replacing some interbank rates with risk-free alternative rates and preparing guidelines to update contract models.

Currently, the main benchmarks for the euro area are:
- the Euro Short Term Rate - ESTR (administered by the European Central Bank and published as of 2 October 2019) which replaced the Euro OverNight Index Average (EONIA - no longer listed as of 1 January 2022) redefining it as ESTR plus 8.5 bps;
- the EURIBOR (administered by the European Money Market Institute), whose reform process ended in November 2019.

Poste Italiane holds financial instruments indexed to both ESTR and EURIBOR. The latter continues to be quoted daily and the related cash flows continue to be exchanged with counterparties as usual. In relation to this parameter, there is therefore no uncertainty resulting from the IBOR reform on 31 December 2024. These instruments are subject to daily collateralisation remunerated at ESTR plus 8.5 bps (formerly EONIA).

In addition, Poste Italiane holds interest rate swaps designated as fair value hedges that have the variable "leg" index to the Euribor, with a notional amount of €24,452 million. With particular reference to almost all of these instruments, the cash flows at 31 December 2024 are discounted at the EONIA rate defined as ESTR plus 8.5 bps and not at the ESTR rate as defined in the contracts in place with the counterparties.

5.9 Contingent liabilities and main proceedings pending with the authorities

Contingent liabilities

The following information is provided in accordance with accounting standard IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

At 31 December 2024, there were 26 judicial and extrajudicial disputes pending for which the risk of losing is assessed as possible. The total amounts stand at approximately €31 million, plus interest. The main outstanding disputes, of an individually insignificant amount, relate to litigation brought by third parties in various capacities.

It should be noted that the Company, in view of the large number of disputes brought by third parties, makes an assessment on a probabilistic historical basis, for cases with individually non-significant claims, reflected in the provisions for risks and charges.

Main proceedings pending with the authorities

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

On 3 October 2018, Poste Italiane proceeded to pay the fine of €23 million plus interest due to the Authority's ruling in January 2018, that Poste Italiane had abused its dominant market position in the period from 2014 to 2017 (proceedings **A493**), as per art. 102 of the TFEU. This did not constitute acceptance or admission of liability in relation to the alleged misconduct and does not affect the Company's right to defend its position through the appropriate channels. Poste Italiane challenged the above-mentioned measure before the Lazio Regional Administrative Court, which, with ruling no. 13477/2023, rejected the appeal. Poste Italiane appealed to the Council of State. The setting of the hearing is scheduled for 16 December 2025.

On 19 November 2019, the AGCM initiated proceedings **PS/11563** against **Poste Italiane** in order to ascertain allegedly unfair commercial practice in the delivery of mail and, in particular, registered mail, in possible violation of articles 20, 21 and 22 of the Consumer Code. In particular, according to some customers: i) the advertised features of the "registered mail delivery" service are not reflected in the service actually provided; ii) the advertising for the "digital registered mail collection" service does not make it clear that the service may no longer be free of charge in the near future and that, in any case, there are restrictions on its use, since it can only be accessed if the sender has authorised it. At the conclusion of the proceedings, by way of a measure notified on 15 September 2020, the Authority imposed an administrative fine of €5 million, payment of which was made on 5 January 2021. The Authority acknowledged that Poste had correctly complied with the provision. However, the company appealed to the Lazio Regional Administrative Court, which was not successful, and appealed to the Council of State. The Council of State in its judgement no. 3175 of 5 April 2024 upheld the appeal limited to a reduction of the penalty by 50%. Following the repayment request submitted by the Company, the Authority resolved to grant approval for the return of approximately €2.5 million (plus legal interest) from MIMIT, as the difference between the penalty recalculated by the Authority and the sums already paid by Poste Italiane. The Ministry of Enterprise and Made in Italy (MIMIT) made the payment in 2024.

On 6 April 2020, pursuant to art. 9, paragraph 3-*bis* of Law 192/98 and art. 14 of Law 287/90, the AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of more than €11 million for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane appealed against the above-mentioned measure before the Lazio Regional Administrative Court (TAR), which found that Poste Italiane's actions were lawful and annulled the sanction with ruling no. 10044/23 issued on 13 June 2023. AGCM appealed against the Lazio Regional Administrative Court's ruling on 10 October 2023, while Poste Italiane lodged a cross-appeal on 9 November 2023. The court merit is set for 17 July 2025.

By means of a measure adopted at a meeting held on 30 January 2024 and notified to Poste Italiane on 7 February 2024, the AGCM, without taking into account the exemption enjoyed by Poste Italiane from the application of Article 14 of Law 287/1990, initiated investigative proceedings against the Company in order to ascertain the existence of a possible breach of Article 8, paragraph 2-*quater* of the aforesaid Law. At the same time, the Authority initiated proceedings to verify the actual existence of the requirements for the adoption of precautionary measures pursuant to Article 14-*bis* of the same Law. Specifically, the Authority observed that Poste Italiane, through its subsidiary PostePay SpA, is active in the electricity and gas supply sector and has allegedly denied two of the latter's competing companies access – pursuant to Article 8, paragraph 2-*quater* of Law no. 287/90 - to the resources made available to PostePay, which it has exclusive access to as a result of its activities within the perimeter of the universal postal service. On 14 February, the Company filed its memorandum in the precautionary proceedings, contesting the Authority's approach and, in particular, the non-application of the provisions of Article 1, paragraph 6 of Law Decree no. 59/2021 as amended and supplemented, exempting Poste from the application of Article 8, paragraph 2-*quater*, of Law 287/1990 until 31 December 2026. On 2 April 2024, the AGCM notified Poste of Order no. 31138 by which it decided to adopt precautionary measures pursuant to Article 14-*bis* of Law no. 287/1990. The Company challenged the measure in court. The Council of State on 20 May 2024 upheld the appeal and cautiously suspended the effectiveness of the precautionary measures. At its meeting on 16 July 2024, the Authority passed the final decision notified to the Company on 19 July. The AGCM is of the opinion that there are no grounds to justify an absolute refusal such as the one opposed by Poste to the persons requesting access pursuant to Article 8, paragraph 2-*quater*, and that such refusal is not justified, since the exemption provided for in Article 1, paragraph 6 of Law Decree no. 59/2021 (the "Polis Waiver") does not extend to all Post Offices but only to those included in the Polis Project. According to the Authority, the access methods pursuant to Article 8, paragraph 2-*quater* must in any case be defined by Poste Italiane on the basis of the negotiating autonomy granted to it and on the basis of the information at its sole disposal, in order to reasonably and proportionately balance the conflicting needs related to access requests and the protection of other interests. For these reasons, Poste Italiane shall guarantee, to PostePay's competitors who so request, access pursuant to Article 8, paragraph 2-*quater* to all Post Offices not included in the Polis Project, according to modalities defined by Poste Italiane, which need not be identical to those guaranteed to PostePay. To this end, Poste Italiane must appoint a trustee ("Monitoring Trustee") responsible for monitoring compliance with the obligations set forth in Article 8, paragraph 2-*quater*, submitting the appointment to the Authority for approval, within sixty days from the notification of the measure. However, it is necessary to point out that Article 8, paragraph 2-*quater* was repealed by Law Decree no. 113 of 9 August 2024 (Article 10, paragraph 2), converted into Law no. 143 of 7 October 2024, with the consequent disappearance of the access obligations for Poste Italiane. In any event, in order to assert the legitimacy of its actions regardless of the effects of the repeal of the rule in question, on 18 October 2024 the Company challenged the provision before the Lazio Regional Administrative Court.

On 22 April 2024, the AGCM notified **Poste Italiane** of the notice of initiation of proceeding **PS/12768** and the simultaneous request for information, in relation to certain anti-fraud messages that holders of BancoPosta and PostePay accounts, who use the services through the relevant Apps (installed on Android devices), allegedly received when accessing them, starting from the first days of April. According to the AGCM, the Company's conduct would constitute an aggressive or in any case unfair commercial practice, in that users would be "induced" to allow access to their data in a situation of undue conditioning, since failure to consent – after three accesses – would preclude them from continuing to use BancoPosta and PostePay services via the App. On 13 May 2024, Poste Italiane sent the AGCM a memorandum in which it replied to the request for information and to the objections contained in the writ. On 6 June 2024, the Company filed the integration of the previous defence memorandum and the commitment form containing the initiatives it undertakes to implement (subject to integration/amendment), on a voluntary basis, aimed at eliminating the Authority's alleged critical issues, without lending acquiescence to the objections raised in the proceedings. Some of the commitments presented were subsequently implemented by the Company, which, on 18 July 2024, replied to the second request for information on certain aspects that had emerged during the technical hearing with the Authority held on 18 June 2024 (e.g. on the subject of Bank of Italy controls and indications and the results of anti-fraud activities). On 10 September 2024, the Authority communicated to Poste Italiane the rejection of the commitments, deeming them "unsuitable to remedy the aspects of possible unfairness subject to investigation, insofar as they consist for the most part in merely informative measures, as such not responding to the critical issues contested at the time of the opening of the proceedings relating to the elements of aggressiveness, or in any case not resolving the objections formulated" and extending the deadline for the conclusion of the proceedings by 60 days (18 November 2024). On 26 September, the Authority sent a further request for information to which Poste Italiane replied on 17 October. On 11 November 2024, Poste Italiane filed an application to reopen the obligations' sub-proceedings with the simultaneous submission of a further measure, which was rejected by the Authority.

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

Law Decree 201 of 6 December 2011, converted into Law 214 of 22 December 2011, transferred responsibility for regulation and supervision of the postal sector to the Italian Communications Authority (AGCom).

Following transposition into Italian law of the third European postal services directive (Directive 2008/6/EC), the so-called "net avoided cost" method has been applied in quantifying the cost of the universal service"[409].

In this regard, with reference to the audits carried out by the Authority for the years 2011 to 2016[410], the Company had filed an appeal with the Regional Administrative Court, but subsequently justified a lack of interest, therefore the Regional Administrative Court, in November and December 2024, declared the relative appeals inadmissible due to the applicant's lack of interest. For the subsequent verifications carried out by the Authority, it should be noted that:

i. On 18 December 2024, AGCom Resolution 505/24/CONS was published, which initiated the procedure to verify the net cost of the universal postal service, the quantification of the inequitable cost and the methods of its financing for the years 2022 and 2023. On 14 March 2025, Resolution AGCom 52/25/CONS was published, with which the Authority launched the public consultation whereby the universal postal service charge for the years 2022 and 2023 was quantified at €522 million and €736 million respectively;
ii. On 14 March 2024, AGCom Resolution 62/24/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2020 and 2021. In particular, the universal postal service charge for these years has been quantified at €585 and €480 million respectively. The Authority also established that the universal service charge for the years 2020 and 2021 is inequitable and that, for the same years, unlike with what was established in previous years, the necessary procedure will be launched for assessing the injection of resources to the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999;
iii. On 1 July 2021, AGCom Resolution 199/21/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019. In particular, the universal postal service charge for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established. On 22 September 2021, Poste Italiane filed an appeal against the aforementioned resolution with the Lazio Regional Administrative Court. The hearing on the merits of the challenge has yet to be scheduled.

Bank of Italy

On 20 July 2022, the Authority sent a notice to Poste Italiane SpA - BancoPosta RFC and PostePay concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMIs provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of BancoPosta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of "credit institution" under the relevant European legislation. The issue found a favourable conclusion with Law no. 207 of 30 December 2024 (2025 Budget Law), which introduced, among the activities that Poste Italiane SpA - BancoPosta RFC may carry out, the possibility of "collecting sums of money received by electronic money institutions for the issuance of electronic money and by payment institutions for the provision of payment services referred to in Articles 114-*quinquies*.1 and 114-*duodecies* of the Consolidated Law on Banking" (see Article 2, paragraph 1)(a-*bis*) of Presidential Decree no. 144/2001 "Regulation containing rules on BancoPosta services").

409. This method defines the cost incurred as the difference between the net operating cost incurred by a designated universal service provider when subject to universal service obligations and the net operating cost without such obligations.
410. Resolution 412/14/CONS concerning the audit of the years 2011 and 2012, Resolution 298/17/CONS concerning the audit of the years 2013 and 2014 and Resolution 214/19/CONS concerning the audit of the years 2015 and 2016.

Garante per la protezione dei dati personali (the Data Protection Authority)

On 16 April 2024, the Garante per la protezione dei dati personali (GPDP) opened a preliminary investigation with a request for information in relation to the same event that led to the initiation of proceedings PS/12768 of ACGM, i.e. the anti-fraud messages received by BancoPosta and PostePay account holders, who use the services through the relevant apps installed on their Android devices, when accessing them from the first days of April 2024. After several requests for information and related replies, the last of which was sent in January 2025, aimed at providing the GPDP with both the regulatory basis and information on the processing of personal data of the BancoPosta and Postepay apps, carried out for anti-fraud purposes, the Authority's investigative activity continues.

5.10 Material non-recurring events and/or transactions

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, the effects arising from significant non-recurring events and transactions recognised by Poste Italiane in 2024 related to the risk analysis on tax credits (see in this regard Note A10 - Tax credits Law no. 77/2020), amounted to a total of €341 million as detailed below:

- derecognition of tax credits relating to years after 2024 in the amount of €284 million recognised under "Adjustments on debt instruments, receivables and other assets";
- charges of €57 million recognised in "Other operating costs" related to the repayment of portions of receivables related to years prior to 2024.

5.11 Exceptional and/or unusual transactions

Under the definition provided by the CONSOB ruling of 28 July 2006, Poste Italiane did not conduct any exceptional and/or unusual transactions[411] in 2024.

5.12 Additional information

This note provides qualitative/quantitative information on matters residually required by accounting standards, not specifically dealt with in the previous notes.

411. Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

Offsetting financial assets and liabilities

In compliance with IFRS 7 – *Financial instruments: Disclosures*, this section provides details of financial assets and liabilities that are subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset in keeping with paragraph 42 of IAS 32[412].

The items affected at 31 December 2024 concern:
- derivative assets and liabilities and related collateral, represented both by cash and government securities;
- repurchase agreements and reverse repurchase agreements and the related collateral, represented both by cash and government securities.

The positions in question are subject to standard bilateral netting agreements that allow, in the event of the counterparty's default, the offsetting of debit and credit positions covered by ISDA contracts and repurchase agreements, for which GMRA agreements have been entered into.

Repurchase agreement positions managed through the Central Counterparty that meet the requirements of IAS 32 are shown net of offsetting.

In order to present the tables in compliance with the requirements of IFRS 7, repurchase agreements are shown at amortised cost, whilst derivative transactions are shown at fair value; the relevant financial guarantees are measured at fair value.

Financial assets offset in the financial statements or subject to framework master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial assets* (a)	Amount of financial liabilities offset in financial statements (b)	Financial assets, net (c=a-b)	Related amounts not subject to offset in the financial statements – Collateral – Financial instruments (d)	Related amounts not subject to offset in the financial statements – Collateral – Cash deposits provided/(received) as collateral (e)	Financial assets/ (liabilities), net (f=c-d-e)
FY 2024						
Financial assets BancoPosta RFC						
Derivatives	2,679	-	2,679	1,122	1,498	59
Repurchase agreements	2,726	1,160	1,566	1,560	-	6
Total at 31 December 2024	**5,405**	**1,160**	**4,245**	**2,682**	**1,498**	**65**
FY 2023						
Financial assets BancoPosta RFC						
Derivatives	4,257	-	4,257	1,068	2,812	377
Repurchase agreements	4,106	2,337	1,769	1,769	-	-
Total at 31 December 2023	**8,363**	**2,337**	**6,026**	**2,837**	**2,812**	**377**

412. Paragraph 42 of IAS 32 provides that "A financial asset and a financial liability can be offset and the net amount presented in the statement of financial position when, and only when, an entity:
(a) currently has a legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis or to realise the asset and settle the liability simultaneously".

Financial liabilities offset in the financial statements or subject to master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial assets* (a)	Amount of financial liabilities offset in financial statements (b)	Financial assets, net (c=a-b)	Collateral		Financial assets/ (liabilities), net (f=c-d-e)
				Financial instruments (d)	Cash deposits provided/(received) as collateral (e)	
FY 2024						
Financial liabilities BancoPosta RFC						
Derivatives	1,348	-	1,348	1,126	208	14
Repurchase agreements	7,365	1,160	6,205	6,104	101	-
Total at 31 December 2024	**8,713**	**1,160**	**7,553**	**7,230**	**309**	**14**
FY 2023						
Financial liabilities BancoPosta RFC						
Derivatives	1,136	-	1,136	1,053	83	-
Repurchase agreements	10,554	2,337	8,217	7,762	455	-
Total at 31 December 2023	**11,690**	**2,337**	**9,353**	**8,815**	**538**	**-**

* The gross amount of financial assets and liabilities includes the financial instruments subject to offsetting and those subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset.

Transfers of financial assets that are not derecognised

In accordance with IFRS 7 - *Financial Instruments: Disclosures*, this section provides additional information on the transfer of financial assets that are not derecognised (continuing involvement).

At 31 December 2024, these assets concern repurchase agreements entered into with leading financial operators.

Transfers of financial assets that are not derecognised

Description (€m)	Note	31 December 2024			31 December 2023		
		Nominal value	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value
Financial assets BancoPosta RFC	**[A6]**						
Financial assets at amortised cost		5,440	5,588	5,323	6,679	6,822	6,291
Financial assets at FVTOCI		2,299	2,251	2,251	4,386	4,093	4,093
Financial liabilities BancoPosta RFC	**[B6]**						
Financial liabilities arising from repos		(7,338)	(7,365)	(7,263)	(10,559)	(10,553)	(10,332)
Total		**401**	**474**	**311**	**506**	**362**	**52**

Financial assets subject to encumbrances

This paragraph provides information on the nominal value and carrying amount of financial assets delivered to counterparties as collateral for repurchase agreements and interest rate swaps, and financial assets delivered to the Bank of Italy as collateral for intraday credit granted to Poste Italiane and as collateral for SEPA Direct Debits.

Financial assets subject to encumbrances

	31 December 2024		31 December 2023	
Description (€m)	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
Financial assets BancoPosta RFC				
Financial assets at amortised cost				
Loans and receivables	801	801	1,224	1,224
Receivables used as collateral provided by CSAs	193	193	83	83
Receivables used as collateral provided by GMRAs	299	299	1,006	1,006
Receivables in the form of guarantee deposits (Clearing House margin requirements)	214	214	89	89
Receivables in the form of guarantee deposits (Clearing House OTC)	95	95	46	46
Fixed income instruments	7,793	8,091	7,523	7,761
Securities involved in repurchase agreements	5,440	5,588	6,679	6,822
Securities used as collateral provided by CSAs and GMRAs	8	8	-	-
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	2,345	2,495	844	939
Financial assets at FVTOCI				
Fixed income instruments	2,854	2,807	6,336	6,026
Securities involved in repurchase agreements	2,299	2,251	4,386	4,093
Securities used as collateral provided by CSAs and GMRAs	-	-	-	-
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	555	556	1,950	1,933
Financial assets outside the ring-fence				
Financial assets at amortised cost				
Loans and receivables	-	-	-	-
Receivables used as collateral provided by CSAs	-	-	-	-
Receivables used as collateral provided by GMRAs	-	-	-	-
Financial assets at FVTOCI				
Fixed income instruments	-	-	-	-
Securities involved in repurchase agreements	-	-	-	-
Total financial assets subject to encumbrances	**11,448**	**11,699**	**15,083**	**15,011**

At 31 December 2024, Poste Italiane has received financial assets as collateral for reversal repos, having a nominal value of €2,611 million and a fair value of €2,709 million.

In addition, securities with a nominal value of €1,205 million are committed for repurchase agreements entered into with Cassa Compensazione e Garanzia in December 2024 and settled in early January 2025.

Exposure to sovereign debt

With regard to financial assets, as required by Communication DEM/11070007 of 28 July 2011, implementing Document 2011/266 published by the European Securities and Markets Authority (ESMA) and later amendments, Poste Italiane's exposure to sovereign debt at 31 December 2024 is shown in the table below.

Credit risk - Exposure to sovereign debt

Description (€m)	31 December 2024			31 December 2023		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
Financial assets BancoPosta RFC						
Italy	**61,661**	**61,852**	**60,408**	**62,736**	**60,578**	**58,573**
Financial assets at amortised cost	27,866	28,207	26,763	27,877	27,509	25,504
Financial assets at FVTOCI	33,795	33,645	33,645	34,859	33,069	33,069
Financial assets outside the ring-fence						
Italy	**110**	**102**	**102**	**110**	**99**	**99**
Financial assets at FVTOCI	110	102	102	110	99	99
Total	**61,771**	**61,954**	**60,510**	**62,846**	**60,677**	**58,672**

Share-based payment arrangements

Long-term incentive scheme: Performance Share Plan

Starting from the 2019 financial year, the Shareholders' Meeting of Poste Italiane SpA approved the Information Document drafted pursuant to Article 84-*bis* of the Issuers' Regulation on Incentive Plans based on financial instruments, respectively: 2019-2021 Performance Share LTIP; 2020-2022 Performance Share LTIP; 2021-2023 Performance Share LTIP, 2022-2024 Performance Share LTIP; 2023-2025 Performance Share LTIP; 2024-2026 Performance Share LTIP.

These incentive systems, constructed in line with market practices, aim to strengthen the link between the variable component of remuneration and Poste Italiane's medium to long-term strategy, in line with the budget and the goals in the Strategic Plan, over a multi-year period.

Description of the Plans

The "Performance Share LTIPs", as described in the relevant Information Circulars, provide for the assignment of Rights to the Poste Italiane's ordinary shares. The number of Rights to be granted to Beneficiaries is subject to the achievement of Performance Targets over a three-year period, following confirmation of achievement of the Hurdle and the Qualifying Conditions (the latter for BancoPosta Beneficiaries, hereinafter "BP Beneficiaries"). The key characteristics of the Plans are described below.

Beneficiaries

The Beneficiaries are: Poste Italiane's Chief Executive Officer, the General Manager, certain managers within the Poste Italiane Group, including key management personnel, and some staff of BancoPosta RFC.

Plans' terms and conditions

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, are highlighted below:

- a profitability indicator identified in the Group's three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- the attainment of an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure the value created for Poste Italiane's shareholders compared with the FTSE MIB index[413].

For the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIPs, the following KPIs are added for the ESG component to the two targets indicated above:

- 2021-2023 Performance Share LTIP: sustainable finance, target linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of products offered with ESG components to the total number of products offered;
- 2022-2024 Performance Share LTIP: equal gender representation in succession plans, an objective linked to strengthening the presence of women in managerial succession plans, to help increase the presence of women in positions of greater responsibility in the Poste Italiane Group. Specifically, the indicator is calculated by comparing the number of succession applications occupied by women to the total number of applications;
- 2023-2025 Performance Share LTIP: Green Transition, a target related to the reduction of tCO_2 emissions. This objective aims to measure the reduction of the Group's total emissions (tCO_2e) over the 2023-2025 time horizon. Creating value for the country, an objective that takes into account the progress of the construction sites related to the "Polis Project". In particular, the indicator is calculated as the ratio of the number of initiated works to the total number of physically feasible works;
- 2024-2026 Performance Share LTIP: Green Transition, a target that measures the reduction of the Group's direct GHG emissions (Scope 1) from buildings (tCO_2e). People development, an objective that includes a focus on skills development through the provision of training hours.

Finally, for the 2024-2026 Performance Share LTIP, a further indicator of shareholder value creation is envisaged in addition to the "Relative Total Shareholder Return", identified as "Shareholder Remuneration", which takes into account shareholder remuneration in the form of dividends paid and possible share buybacks aimed at remunerating shareholders.

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Hurdle Condition corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period assessed at the end of each Performance Period. In addition, for BancoPosta RFC's Beneficiaries, vesting of the Rights is also subject to the verification of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings, as follows:

- indicator of capital adequacy, (CET 1) at the end of the period;
- indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

BP Beneficiaries

The Shares will be awarded at the end of the Performance Period as follows:

- for 2019-2021 and 2020-2022 Performance Share LTIPs, 40% up-front and for the remaining 60% in two equal portions, deferred respectively for 2 and 4 years from the end of the Performance Period. A further Retention Period of one year will be applied to both the up-front and deferred portions;
- for the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIPs, the following disbursement method is envisaged: 40% upfront and 60% in five deferred annual instalments over a five-year period (the first three equal to 10% of the total rights accrued and the next two equal to 15% of the total rights accrued). A further Retention Period of one year will be applied to both the up-front and deferred portions.

For BP Beneficiaries, the allocation of deferred Shares will take place following the verification of the continued existence of BancoPosta RFC's levels of capital adequacy, short-term liquidity and risk-adjusted earnings.

413. The objective linked to the "relative Total Shareholder Return" (rTSR) includes a "negative threshold" provision: if Poste Italiane's TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

Other Beneficiaries

For Performance Share LTIPs, the granting of Poste Italiane Shares is entirely up-front at the end of a three-year Performance Period, with 60% of the Shares subject to a further 2-year Lock-up/Retention Period.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Long-term incentive scheme: Deliver 2022 LTIP

In light of the regulatory updates that have taken place and with a view to maintaining a constant alignment between the interests of management and those of the shareholders, in 2023 the Shareholders' Meeting of 8 May 2023 resolved to pay a portion equal to 55% of the bonus accrued for the Deliver MRTs BP LTI Beneficiaries at the end of the Performance Period (31 December 2022) in Rights to receive ordinary shares of Poste Italiane, subject to Retention Periods.

Since this is a Conversion, no new allocations are envisaged with respect to the objectives of the plan assigned in 2018 and based on a five-year time horizon (2018-2022).

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Hurdle Condition corresponds with achievement of a certain target for the Group's cumulative EBIT over a five-year period at the end of each Performance Period (31 December 2022). In addition, the delivery of the Shares is also subject to the verification of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings, as follows:
- indicator of capital adequacy, (CET 1) at the end of the period;
- indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Plan Conversion provided for the payment of 45% of the accrued up-front Premium in cash in 2023, as opposed to the originally planned 75%. The remaining 55%, originally planned in cash form, is paid in Rights to receive Shares subject to Retention Periods of 1 and 2 years.

Delivery of the Shares at the end of each Retention Period will take place subject to verification of the risk tolerance level of conditions linked - in addition to capital adequacy and liquidity, originally envisaged - also to risk-adjusted earnings with reference to BancoPosta RFC, as well as Poste Italiane's inclusion in at least two internationally recognised sustainability indices.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Determination of fair value and effects on profit or loss

The valuations of the plans under review were based on the conclusions reached by actuaries external to Poste Italiane. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

The effects on profit or loss of the above "Performance Share" Long-Term Incentive scheme at 31 December 2024 for Poste Italiane SpA are shown below.

Incentive plans (Figures in €m)	Number of beneficiaries	Units (no. of Phantom Stocks/Rights to receive shares)		Fair value at grant date						Operating Cost	Reserve IFRS 2/ Liability	Payments/ Countervalue delivery of treasury shares
				Chief Executive Officer		BP Beneficiaries		Other Beneficiaries				
		Number of Units	Of which under retention period	Grant date	Fair Value	Grant date	Fair Value	Grant date	Fair Value			
Deliver 5 years	2	94,209	94,209	29-May-18	€8.43	n/a	n/a	29-May-18	€8.43	0.01	0.79	(0.53)
19-21 Performance Share LTIP	4	64,815	32,870	28-May-19	€5.02	7-Oct-19	€7.01	07-Oct-19	€7.88	0.02	0.40	(3.23)
20-22 Performance Share LTIP	99	417,351	-	5-May-20	€6.05	12-Nov-20	€4.89	12-Nov-20	€5.41	0.02	2.31	(0.18)
21-23 Performance Share LTIP	141	903,981	96,747	28-May-21	€8.19	28-May-21	€8.27	28-May-21	€9.07	1.66	8.00	(4.10)
22-24 Performance Share LTIP	172	1,027,156	-	27-May-22	€4.65	27-May-22	€4.65	27-May-22	€5.66	2.06	5.72	-
23-25 Performance Share LTIP	185	1,579,001	-	08-May-23	€4.47	08-May-23	€4.47	08-May-23	€5.62	2.87	5.78	-
24-26 Performance Share LTIP	202	1,892,458	-	31-May-24	€6.91	31-May-24	€6.91	30-May-24	€8.69	5.31	5.31	-
Total										11.94	28.32	(8.04)

Short-term incentive schemes: MBO

On 27 May 2014, the Bank of Italy issued specific Supervisory Provisions for BancoPosta (Part IV, Chapter I, "BancoPosta" including in Circular 285 of 17 December 2013 "Prudential supervisory standards for banks") which, in taking into account BancoPosta's and Poste Italiane's specific organisational and operational aspects, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices" in the above Circular 285). These standards, applicable only to the Parent Company Poste Italiane SpA, provide that a part of the bonuses paid to BancoPosta RFC's Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe. With regard to the management incentive schemes adopted for BancoPosta RFC MBO for 2018, where the incentive was above a certain materiality threshold, the MBO management incentive scheme envisages the award of 50% of the incentive in the form of phantom stocks[414], and application of deferral mechanisms on the portion awarded in the form of phantom stocks:

- 60% of the award to be deferred for a 5-year period on a pro-rata basis, in the case of Material Risk Takers who are beneficiaries of both the short-term incentive scheme and long-term incentive scheme, "Phantom Stock LTIP";
- 40% of the award to be deferred for a 3-year period on a pro-rata basis for the remaining Material Risk Takers.

In the course of 2024, the payment of the last tranche of the plan in question was completed with a total outlay of approximately €153 thousand.

The most recent short-term managerial incentive schemes (MBO from 2019 to 2024) envisage, if the incentive exceeds a materiality threshold, the disbursement of a portion of the accrued bonus in the form of Rights to receive Poste Italiane SpA shares and the application of deferral mechanisms of between 40% and 60% of the incentive over a time horizon of 3/5 years pro-rata based on the beneficiary's category. For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

The Rights to receive Shares (MBO plans from 2019 to 2024) are subject to the existence of a Hurdle Condition (Group Profitability: EBIT) and Qualifying Conditions as follows:

- Indicator of capital adequacy, identified as CET 1;
- Indicator of short-term liquidity, identified as LCR;
- Risk-adjusted earnings (RORAC) for MBO 2023 and MBO 2024.

An additional Qualifying Condition is expected to apply to the Chief Executive Officer, in addition to those set out above, linked to the Solvency Ratio of the Poste Vita Insurance Group.

Amounts allocated in the form of Shares are subject to a Retention Period for both up-front and deferred portions.

414. Units representing the value of the share of Poste Italiane SpA.

The deferred portion will be disbursed each year subject to compliance with the requirements of capitalisation, liquidity of BancoPosta RFC and risk-adjusted earnings (the latter where it is a hurdle condition). The effects on profit or loss and on equity are recognised in the period in which the instruments vest.

Determination of fair value and effects on profit or loss

The valuations of the plans under review were based on the conclusions reached by actuaries external to Poste Italiane.

Incentive plans (Figures in €m)	Number of beneficiaries	Units (no. of Phantom Stocks/Rights to receive shares) Number of Units	Of which under retention period	Fair value at grant date – Chief Executive Officer Grant date	Chief Executive Officer Fair Value	BP Beneficiaries Grant date	BP Beneficiaries Fair Value	Other Beneficiaries Grant date	Other Beneficiaries Fair Value	Operating Cost	Reserve IFRS 2/ Liability	Payments/ Countervalue delivery of treasury shares
MBO 2018	10	15,081	-	19-Mar-19	10.2 €	19-Mar-19	10.2 €	19-Mar-19	10.2 €	0.01	-	(0.15)
MBO 2019	5	3,123	3,123	5-Mar-20	7.51 €	5-Mar-20	7.51 € - 7.62 €	5-Mar-20	7.51 €	(0.04)	0.02	(0.04)
MBO 2020	6	4,999	3,187	24-Mar-21	8.36 €	24-Mar-21	8.36 € - 8.83 €	24-Mar-21	8.36 € - 8.83 €	(0.04)	0.04	(0.04)
MBO 2021	15	34,102	16,873	22-Mar-22	8.25 €	22-Mar-22	8.25 € - 8.77 €	22-Mar-22	8.25 € - 8.77 €	-	0.28	(0.15)
MBO 2022	13	58,097	19,464	28-Mar-23	7.70 €	28-Mar-23	7.70 € - 8.31 €	28-Mar-23	7.7 € - 8.31 €	0.01	0.45	(0.37)
MBO 2023	12	107,007	47,435	19-Mar-24	7.92 €	19-Mar-24	7.92 € - 8.45 €	19-Mar-24	7.92 € - 8.45 €	-	0.87	-
MBO 2024*	16	113,854	-	31-May-24	11.38 €	31-May-24	11.38 € - 12.23 €	31-May-24	11.38 € - 12.23€	1.32	1.32	-
Total										**1.26**	**2.99**	**(0.75)**

* MBO 2024 estimated on the basis of the best available information, pending the actual finalisation of the system, in order to capture the cost of the service received.

Disclosure pursuant to law 124/2017

The information required by art. 1, paragraphs 125 and 129 of Law 124 of 4 August 2017 is provided below.

The information is provided in thousands of euros and on a cash basis, indicating the Group company that received and/or disbursed the grant. In addition, given the numerous interpretative doubts, the following information is provided on the basis of the best interpretation of the legislation available to date, in the light of the guidance provided by Assonime in Circular 5 of 22 February 2019.

Postal Savings

The following table provides a breakdown of postal savings deposits collected by Poste Italiane SpA in the name of and on behalf of Cassa Depositi e Prestiti, by category. The amounts are inclusive of accrued, unpaid interest.

Postal savings

Description (€m)	31.12.2024	31.12.2023
Post office savings books	94,101	91,729
Interest-bearing Postal Certificates	230,286	234,461
Cassa Depositi e Prestiti	197,981	195,320
Ministry of the Economy and Finance - MEF	32,305	39,141
Total	**324,387**	**326,190**

Commitments

Poste Italiane SpA's purchase commitments break down as follows.

Commitments

Description (€m)	31.12.2024	related to Group companies	31.12.2023	related to Group companies
Lease arrangements	141	-	214	-
Contracts to purchase property, plant and equipment	132	-	124	-
Contracts to purchase intangible assets	12	-	20	-
Total	**285**	**-**	**358**	**-**

At 31 December 2024, the item Lease arrangements includes commitments that do not fall under IFRS 16 - Leases.

Commitments for property leases and other lease arragements

Description (€m)	31.12.2024	related to Group companies	31.12.2023	related to Group companies
Instalments falling due:				
within 1 year of the reporting date	79	-	81	-
between 2 and 5 years after the reporting date	61	-	133	-
Total	**141**	**-**	**214**	**-**

Guarantees

The outstanding Personal Guarantees of Poste Italiane SpA for which a commitment exists are as follows:

Guarantees

Description (€m)	31.12.2024	31.12.2023
Sureties and other guarantees issued:		
by banks in the interests of Poste Italiane SpA in favour of third parties	365	320
by Poste Italiane SpA in the interests of subsidiaries in favour of third parties	283	205
letters of patronage issued by Poste Italiane SpA in the interests of subsidiaries	92	95
Total	**740**	**620**

Third-party assets

Third-party assets held by Poste Italiane SpA are detailed in the following table:

Third-party assets

Description (€m)	31.12.2024	31.12.2023
Securities subscribed by customers held at third-party banks	6,771	6,033
Other assets	1	2
Total	**6,773**	**6,035**

Other assets include assets of group companies held by Poste Italiane SpA.

Assets in the process of allocation

At 31 December 2024, Poste Italiane SpA Company has paid a total of €87 million in claims on behalf of the Ministry of Justice, for which, under the agreement between Poste Italiane and the MEF, it has already been reimbursed by the Italian Treasury, whilst awaiting acknowledgement of the relevant account receivable from the Ministry of Justice.

Fees paid to independent auditors pursuant to art.149 *duodecies* of the consob's regulations for issuers

The following table shows fees[415] payable to the Parent Company's auditor, Deloitte & Touche, and companies within its network for 2024, presented in accordance with art. 149 *duodecies* of the CONSOB's Regulations for Issuers:

Disclosure of fees paid to Independent Auditors

Type of services	Entity providing the service	2024 fees
Poste Italiane SpA		
Audit	Deloitte & Touche SpA	2,229
Audit	Deloitte & Touche network	-
Attestation services	Deloitte & Touche SpA	678
Attestation services	Deloitte & Touche network	-
Other services	Deloitte & Touche SpA	17
Other services	Deloitte & Touche network	38
Subsidiaries of Poste Italiane SpA		
Audit*	Deloitte & Touche SpA	2,553
Audit	Deloitte & Touche network	48
Attestation services	Deloitte & Touche SpA	839
Attestation services	Deloitte & Touche network	-
Other services	Deloitte & Touche SpA	-
Other services	Deloitte & Touche network	9
Total		**6,411**

* Includes costs for the audit of funds administered by BPF SGR charged to savers in the amount of €324 thousand, 100% of which has been settled, of which €134 thousand refers to the management of Poste Vita Class I policies.

415. Auditing services are expensed as incurred and reported in the audited financial statements. Any attestation services relating to accounts prior to the reporting date are recognised on an accruals basis, following engagement of the auditor, in the year in which the services are rendered, applying the percentage of completion method.

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BancoPosta RFC Separate Report

at 31 December 2024

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BancoPosta RFC Separate Report

at 31 December 2024

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Financial Statements

Statement of financial position

Assets (€)		31 December 2024	31 December 2023
10.	Cash and cash equivalents	4,332,979,411	4,731,804,421
20.	Financial assets measured at fair value through profit or loss	34,148,723	26,196,661
	a) financial assets held for trading	-	-
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	*34,148,723*	*26,196,661*
30.	Financial assets measured at fair value through other comprehensive income	33,644,541,254	33,069,070,448
40.	Financial assets measured at amortised cost	45,829,201,519	44,561,934,123
	a) due from banks	*655,027,116*	*976,196,905*
	b) due from customers	*45,174,174,403*	*43,585,737,218*
50.	Hedging derivatives	2,679,444,548	4,256,825,277
60.	Adjustments for changes in hedged financial assets portfolio (+/-)	-	-
70.	Investments	-	-
80.	Property, plant and equipment	-	-
90.	Intangible assets	-	-
	of which:		
	- goodwill	-	-
100.	Tax assets	499,193,692	642,226,681
	a) current	-	-
	b) deferred	*499,193,692*	*642,226,681*
110.	Non-current assets and disposal groups held for sale	-	-
120.	Other assets	9,798,968,798	10,856,890,504
	Total assets	**96,818,477,945**	**98,144,948,115**

Statement of financial position

Liabilities and equity (€)		**31 December 2024**	**31 December 2023**
10.	Financial liabilities measured at amortised cost	89,011,842,859	90,963,258,845
	a) due to banks	*7,532,463,636*	*10,335,597,387*
	b) due to customers	*81,479,379,223*	*80,627,661,458*
	c) debt securities in issue	-	-
20.	Financial liabilities held for trading	8,183,088	2,597,924
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	1,347,664,565	1,135,604,715
50.	Adjustments for changes in hedged financial liabilities portfolio (+/-)	-	-
60.	Tax liabilities	314,740,919	266,193,083
	a) current	-	-
	b) deferred	*314,740,919*	*266,193,083*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80.	Other liabilities	2,682,260,896	2,832,777,755
90.	Employee termination benefits	2,028,698	2,083,064
100.	Provisions for risks and charges:	143,028,185	163,499,489
	a) commitment and guarantees given	-	-
	b) pensions and similar obligations	-	-
	c) other provisions for risks and charges	*143,028,185*	*163,499,489*
110.	Valuation reserves	(366,335,376)	(840,662,686)
120.	Redeemable shares	-	-
130.	Equity instruments	450,000,000	450,000,000
140.	Reserves	2,610,107,471	2,569,251,467
150.	Share premium reserve	-	-
160.	Share capital	-	-
170.	Treasury shares (-)	-	-
180.	Profit/(Loss) for the year (+/-)	614,956,640	600,344,459
	Total liabilities and equity	**96,818,477,945**	**98,144,948,115**

Statement of profit or loss

Items (€)		FY 2024	FY 2023
10.	Interest and similar income	3,074,063,247	2,778,162,722
	of which: interest income calculated using the effective interest method	*3,074,063,247*	*2,778,162,722*
20.	Interest expense and similar charges	(590,839,021)	(587,060,606)
30.	**Net interest income**	**2,483,224,226**	**2,191,102,116**
40.	Fee income	3,754,937,457	3,669,506,800
50.	Fee expenses	(200,493,366)	(199,858,347)
60.	**Net fee and commission income**	**3,554,444,091**	**3,469,648,453**
70.	Dividends and similar income	230,566	246,104
80.	Profits/(Losses) on trading	1,908,477	(2,460,542)
90.	Profits/(Losses) on hedging	(2,412,608)	(1,155,168)
100.	Profits/(Losses) on disposal or repurchase of:	89,641,704	157,546,084
	a) financial assets measured at amortised cost	*34,800,755*	*47,581,038*
	b) financial assets measured at fair value through other comprehensive income	*34,862,449*	*109,965,046*
	c) financial liabilities	*19,978,500*	-
110.	Profits/(Losses) on other financial assets/liabilities measured at fair value through profit or loss	7,955,937	7,822,515
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	*7,955,937*	*7,822,515*
120.	**Net interest and other banking income**	**6,134,992,393**	**5,822,749,562**
130.	Net losses/recoveries due to credit risk on:	1,518,978	(11,791,539)
	a) financial assets measured at amortised cost	*(3,417,024)*	*(9,176,925)*
	b) financial assets measured at fair value through other comprehensive income	*4,936,002*	*(2,614,614)*
140.	Profits/(Losses) from contract amendments without termination	-	-
150.	**Net income from banking activities**	**6,136,511,371**	**5,810,958,023**
160.	Administrative expenses:	(5,301,724,943)	(4,973,446,719)
	a) personnel expenses	*(36,993,394)*	*(35,011,887)*
	b) other administrative expenses	*(5,264,731,549)*	*(4,938,434,832)*
170.	Net provisions for risks and charges	9,736,785	8,120,394
	a) commitment and guarantees given	-	-
	b) other net provisions	*9,736,785*	*8,120,394*
180.	Net losses/recoveries on property, plant and equipment	-	-
190.	Net losses/recoveries on intangible assets	-	-
200.	Other operating income/(expense)	1,742,276	(11,871,045)
210.	**Operating expenses**	**(5,290,245,882)**	**(4,977,197,370)**
220.	Profits/(Losses) on investments	-	-
230.	Profits/(Losses) on fair value measurement of property, plant and equipment and intangible assets	-	-
240.	Impairment of goodwill	-	-
250.	Profits/(Losses) on disposal of investments	-	-
260.	**Income/(Loss) before tax from continuing operations**	**846,265,489**	**833,760,653**
270.	Taxes on income from continuing operations	(231,308,849)	(233,416,194)
280.	**Income/(Loss) after tax from continuing operations**	**614,956,640**	**600,344,459**
290.	Income/(Loss) after tax from discontinued operations	-	-
300.	**Profit/(Loss) for the year**	**614,956,640**	**600,344,459**

Statement of comprehensive income

Items (€)		FY 2024	FY 2023
10.	**Profit/(Loss) for the year**	**614,956,640**	**600,344,459**
	Other components of comprehensive income after taxes not reclassified to profit or loss		
20.	Equity instruments measured at fair value through other comprehensive income	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedges of equity instruments measured at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	29,666	(34,010)
80.	Non-current assets and disposal groups held for sale	-	-
90.	Share of valuation reserve attributable to equity-accounted investments	-	-
	Other components of comprehensive income after taxes reclassified to profit or loss		
100.	Hedges of foreign investments	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	44,830,384	(165,814,699)
130.	Hedges (elements not designated)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	429,467,260	1,548,467,890
150.	Non-current assets and disposal groups held for sale	-	-
160.	Share of valuation reserve attributable to equity-accounted investments	-	-
170.	**Total other components of comprehensive income after taxes**	**474,327,310**	**1,382,619,181**
180.	**Comprehensive income (Items 10+170)**	**1,089,283,950**	**1,982,963,640**

Statement of changes in equity

	31 December 2024									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Profit/(Loss) for the year	Equity
(€)	ordinary shares	other shares		retained earnings	other*					
Balance at 31.12.2023	**-**	**-**	**-**	**1,357,229,019**	**1,212,022,448**	**(840,662,686)**	**450,000,000**	**-**	**600,344,459**	**2,778,933,240**
Adjustments to opening balances	-	-	-	-	-	-	-	-	-	-
Balance at 01.01.2024	**-**	**-**	**-**	**1,357,229,019**	**1,212,022,448**	**(840,662,686)**	**450,000,000**	**-**	**600,344,459**	**2,778,933,240**
Attribution of retained earnings	**-**	**-**	**-**	**60,000,000**	**-**	**-**	**-**	**-**	**(600,344,459)**	**(540,344,459)**
Reserves	-	-	-	60,000,000	-	-	-	-	(60,000,000)	-
Dividends and other attributions	-	-	-	-	-	-	-	-	(540,344,459)	(540,344,459)
Changes during the year	**-**	**-**	**-**	**(19,805,323)**	**661,327**	**474,327,310**	**-**	**-**	**614,956,640**	**1,070,139,954**
Movements in reserves	-	-	-	(19,805,323)	661,327	-	-	-	-	(19,143,996)
Equity-related transactions	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Payment of extraordinary dividends	-	-	-	-	-	-	-	-	-	-
Movements in equity instruments	-	-	-	-	-	-	-	-	-	-
Derivatives on own shares	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-
Comprehensive income for 2024	-	-	-	-	-	474,327,310	-	-	614,956,640	1,089,283,950
Equity at 31.12.2024	**-**	**-**	**-**	**1,397,423,696**	**1,212,683,775**	**(366,335,376)**	**450,000,000**	**-**	**614,956,640**	**3,308,728,735**

* This item represents the Reserve for BancoPosta RFC of €1,210 million and also includes the Incentive plans reserve of €3 million.

	31 December 2023									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Profit/(Loss) for the year	Equity
(€)	ordinary shares	other shares		retained earnings	other**					
Balance at 31.12.2022	**-**	**-**	**-**	**1,373,317,573**	**1,211,733,303**	**(2,223,281,867)**	**350,000,000,00**	**-**	**602,311,327**	**1,314,080,336**
Adjustments to opening balances	-	-	-	-	-	-	-	-	-	-
Balance at 01.01.2023	**-**	**-**	**-**	**1,373,317,573**	**1,211,733,303**	**(2,223,281,867)**	**350,000,000**	**-**	**602,311,327**	**1,314,080,336**
Attribution of retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(602,311,327)**	**(602,311,327)**
Reserves	-	-	-	-	-	-	-	-	-	-
Dividends and other attributions	-	-	-	-	-	-	-	-	(602,311,327)	(602,311,327)
Changes during the year	**-**	**-**	**-**	**(16,088,554)**	**289,145**	**1,382,619,181**	**100,000,000**	**-**	**600,344,459**	**2,067,164,231**
Movements in reserves	-	-	-	(16,088,554)	289,145	-	-	-	-	(15,799,409)
Equity-related transactions	-	-	-	-	-	-	100,000,000	-	-	100,000,000
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Payment of extraordinary dividends	-	-	-	-	-	-	-	-	-	-
Movements in equity instruments	-	-	-	-	-	-	100,000,000	-	-	100,000,000
Derivatives on own shares	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-
Comprehensive income for 2023	-	-	-	-	-	1,382,619,181	-	-	600,344,459	1,982,963,640
Equity at 31.12.2023	**-**	**-**	**-**	**1,357,229,019**	**1,212,022,448**	**(840,662,686)**	**450,000,000**	**-**	**600,344,459**	**2,778,933,240**

** This item represents the Reserve for BancoPosta RFC of €1,210 million and also includes the Incentive plans reserve of €2 million.

Statement of cash flows

Indirect method

(€)		FY 2024	FY 2023
A.	**OPERATING ACTIVITIES**		
1.	**Cash flow from operations**	**560,887,815**	**591,320,205**
	- profit/(loss) for the year (+/-)	614,956,640	600,344,459
	- gains/(losses) on financial assets held for trading and on assets and liabilities measured at fair value through profit or loss (-/+)	(4,269,303)	(5,846,347)
	- gains/(losses) on hedging activities (-/+)	2,586,776	1,155,168
	- net losses/recoveries due to credit risk (+/-)	(1,518,978)	11,791,539
	- net losses/recoveries on property, plant and equipment and intangible assets (+/-)	-	-
	- net provisions and other expenses/income (+/-)	(7,108,667)	(7,317,189)
	- unpaid taxes and duties (+)	231,308,848	233,416,194
	- net losses/recoveries on discontinued operations after tax (+/-)	-	-
	- other adjustments (+/-)	(275,067,501)	(242,223,619)
2.	**Cash flow from/(used for) financial assets**	**1,659,526,139**	**6,506,818,877**
	- financial assets held for trading	-	-
	- financial assets designated at fair value	-	-
	- other financial assets mandatorily measured at fair value	3,876	21,394,678
	- financial assets measured at fair value through other comprehensive income	295,516,809	2,437,010,779
	- financial assets measured at amortised cost	85,608,825	3,169,273,530
	- other assets	1,278,396,629	879,139,890
3.	**Cash flow from/(used for) financial liabilities**	**(2,054,322,044)**	**(7,716,972,177)**
	- financial liabilities measured at amortised cost	(3,161,206,697)	(8,998,837,942)
	- financial liabilities held for trading	-	(4,002,716)
	- financial liabilities designated at fair value	-	-
	- other liabilities	1,106,884,653	1,285,868,481
Net cash flow from/(used for) operating activities		**166,091,910**	**(618,833,095)**
B.	**INVESTING ACTIVITIES**		
1.	**Cash flow from**	**-**	**-**
	- disposal of investments	-	-
	- dividends received on investments	-	-
	- disposal of property, plant and equipment	-	-
	- disposal of intangible assets	-	-
	- disposal of business divisions	-	-
2.	**Cash flow used for**	**-**	**-**
	- acquisition of investments	-	-
	- acquisition of property, plant and equipment	-	-
	- acquisition of intangible assets	-	-
	- acquisition of business divisions	-	-
Net cash flow from/(used for) investing activities		**-**	**-**
C.	**FINANCING ACTIVITIES**		
	- issuance/purchase of treasury shares	-	-
	- issuance/purchase of equity instruments	-	100,000,000
	- dividends and other payments	(566,803,845)	(623,953,171)
Net cash flow from/(used for) financing activities		**(566,803,845)**	**(523,953,171)**
NET CASH FLOW GENERATED/(USED) DURING THE YEAR		**(400,711,935)**	**(1,142,786,266)**

KEY:
(+) from
(-) used for

Reconciliation

Items (€)	FY 2024	FY 2023
Cash and cash equivalents at beginning of the year	4,731,804,421	5,874,003,873
Net cash flow generated/(used) during the year	(400,711,935)	(1,142,786,266)
Cash and cash equivalents: effect of exchange rate fluctuations	1,886,925	586,814
Cash and cash equivalents at end of the year	**4,332,979,411**	**4,731,804,421**

Notes

PART A – Accounting policies

A.1 – General

Section 1 – Declaration of compliance with international financial reporting standards

The Separate Report has been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These were endorsed for application in the European Union by European Regulation (EC) 1606/2002 of 19 July 2002, as transposed into Italian law by Legislative Decree 38 of 28 February 2005 governing the introduction of IFRS into Italian legislation. The term IFRS includes all the International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC", previously known as the Standing Interpretations Committee or "SIC"), adopted by the European Union and contained in the EU Regulations in force at 31 December 2024, regarding which no derogations were made.

Accounting standards and interpretations applicable from 1 January 2024 and those soon to be effective

The relevant information is provided in note 2.3 – New accounting standards and interpretations and those soon to be effective – in the section – financial statements of Poste Italiane – of this Annual Report.

Section 2 – Basis of preparation

The Separate Report have been prepared in accordance with the provisions of the eighth update of Bank of Italy Circular no. 262 of 22 December 2005 "Bank Financial Statements: formats and rules for preparation", as well as the Bank of Italy Communication of 14 March 2023[416] "Update of the provisions of Circular no. 262 concerning the impact of Covid-19 and measures to support the economy", where applicable, and have been prepared pursuant to the provisions of Article 2447-septies paragraph 2 of the Italian Civil Code. On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta RFC (Circular 285/2013, Part Four, Section 1) which, in taking into account the entity's specific organisational and operational aspects, has established prudential requirements that are substantially in line with those applicable to banks. The Standards also govern the requirements regarding capital adequacy and risk containment. The Separate Report relates to the year ended 31 December 2024, has been prepared in euros without decimal figures and consists of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes. The statement of financial position, statement of profit or loss and statement of comprehensive income consists of numbered line items and lettered line sub-items. Nil balances have also been presented in the statement of financial position, statement of profit or loss and statement of comprehensive income for the sake of completeness. The statement of cash flows has been prepared under the indirect method[417]. All figures in the notes are stated in millions of euros; in addition, the tables with nil balances have not been included.

416. The Communication repeals and replaces the previous one of 21 December 2021 "Update of the additions to the provisions of Circular no. 262 concerning the impacts of Covid-19 and measures to support the economy".
417. Under the indirect method, net cash from operating activities is determined by adjusting profit/(loss) for the year to reflect the impact of non-cash items, any deferment or provisions for previous or future operating inflows or outflows, and revenue or cost items linked to cash flows from investing or financing activities.

The accounting policies and the recognition, measurement and classification criteria adopted in this Report are consistent with those used to prepare the Separate Report at 31 December 2023. In order to allow for a uniform comparison with the figures for 2023, certain figures of the comparison year have been reclassified.

The Separate Report forms an integral part of Poste Italiane SpA's financial statements and has been prepared on a going concern basis in that BancoPosta RFC's operations are certain to continue in the foreseeable future. As a going concern, the Poste Group companies and consequently BancoPosta RFC, prepare their financial statements on a going concern basis, also taking account of the Group's economic and financial outlook, as reflected in the 2024-2028 strategic plan approved by Poste Italiane SpA's Board of Directors on 19 March 2024.

BancoPosta's accounting policies, described in the Separate Report, are the same as those adopted by Poste Italiane SpA are described in this Part A and are relevant to all of BancoPosta RFC's operations.

Section 3 – Events after the end of the reporting period

There were no material events after 31 December 2024.

Section 4 – Other information

4.1 Intersegment relations

Balances relating to transactions between BancoPosta RFC and Poste Italiane SpA ("Intersegment transactions") are recognised in the statement of financial position at 31 December 2024 as shown below:

€m		31.12.2024	of which intersegment	31.12.2023	of which intersegment
	Assets				
10.	Cash and cash equivalents	4,333	-	4,732	-
20.	Financial assets measured at fair value through profit or loss	34	-	26	-
	a) financial assets held for trading	-	-	-	-
	b) financial assets designated at fair value	-	-	-	-
	c) other financial assets mandatorily measured at fair value	*34*	-	*26*	-
30.	Financial assets measured at fair value through other comprehensive income	33,645	-	33,069	-
40.	Financial assets measured at amortised cost	45,829	642	44,562	371
	a) due from banks	*655*	-	*976*	-
	b) due from customers	*45,174*	*642*	*43,586*	*371*
50.	Hedging derivatives	2,679	-	4,257	-
100.	Tax assets	499	-	642	-
120.	Other assets	9,799	34	10,857	39
	A Total assets	**96,818**	**676**	**98,145**	**410**
	Liabilities and equity				
10.	Financial liabilities measured at amortised cost	89,011	156	90,964	279
	a) due to banks	*7,532*	-	*10,336*	-
	b) due to customers	*81,479*	*156*	*80,628*	*279*
	c) debt securities in issue	-	-	-	-
20.	Financial liabilities held for trading	8	-	3	-
40.	Hedging derivatives	1,348	-	1,136	-
60.	Tax liabilities	315	-	266	-
80.	Other liabilities	2,682	2	2,833	3
90.	Employee termination benefits	2	-	2	-
100.	Provisions for risks and charges	143	-	163	-
110.	Valuation reserves	(366)	-	(841)	-
130.	Equity instruments	450	-	450	-
140.	Reserves	2,610	-	2,569	-
180.	Profit/(Loss) for the year (+/-)	615	-	600	-
	B Total liabilities and equity	**96,818**	**158**	**98,145**	**282**
	A-B Net intersegment balances		**518**		**128**

The provision of services to BancoPosta RFC by Poste Italiane SpA functions is governed by the specific Regulation governing the awarding and outsourcing process of BancoPosta RFC, approved by the Board of Directors of Poste Italiane SpA[418].

This Regulation, in execution of the provisions set out in the Regulations for ring-fenced capital, govern and formalise the process of awarding BancoPosta's Corporate Functions to Poste Italiane in accordance with the relevant regulations, identifying the operational phases, roles and responsibilities of the Bodies and Corporate Functions involved in various ways. The general policies and instructions contained in the Regulation in relation to transfer pricing are detailed in specific Operating Guidelines, jointly developed by BancoPosta and other Poste Italiane SpA functions. The Operating Guidelines establish, among other things, the applicable levels of service and transfer prices and are effective following an authorisation process involving the relevant Functions, the Chief Executive Officer and, where required, the Poste Italiane Spa's Board of Directors. When BancoPosta intends to contract out a major process or a control procedure, whether in its entirety or in part, to Poste Italiane SpA in accordance with specific Operating Guidelines, it must give prior notice to the Bank of Italy. In accordance with Bank of Italy Circular 285 issued on 17 December 2013, Part Four, the Board of Statutory Auditors is required to verify, at least every six months, that the policies adopted are fit for purpose and are in compliance with the related statutory requirements and supervisory standards.

418. At its meeting of 20 June 2024, the Board of Directors approved an update to the "Regulation governing BancoPosta RFC's contracting out and outsourcing process", regulating and formalising both the process of contracting BancoPosta's Corporate Functions to Poste Italiane and the process of outsourcing to third parties outside Poste Italiane's organisation.

In line with 2023, the services are charged for in the form of transfer prices. The transfer prices paid, inclusive of commissions and any other form of remuneration due, are determined on the basis of market prices and tariffs for the same or similar services, identified, where possible, following a benchmarking process. When the specifics and/or the particular nature of a service provided by a Poste Italiane function do not allow the use of a comparable market price, a cost-based method is used, again with the support of benchmarking to ensure that the price charged is adequate for the service provided. In such a case, an adequate mark-up, defined on the basis of appropriate analyses of comparable subjects, shall be applied. The prices set in each Operating Guidelines can be reduced in the presence of operating losses of the activities outsourced or in case of penalties due to the failure to achieve pre-established service levels, as measured by specific performance indicators. The Guidelines in force were effective as of 1 January 2023 and will expire on 31 December 2025. The transfer prices, defined in the Guidelines, may be revised every year in connection with the planning and budget process.

For the purposes of oversight of the unbundled accounts, in 2024 the Board of Statutory Auditors conducted the relevant audit activities during 2 meetings, reporting its conclusions in its annual report to shareholders for the year ended 31 December 2024.

4.2 Contingent liabilities and main relations with the authorities

Contingent liabilities

The following information is provided in accordance with accounting standard IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

At 31 December 2024, there were 9 judicial and extrajudicial disputes pending for which the risk of losing is assessed as possible. The total amounts stand at approximately €8 million, plus interest. The main outstanding disputes, of an individually insignificant amount, relate to litigation brought by third parties in various capacities. It should be noted that BancoPosta RFC, in view of the large number of disputes brought by third parties, makes an assessment on a probabilistic historical basis, for cases with individually non-significant claims, reflected in the provisions for risks and charges.

Relations with the authorities

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

On 22 April 2024, the AGCM notified Poste Italiane, with reference to BancoPosta RFC, of the notice of initiation of proceeding PS/12768 and the simultaneous request for information, in relation to certain anti-fraud messages that holders of BancoPosta and PostePay accounts, who use the services through the relevant Apps (installed on Android devices), allegedly received when accessing them, starting from the first days of April. According to the AGCM, Poste Italiane's conduct would constitute an aggressive or in any case unfair commercial practice, in that users would be "induced" to allow access to their data in a situation of undue conditioning, since failure to consent - after three accesses - would preclude them from continuing to use BancoPosta and PostePay services via the App. On 13 May 2024, Poste Italiane sent the AGCM a memorandum in which it replied to the request for information and to the objections contained in the writ. On 6 June 2024, the Company filed the integration of the previous defence memorandum and the commitment form containing the initiatives it undertakes to implement (subject to integration/amendment), on a voluntary basis, aimed at eliminating the Authority's alleged critical issues, without lending acquiescence to the objections raised in the proceedings. Some of the commitments presented were subsequently implemented by the Company, which, on 18 July 2024, replied to the second request for information on certain aspects that had emerged during the technical hearing with the Authority held on 18 June 2024 (e.g. on the subject of Bank of Italy controls and indications and the results of anti-fraud activities). On 10 September 2024, the Authority communicated to Poste Italiane the rejection of the commitments, deeming them "unsuitable to remedy the aspects of possible unfairness subject to investigation, insofar as they consist for the most part in merely informative measures, as such not responding to the critical issues contested at the time of the opening of the proceedings relating to the elements of aggressiveness, or in any case not resolving the objections formulated" and extending the deadline for the conclusion of the proceedings by 60 days (18 November 2024). On 26 September, the Authority sent a further request for information to which Poste Italiane replied on 17 October. On 11 November 2024, Poste Italiane filed an application to reopen the obligations' sub-proceedings with the simultaneous submission of a further measure, which was rejected by the Authority.

Bank of Italy

On 20 July 2022, the Authority sent a notice to Poste Italiane SpA, with reference to BancoPosta RFC, and to PostePay concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMI provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of BancoPosta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of “credit institution” under the relevant European legislation. The issue found a favourable conclusion with Law no. 207 of 30 December 2024 (2025 Budget Law), which introduced, among the activities that Poste Italiane SpA - BancoPosta RFC may carry out, the possibility of “collecting sums of money received by electronic money institutions for the issuance of electronic money and by payment institutions for the provision of payment services referred to in Articles 114-quinquies.1 and 114-duodecies of the Consolidated Law on Banking” (see Article 2, paragraph 1 (a-bis) of Presidential Decree no. 144/2001 “Regulation containing rules on BancoPosta services”).

Garante per la protezione dei dati personali (the Italian Data Protection Authority)

On 16 April 2024, the Garante per la protezione dei dati personali (GPDP) opened a preliminary investigation with a request for information in relation to the same event that led to the initiation of proceedings PS/12768 of ACGM, i.e. the anti-fraud messages received by BancoPosta and PostePay account holders, who use the services through the relevant apps installed on their Android devices, when accessing them from the first days of April 2024. After several requests for information and related replies, the last of which was sent in January 2025, aimed at providing the GPDP with both the regulatory basis and information on the processing of personal data of the BancoPosta and Postepay apps, carried out for anti-fraud purposes, the Authority’s investigative activity continues.

4.3 Significant events occurred during the year

No significant events occurred during the year.

4.4 Reform of rate benchmark

For an analysis of the effects of the benchmark reform, please refer to the information provided in Part E.

A.2 – Part relating to principal financial statement items

The following notes have been numbered in accordance with instructions contained in Bank of Italy Circular 262/2005. Omitted numbers denote information not relevant to the Separate Report.

1 – Financial assets measured at fair value through profit or loss

a) recognition

Financial assets measured at fair value through profit or loss are initially recognised on the settlement date for debt and equity instruments, whereas, for derivative contracts, on the subscription date. Financial assets are initially recognised at fair value which is generally the price paid. Changes in fair value between the trade date and the settlement date are recognised.

b) classification

This item includes all financial assets other than those classified as "Financial assets measured at fair value through other comprehensive income" and as "Financial assets measured at amortised cost". In particular, this item includes: a) financial assets purchased and held mainly for trading; b) financial assets designated as such on initial recognition, thanks to the fair value option; c) financial assets mandatorily measured at fair value through profit or loss.

This item comprises:

- debt securities and loans that are classified in the "Other/Trading" business model (thus not in the "Hold to Collect" and "Hold to Collect and Sell" business models) or fail to meet the SPPI test[419];
- equity instruments held for trading or that were not initially recognised at fair value through other comprehensive income;
- derivative contracts, except those designated as hedges, that are classified as assets or liabilities held for trading, depending on whether their fair value is positive or negative; positive and negative fair values arising from transactions with the same counterparties are offset during collateralisation, where allowed by contract.

c) measurement and recognition of gains and losses

These financial assets are recognised at fair value with any changes in fair value recognised in profit or loss in line "Item 80 - Profits/(Losses) on trading" and in line "Item 110 – Profits/(Losses) on other financial assets/liabilities measured at fair value through profit or loss".

Dividends from equity investments classified as Financial assets at fair value through profit or loss are recognised in "Item 70 - Dividends and similar income" at the time their distribution is approved and the right to receive payment accrues.

d) derecognition

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards relating to the financial asset or their control are substantially transferred. If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. Finally, transferred assets are derecognised if the contractual right to receive the cash flows of the assets is retained, but at the same time a contractual obligation is assumed to pay these flows to a third party, without delay and only to the extent of those received.

419. The acronym SPPI - Solely Payments of Principal and Interest defines financial assets held solely to collect the relevant contractual cash flows, as represented by payments of principal and interest accrued on the principal outstanding at specified dates. The SPPI test is intended to check that the characteristics of the instruments are consistent with this objective.

2 – Financial assets measured at fair value through other comprehensive income

a) recognition

Financial assets measured at fair value through other comprehensive income are initially recognised on the settlement date. These assets are initially recognised at fair value which is generally the price paid. Changes in fair value between the trade date and the settlement date are recognised.

b) classification

This item includes financial assets held in connection with a business model where financial instruments are held to collect contractual cash flows and for sale (“Hold to Collect and Sell” - HTCS - business model), with the relevant contract calling for the payment, at specified dates, of principal and interest accrued on the principal outstanding (SPPI).

This item includes debt securities that meet the above characteristics.

c) measurement and recognition of gains and losses

Financial assets are measured at fair value and any subsequent change in fair value is recognised through Other comprehensive income (“OCI”) until the financial asset is either derecognised or reclassified, except for currency gains and losses recognised in the statement of profit or loss in “Item 80 – Profits/(Losses) on trading”. When the financial asset is derecognised, the related cumulative gains and losses recognised in OCI are reclassified to profit or loss in “Item 100 – Profits/(Losses) on disposal or repurchase”.

The effects of the application of amortised cost are recognised in profit or loss in “Item 10 - Interest and similar income”.

Expected credit losses are calculated in relation to these financial assets, as illustrated in the specific section. These expected losses are recognised in profit or loss in “Item 130 – Net losses/recoveries due to credit risk” with a counter-entry made under the “Item 110 – Valuation reserves”

d) derecognition

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards relating to the financial asset or their control are substantially transferred. If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. Finally, transferred assets are derecognised if the contractual right to receive the cash flows of the assets is retained, but at the same time a contractual obligation is assumed to pay these flows to a third party, without delay and only to the extent of those received.

3 – Financial assets measured at amortised cost

a) recognition

Financial assets measured at amortised cost are initially recognised on (i) the settlement date for debt securities and investments and (ii) the date on which the service is rendered for trade receivables. They are initially recognised at fair value which is generally the price paid for debt securities or at the contractual value of the service rendered for all the other receivables. Changes in fair value between the trade date and the settlement date are recognised.

b) classification

This item includes financial assets held in connection with a business model where the objective is the collection of the relevant cash flows ("Hold to Collect" - HTC business model), represented by payments, at specified dates, of principal and interest accrued on the principal outstanding (SPPI). The business model on which the classification of financial assets is based permits the sale of such assets; if the sales are not occasional, and are not immaterial in terms of value, consistency with the HTC business model should be assessed.

In addition to debt instruments that reflect the characteristics outlined above, this item comprises mainly the deposits with the MEF and the trade receivables.

c) measurement and recognition of gains and losses

These assets are measured at amortised cost, that is the value assigned to the financial asset on initial recognition, net of any principal reimbursement, plus or minus the cumulative amortisation by using the effective interest rate method on the difference between the initial value and the value at maturity, after deducting any impairment. Any gains or losses are recognised in profit or loss in line "Item 10 - Interest and similar income".

The carrying amount of financial assets measured at amortised cost is adjusted to take into account expected credit losses, as illustrated in the specific section. These expected credit losses are recognised in profit or loss in line "Item 130 – Net losses/recoveries due to credit risk".

d) derecognition

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards relating to the financial asset or their control are substantially transferred. If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. Finally, transferred assets are derecognised if the contractual right to receive the cash flows of the assets is retained, but at the same time a contractual obligation is assumed to pay these flows to a third party, without delay and only to the extent of those received.

4 – Hedges

With regard to hedge accounting, the Poste Italiane Group has transitioned to the accounting rules set forth in IFRS 9 - Financial Instruments, effective retroactively from 1 January 2024.

a) recognition and classification

Derivative hedges are initially recognised on conclusion of the relevant contract. At the beginning of the hedging relationship, the following information, among others, must be documented: the risk management strategy and its objective, a qualitative description of the hedging relationship and identification of the hedged risk, and a description of how the hedge effectiveness requirements will be assessed. The fulfilment of the effectiveness criteria is checked at the beginning of the hedging relationship, as well as on an ongoing basis at each reporting date or when there is a significant change in the drivers affecting individual hedging relationships[420].

There are two types of hedge:
- fair value hedge: hedge of the exposure to a change in fair value of a recognised asset or liability, attributable to a particular risk and that could have an impact on profit or loss;
- cash flow hedges: a hedge of the exposure to the variability of cash flows attributable to a particular risk associated with a recognised asset or liability or with a highly probable forecast transaction, and that could have an impact on profit or loss.

Derivative contracts that constitute effective hedging relationships are presented as assets or liabilities depending on whether the fair value is positive or negative.

For a description of the methods used to assess the effectiveness of hedges, see Part E - Section 3 - Derivative instruments and hedging policies.

b) measurement and recognition of gains and losses

Derivatives are initially recognised at fair value on the date the derivative contract is executed. If derivative financial instruments qualify for hedge accounting, gains and losses arising from changes in fair value after initial recognition are accounted for in accordance with the specific policies described below.

- Fair value hedge

When the hedge is related to recognised assets or liabilities, the changes in fair value of both the hedging instrument and the hedged item are recognised in profit or loss. Any difference represents the partial ineffectiveness of the hedge and is accounted for as a loss or gain, recognised in line “Item 90 - Profits/(Losses) on hedging”.

- Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges after initial recognition is recognised in a specific equity reserve (the Cash flow hedge reserve, within line “Item 110 – Valuation reserve”). The gain or loss arising from a change in fair value relating to the ineffective portion of the hedge is recognised immediately in line “Item 90 - Profits/(Losses) on hedging” in the year considered.

Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affect profit or loss. In particular, in the case of hedges associated with a highly probable forecast transaction (such as the forward purchase of debt securities), the reserve is reclassified to profit or loss in the period or in the periods in which the asset or liability, subsequently accounted for and connected to the aforementioned transaction, will affect profit or loss (for example, an adjustment to the return on the security).

If, during the life of the derivative, the forecast hedged transaction is no longer expected to occur, the related gains and losses

420. Hedging effectiveness requirements are met if:
- there is an economic relationship between the hedging instrument and the hedged item;
- the effect of credit risk does not prevail over the changes in value deriving from the economic relationship;
- the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes.

accumulated in the cash flow hedge reserve are immediately reclassified in line "Item 80 – Profits/(Losses) on trading" for the relevant year. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the related gains and losses accumulated in the cash flow hedge reserve at that time remain in equity and are recognised in profit or loss at the same time as the original underlying.

9 – Current and deferred taxation

Current income tax expense (IRES and IRAP) is based on the best estimate of taxable profit for the period and the related regulations, applying the rates in force. Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates that are expected to apply when the related deferred tax assets are realised or the deferred tax liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, with the exception of taxes charged or credited directly to equity, in which case the tax effect is recognised directly in equity.

BancoPosta RFC is not a separate legal person and is not either directly or indirectly assessable to taxes. BancoPosta's share of taxes on Poste Italiane SpA's overall income is charged to BancoPosta RFC based on the profit or loss presented in this Separate Report adjusted for deferred taxation. In the case of both IRES and IRAP, the computation takes all permanent and temporary changes in BancoPosta's operations into account. Any items not directly relating to BancoPosta are included in the Poste Italiane computation.

Current tax assets and liabilities form part of intersegment relations and are presented in the Separate Report in "Other assets" and "Other liabilities", as they are settled with the segment of Poste Italiane SpA outside the ring-fence, within the scope of internal relations with Poste Italiane SpA, which continues to be the sole taxable entity.

10 – Provisions for risks and charges

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur. Provisions for risks and charges are made when the entity has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management's best estimate of the use of resources required to settle the obligation. The value of the liability is discounted, where the time effect of money is relevant, at a rate that reflects current market values and takes into account the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the best estimate of the expected charge to meet existing obligations at the reporting date. Any effect of the passage of time and the effect of changes in interest rates are shown in the statement of profit or loss under net allocations in the year. With regard to the risks for which the occurrence of a liability is only possible, specific information is provided without making any provision. Under the option granted by the relevant accounting standards, limited disclosure is provided when, in rare cases, disclosure of some or all of the information regarding the risks in question could seriously prejudice BancoPosta RFC's position in a dispute or in ongoing negotiations with third parties.

11 – Financial liabilities measured at amortised cost

a) recognition and classification

BancoPosta RFC has no outstanding debt securities and has not issued any such securities since its establishment. The sub-items Due to banks and Due to customers consist of funding provided by customers and obtained from the interbank market. These financial liabilities are recognised at fair value on the date of receipt of the funds. Fair value is normally the amount received.

b) measurement and recognition of gains and losses

Due to banks and customers are measured at amortised cost, employing the effective interest rate method. If there is a change in the expected cash flows and they can be reliably estimated, the value of payables is recalculated to reflect the change on the basis of the present value of estimated future cash flows and the internal rate of return initially applied.

c) derecognition

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

12 – Financial liabilities held for trading

a) classification and recognition

This item includes derivative financial instruments that do not meet the requirements to be classified as hedging instruments under the relevant accounting standards. Financial liabilities held for trading are recognised on the derivative contract date.

b) measurement and recognition of gains and losses

Financial liabilities held for trading are measured at fair value through profit or loss in “Item 80 - Profits/(Losses) on trading”.

c) derecognition

Financial liabilities on trading are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

14 – Foreign currency transactions

a) recognition

Foreign currency transactions are initially recognised in the functional currency by translating the foreign currency amount at the transaction date spot rate.

b) classification, measurement, derecognition and recognition of gains and losses

Foreign currency items are translated at each reporting date as shown below:
- monetary items at closing exchange rates;
- non-monetary items are recognised at their historical cost translated at the transaction date spot rate;
- non-monetary items measured at fair value at closing exchange rates.

Foreign exchange differences realised on the settlement of monetary items or on the translation of monetary and non-monetary items, using exchange rates other than the rate used to translate the item on initial recognition, are recognised in profit or loss in line “Item 80 - Profits/(Losses) on trading”.

15 – Other information

Revenue recognition from contracts with customers

Revenue deriving from contracts with customers reflects the consideration to which the entity expects to be entitled in exchange for promised goods and/or services (transaction price).

The main revenue types of BancoPosta RFC are described below, together with an indication of the timing of the fulfilment of performance obligations[421]:

- revenue from placement and brokerage: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. In terms of fees for the collection of postal savings, the agreement entered into with Cassa Depositi e Prestiti envisages payment of a variable consideration on achieving certain levels of inflows, determined on the basis of the volume of inflows and expected redemptions; certain commercial agreements, entered into with leading financial partners for the placement of financial products, envisage the return of placement fees in the event of early termination or surrender by the customer;
- revenue from current account and related services: these are recognised over time, measured on the basis of the service rendered (including the related services, e.g. bank transfers, securities deposits, etc.) and quantified on the basis of the contract terms and conditions offered to the customer;
- revenue from commissions on postal current account slips: these are recognised at a point in time given the number of transactions handled by post offices and quantified on the basis of the terms and conditions in the contract of sale.

For the purposes of revenue recognition, the variable components of the consideration are identified and quantified (discounts, rebates, price concessions, incentives, penalties and other similar) so as to include them to supplement or adjust the transaction price. Among the variable components of the consideration, penalties (other than those for damages) are of particular importance, as they are recognised as a direct decrease in revenue.

Revenue from activities carried out in favour of or on behalf of the state is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the provisions contained in legislation regarding the public finances. Returns on the portion of current account deposits deposited with the MEF are determined on an accruals basis, using the effective interest rate method, and classified in "Item 10 – Interest and similar income". The same classification is applied to income from Eurozone government bonds, in which deposits paid into accounts by private customers and tax credits Law no. 77/2020 are invested.

For quantitative details on the distinction between revenue from contracts with customers recognised at a point in time or over time, see Part C - section 2 - Commissions.

Impairment

Loans and receivables classified under "Financial assets measured at amortised cost" and "Financial assets measured at fair value through other comprehensive income" are tested for impairment in accordance with the Expected Credit Losses (ECL) model. The method utilised is the "General deterioration model", whereby:

- if on the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, a 12-month ECL is recognised (stage 1). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- if on the reporting date the credit risk of the financial instrument has increased significantly since initial recognition, a lifetime ECL is recognised (stage 2). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);

421. The performance obligations, are defined as the explicit or implicit promise to transfer a distinct good or service to the customer. Revenue is recognised when or as the entity fulfils the performance obligation, that is upon delivery of the good or service to the customer:
   - "at a point in time": in the case of obligations fulfilled at a point in time, revenue is recognised only as control over the good or service is passed to the customer. In that respect, consideration is given not only to the significant exposure to the risks and benefits related to the good or service but also physical possession, customer's acceptance, the existence of legal rights, etc.;
   - "over time": in the case of obligations fulfilled over time, the measurement and recognition of revenue reflect, virtually, the progress of the customer's satisfaction. An appropriate approach is defined to measure progress of the performance obligation (the output method).

- if the financial instrument is impaired, or shows objective evidence of impairment at the reporting date, impairment will continue to be recognised over the lifetime of the financial instrument (stage 3). Interest is recognised at amortised cost, i.e. on the basis of the exposure value - determined using the effective interest rate - adjusted for expected losses.

In determining whether credit risk has increased significantly, it is necessary to compare the risk of default of the financial instrument as at the reporting date with the risk of default of the financial instrument on initial recognition.

However, there is a rebuttable default presumption if the financial instrument is more than 90 days past due, unless there is reasonable and supportable information to demonstrate that a default criterion with greater lag is more appropriate.

On the other hand, a simplified approach to measure the loss provisions is applied to trade receivables that do not contain a significant financing component pursuant to IFRS 15. The simplified approach is based on a matrix of observed historical losses.

For a detailed description of the approaches, reference is made to Part E – Section 1 – Credit risk.

Tax credits Law no. 77/2020

The tax credits were acquired by Poste Italiane SpA and allocated to BancoPosta against free capital resources as well as resources subject[422] and not subject to the restriction of use in accordance with the provisions of the "Decreto Rilancio" (Law Decree no. 34/2020 converted with amendments by Law no. 77/2020) by which tax breaks were introduced to support Citizens and Businesses to encourage economic recovery following the Covid-19 health emergency. The main features of these tax credits are: (i) the possibility of use in offsetting; (ii) transferability to third-party purchasers; and (iii) non-refundability by the tax Authorities.

Tax credits are allocated to BancoPosta RFC at acquisition cost and at the maturity of the individual units are transferred to Poste Italiane SpA at their nominal value for the relevant offsetting, as BancoPosta RFC does not have legal personality and is not independently subject to direct or indirect taxation.

For said receivables, since it is not possible to identify an accounting framework directly applicable to this case, in compliance with the provisions of IAS 8, an accounting policy was defined, suitable for providing relevant and reliable information aimed at ensuring a faithful representation of the financial position, income and cash flows and which reflects the economic substance and not merely the form of the transaction. On the basis of the analyses carried out and the documents published by the main Italian supervisory bodies[423], although the definition of financial assets in IAS 32 is not directly applicable to this case, an accounting model was developed based on IFRS 9 given that:

a. at inception, an asset as defined by the Conceptual Framework arises in the transferee's financial statements;
b. they may be used to offset a payable that is usually settled in cash (tax payables), and exchanged for other financial assets on terms that may be potentially favourable to the entity;
c. a business model can be identified (Hold to Collect, Hold to Collect and Sell or other business models).

At the date of purchase, these receivables are recognised at their fair value (coinciding with the price paid) and subsequently measured at amortised cost (Hold to Collect - HTC business model), as they were acquired to be used to offset tax or social security payables by Poste Italiane SpA, based on the provisions of the relevant regulations.

As specified by the joint document of the Authorities, taking into account that purchased tax credits do not represent tax assets, government grants, intangible assets or financial assets under international accounting standards, the most appropriate classification for the purposes of presentation in the financial statements is the residual classification in "Item 120 - Other Assets" in the Statement of financial position. The related remuneration is recognised to the Statement of profit or loss under "Item 10 - Interest and similar income".

422. With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase tax credits.
423. On 5 January 2021, the Bank of Italy, Consob and IVASS published Document no. 9 of the Coordination Round-Table Group on the Application of IAS/IFRS "Accounting Treatment of Tax Credits Associated with the "Cura Italia" and "Rilancio" Law Decrees Acquired as a Result of Disposal by Direct Beneficiaries or Previous Purchasers".

Repurchase agreements

Any securities received as part of a transaction entailing subsequent re-sale and the delivery of securities as part of a transaction entailing their subsequent repurchase are not either recognised or derecognised. Consequently, in the case of securities purchased under a resale agreement, the amount paid is recognised as an amount due from customers or banks under Financial assets measured at amortised cost; in the case of securities sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers under Financial liabilities measured at amortised cost. The transactions described are subject to offsetting if, and only if, they are carried out with the same counterparty, have the same maturity and offsetting is provided for in the contract.

Related parties

Related parties within the Poste Italiane Group are Poste Italiane SpA's functions outside the ring-fence and Poste Italiane SpA's direct and indirect subsidiaries and associates.

Related parties external to the Group include the MEF and its direct and indirect subsidiaries and associates. Related parties also include Poste Italiane SpA's key management personnel and the funds representing post-employment benefit plans for the personnel of BancoPosta RFC and its related parties. The state and public sector entities other than the MEF are not classified as related parties. Related party transactions do not include those deriving from financial assets and liabilities represented by instruments traded on organised markets.

Employee benefits

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

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

Post-employment benefits consist of two types:

- Defined benefit plans
  Defined benefit plans include employee termination benefits payable to employees in accordance with art. 2120 of the Italian Civil Code, limited to the part of employee termination benefits accrued until 31 December 2006.
  Under these plans, given that the amount of the benefit to be paid is only quantifiable following the termination of employment, the related effects on profit or loss or the financial position are recognised on the basis of actuarial calculations. In particular, the liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the Separate Report is based on calculations performed by independent actuaries. The calculation takes account of the employee termination benefits accrued for the period of service to date and is based on actuarial assumptions described in Part B, section 9 of Liabilities to which reference should be made. Actuarial gains and losses are recognised directly in equity at the end of each reporting period, based on the difference between the carrying amount of the liability and the present value of the BancoPosta RFC's obligations at the end of the period, due to changes in the actuarial assumptions.
- Defined contribution plans
  Employee termination benefits payable pursuant to art. 2120, Italian Civil Code fall within the scope of defined contribution plans provided they vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, based on their nominal value.

Termination benefits payable to employees are recognised as a liability when BancoPosta RFC gives a binding commitment, also on the basis of consolidated relationships and mutual undertakings with union representatives, to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

Other long-term employee benefits consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. The net change in the value of any of the components of the liability during the reporting period is recognised in full in profit or loss.

Share-based payments

Share-based payment transactions may be settled in cash, with equity instruments, or with other financial instruments. Goods or services received or acquired through a share-based payment transaction are recognised at their fair value.

In the case of cash-settled share-based payment transactions:
- a liability is recognised as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the liability;
- the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in fair value in profit or loss for the period.

In the case of equity-settled share-based payment transactions:
- an increase in shareholders' equity is recorded as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the equity instruments granted at the grant date.

In the event of benefits granted to employees, recognition should take place in "Item 160 a) – Personnel expenses" over the period in which the employees render service and the expense accounted for.

Perpetual subordinated loan

The perpetual subordinated loan is classified as an equity instrument, in view of the fact that BancoPosta RFC has the unconditional right to defer repayment of the principal and payment of the coupons until the date of its liquidation. Therefore, the amount received from Poste Italiane SpA is recognised as an increase in the shareholders' equity; conversely, repayments of principal and payments of coupons due (at the time the related contractual obligation arises) are recognised as a decrease in the shareholders' equity.

Classification of the costs for services provided by Poste Italiane SpA

Service costs charged by Poste Italiane SpA's functions outside the ring-fence are normally recognised in "Item 160 b) - Other administrative expenses".

Use of estimates

The preparation of financial information requires the use of estimates and assumptions that can have a significant effect on the final values indicated in the financial statements and in the disclosure provided. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of operating events. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods. Due to their nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent years, the values recorded in these Separate Report may also vary significantly as a result of changes in the subjective valuations used.

Described below are the accounting treatments that require greater subjectivity in the preparation of estimates, also taking into account the unique characteristics of the macroeconomic environment of reference recorded in recent years.

- **Impairment and stage allocation**

For the purposes of calculating impairment and determining the stage allocation, the main factors estimated are as follows, relating to the internal model developed for Sovereign, Banking and Corporate counterparties:
- estimates of ratings by counterparty;
- estimation of the probability of default "PD" for counterparties.

With regard to trade receivables, on the other hand, the Poste Italiane Group does not apply stage allocation in accordance with the Simplified Approach. Impairment, for these items in the Financial Statements, is based on:
- analytical impairment: when a defined credit threshold is exceeded, the individual credit position is analytically monitored on the basis of internal or external evidence; or
- forfeit impairment: elaboration of a provision matrix for historical losses.

For further details, reference is made to Part E – Section 1 – Credit risk.

- **Revenue from contracts with customers**

The main factors in the recognition of revenue from contracts with customers include elements of variable consideration, particularly penalties (other than those related to compensation for damages). Elements of variable consideration are identified at the inception of the contract and estimated as of every close of the accounts for the entire contract term, to take into account new circumstances and changes in the circumstances already considered for the previous estimations. Elements of variable consideration include refund liabilities.

- **Deferred tax assets**

The recognition of deferred tax assets is based on the expectation of taxable income in future years. Assessments of expected taxable income depend on factors which may change over time, impacting on the valuation of the deferred tax assets in the Separate Report.

- **Provisions for risks and charges**

Provisions for risks and charges represent probable liabilities in connection with personnel, suppliers, third parties and, in general, liabilities deriving from present obligations. These provisions cover the liabilities that could result from legal action of varying nature, the impact on profit or loss of seizures incurred and not yet definitively assigned, and amounts expected to be refundable to customers where the final amount payable has yet to be determined.

Determination of the amounts to be provided involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account when preparing this Separate Report.

- **Share-based payments**

As described in Part I, a internal pricing tool was used to assess the Share-based payment arrangements in place within the Poste Italiane Group at the close of this Report, which adopts simulation models consistent with the requirements of the relevant accounting standards and takes account of the specific characteristics of the Plans. The plan terms and conditions link the award of the related options to the occurrence of certain events, such as the achievement of performance targets and performance hurdles and, in certain areas of operation, compliance with certain capital adequacy and liquidity requirements. For these reasons, measurement of the liability, equity reserve and the corresponding economic effects involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing this Report.

- **Employee termination benefits**

The measurement of Employee termination benefits is also based on calculations performed by independent actuaries. The calculation takes account of termination benefits accrued for the period of service to date and is based on various demographic and economic-financial assumptions. Below are the main actuarial assumptions applied in the calculation of the employee termination benefit provision at 31 December 2024, also based on the experience of each Group company and the best reference practice: These assumptions are subject to periodic review.

Economic and financial assumptions

	31.12.2024
Discount rate	3.18%
Inflation rate	2.00%
Annual rate of increase of employee termination benefits	3.00%

Demographic assumptions

	31.12.2024
Mortality	ISTAT 2018
Disability	INPS tables broken down by age and gender
Pensionable age	Achievement of general mandatory insurance requirements

Annual Employee Turnover Frequencies and Employee termination benefits Advances

	31.12.2024
Advances Frequencies	0.40%
Annual Employee Turnover Frequencies	2.00%

A.3 – Information on transfers between financial asset portfolios

There have been no transfers between portfolios.

A.4 – Information on fair value

Qualitative information

BancoPosta RFC had adopted the Poste Italiane Group's fair value policy. This policy sets out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance departments of the various Group entities. The general principles for measuring financial instruments at fair value have not changed since 31 December 2023. Said general principles were identified in compliance with indications from the various (banking and insurance) regulators and the relevant accounting standards, ensuring consistent application of the valuation techniques adopted at Group level. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the year.

In compliance with IFRS 13 - *Fair Value Measurement*, the valuation techniques used are described below.

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

The hierarchy consists of the following 3 levels.

Level 1: this level is comprised of fair values determined with reference to unadjusted prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date. For BancoPosta RFC, the financial instruments included in this category consist of bonds issued by the Italian government, the valuation of which is based on the bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Bloomberg Composite Price) third.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability[424]. For BancoPosta RFC, these include the following types of financial instrument:
- straight Italian and international government and non-government bonds, quoted on inactive markets or unquoted;
- unquoted equities;
- derivative financial instruments;
- *reverse Repos;*
- Financial liabilities either quoted on inactive markets or unquoted comprised of funding Repos.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed, in addition to Level 2 inputs. In BancoPosta RFC's case, this category includes the following financial instruments for which no price is observable directly or indirectly in the market:
- unquoted equities;
- tax credits pursuant to Law no. 77/2020[425];
- forward sale of unquoted equities.

424. Given the nature of BancoPosta RFC's operations, the observable data used as input to determine the fair value of the various instruments include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.
425. These credits have been measured at amortised cost since 1 October 2022.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

Information on the valuation models used is summarised below by type of financial instrument.

Level 2: the following categories of financial instruments belong to this level:

- Straight government and non-government bonds, quoted on inactive markets or unquoted: valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on spreads determined with reference to quoted and liquid benchmark securities issued by the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- Unquoted equities, for which it is to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner is adjusted through the application of a discount, quoted by primary market counterparties, representing the cost implicit in the process to align the value of the unquoted shares to the quoted ones.
- Derivative financial instruments:
  - Plain vanilla interest rate swaps: valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.
  - Interest rate swaps with an embedded option: valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the derivatives held in BancoPosta RFC's portfolio as an example, the option component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.
  - Bond forwards: valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.

The derivatives held in BancoPosta RFC's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty risk. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by BancoPosta RFC.

- Reverse Repos: are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Reverse Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.
- Financial liabilities either quoted on inactive markets or not at all, consisting of repurchase agreements used to raise finance are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

Level 3: the following categories of financial instruments belong to this level:

- Equities for which no price is observable directly or indirectly in the market. Measurement of these instruments is based on the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of the unquoted shares to the quoted ones.
- Tax credits Law no. 77/2020 for which no price is observable directly or indirectly in the market. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.
- Forward sale of unquoted equities, for which the counterparty valuation is recalculated, by discounting the differential between the forward price of the equity underlying the derivative, updated at the measurement date and the settlement price.

A.4.2 Measurement processes and sensitivities

The processes used in recurring and non-recurring fair value measurements of instruments classified in Level 3 are described in paragraphs A.4.1 and A.4.5, respectively, of Part A.

Sensitivity analysis of recurring fair value measurements classified in Level 3 of the hierarchy is conducted for the Series C Visa Incorporated Convertible Participating Preferred Stocks. Measurement of these financial instruments is in fact subject to change following alterations that may occur in the discount factor applied in determining fair value, in order to take into account the illiquid nature of the shares. This discount factor, estimated using an internal valuation technique, is above all influenced by the annual volatility of the underlying shares. Applying the maximum volatility according to the technique used, the potential reduction in fair value could reach approximately 11.58%.

A.4.3 Fair value hierarchy

The main factors contributing to transfers between fair value levels include changes in the observability of significant inputs and market conditions (including the liquidity parameter) and refinements in the valuation models used in measuring fair value.

For all classes of assets and liabilities, the transfer from one level to another occurs on the date of the event or change in circumstances that led to the transfer.

Information on transfers during the period is provided in Part A.4.5 - Fair Value Hierarchy.

A.4.4 Other information

There is no need to provide the additional disclosures required by IFRS 13, paragraphs 51, 93(h) and 96.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis by fair value level

Assets/Liabilities measured at fair value (€m)	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	-	17	17	-	-	26
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	17	17	-	-	26
2. Financial assets measured at fair value through other comprehensive income	33,476	169	-	32,901	168	-
3. Hedging derivatives	-	2,679	-	-	4,257	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**33,476**	**2,865**	**17**	**32,901**	**4,425**	**26**
1. Financial liabilities held for trading	-	-	8	-	-	3
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	1,348	-	-	1,136	-
Total	**-**	**1,348**	**8**	**-**	**1,136**	**3**

* Notes on this position are provided in Part B, Assets, Table 2.5.

A.4.5.2 Changes during the year in assets measured at fair value on a recurring basis (Level 3)

(€m)	Financial assets measured at fair value through profit or loss: Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value	Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**26**	**-**	**-**	**26**	**-**	**-**	**-**	**-**
2. Increases	**4**	**-**	**-**	**4**	**-**	**-**	**-**	**-**
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profit recognition:	4	-	-	4	-	-	-	-
2.2.1. Profit or loss	4	-	-	4	-	-	-	-
- of which gains	4	-	-	4	-	-	-	-
2.2.2. Equity	-	x	x	x	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	**(13)**	**-**	**-**	**(13)**	**-**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.3. Impairment recognition:	-	-	-	-	-	-	-	-
3.3.1. Profit or loss	-	-	-	-	-	-	-	-
- of which losses	-	-	-	-	-	-	-	-
3.3.2. Equity	-	x	x	x	-	-	-	-
3.4. Transfers to other levels	(13)	-	-	(13)	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**17**	**-**	**-**	**17**	**-**	**-**	**-**	**-**

In the period under review, the changes relate for €4 million to the positive change in the fair value of the Series C Visa Incorporated Convertible Participating Preferred Stocks and for €13 million to the transfer from Level 3 to Level 2 of part of the Visa Incorporated Series C Preferred Stocks converted into Series A Preferred Stocks on 19 July 2024, as described in Part B, Section 2 of Assets.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	45,829	26,489	4,724	13,155	44,562	25,231	4,856	12,394
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**45,829**	**26,489**	**4,724**	**13,155**	**44,562**	**25,231**	**4,856**	**12,394**
1. Financial liabilities measured at amortised cost	89,012	-	6,103	82,806	90,963	-	7,996	82,747
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**89,012**	**-**	**6,103**	**82,806**	**90,963**	**-**	**7,996**	**82,747**

In determining the fair values shown in the table, the following criteria were used:

- debt securities measured at amortised cost were recognised applying the same rules as those used in the fair value measurement of financial assets measured at fair value through other comprehensive income; these instruments are shown in Level 1 of the fair value hierarchy;
- the fair value of repurchase agreements was measured using the discounted cash flow techniques described in paragraph A.4.1; these financial instruments are shown in Level 2 of the fair value hierarchy;
- the carrying amount of other financial assets and liabilities represents a reasonable approximation of fair value and is shown in the column corresponding to Level 3 in the fair value hierarchy.

The table does not include tax credits Law no. 77/2020 measured at amortised cost at 31 December 2024 with a carrying amount of €6,723 million (€7,912 million at 31 December 2023) and a fair value of €6,453 million (€7,434 million at 31 December 2023). This fair value is determined using discounted cash flow techniques, described in Section A.4.1, and corresponds to Level 3 of the fair value hierarchy.

A.5 – Information on day one profit/loss

This form of profit or loss is not applicable to BancoPosta RFC.

PART B – Information on the Statement of Financial Position

Assets

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

(€m)	Total at 31.12.2024	Total at 31.12.2023
a) Cash	4,199	3,969
b) Current accounts and demand deposits at Central banks	126	756
c) Current accounts and demand deposits at banks	8	7
Total	**4,333**	**4,732**

"Cash" is comprised of cash at post office counters and companies that provide cash transportation services, consisting of cash deposits on postal current accounts, postal savings products (Interest-bearing Postal Certificates and Postal Savings Books) or advances obtained from the Treasury to fund post office operations. This cash may only be used in settlement of these obligations. Cash and cash equivalents in hand are held at post offices (€1,524 million) and service companies[426] (€2,675 million). Cash includes foreign banknotes equivalent to €42 million. The decrease in current accounts and sight deposits with central banks compared to the previous year is mainly due to the different allocation of loans, in order to optimise returns on deposits.

Section 2 – Financial assets measured at fair value through profit or loss – Item 20

BancoPosta RFC had no financial instruments in the trading book either at 31 December 2024 or 31 December 2023. BancoPosta RFC entered into transactions to acquire and immediately dispose of debt securities and equities on behalf of certain customers.

There are no financial assets measured at fair value under the fair value option in portfolio at 31 December 2024 and 31 December 2023.

2.5 Other financial assets mandatorily measured at fair value: breakdown by type

Items/Amounts (€m)	Total at 31.12.2024			Total at 31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity instruments	**-**	**17**	**17**	**-**	**-**	**26**
3. UCIs	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**17**	**17**	**-**	**-**	**26**

426. They carry out transport and custody of valuables awaiting payment to the State Treasury.

Equity instruments comprise:

- for €17 million, the fair value of 32,059 Visa Incorporated preferred stocks (Series C Convertible Participating Preferred Stocks). These shares are convertible to ordinary shares at the rate of 1,783[427] ordinary shares for each C share, minus a suitable illiquidity discount. The process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stocks continued during the year, partially concluded on 19 July 2024 with the grant of 583 preferred stocks of Visa Incorporated Series A Preferred Stocks;
- for €17 million, the fair value of 583 Visa Incorporated preferred stocks (Series A Preferred Stocks); these shares are convertible into ordinary shares on the basis of a ratio of one hundred ordinary shares for every stock of Class A Preferred Stocks.

The net overall change in fair value during the year is a positive €8 million and is recorded in profit and loss under "Item 110 - Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss".

In addition, a forward sale agreement was entered into during the financial year 2023 for 95,000 Visa Incorporated ordinary shares with a total consideration of €20.5 million and a settlement date of 3 March 2025.

Fair value losses in the year under review, amounting to €5.6 million, have been recognised in profit or loss in "80- Profits/ (Losses) on trading".

2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

(€m)		Total at 31.12.2024	Total at 31.12.2023
1.	**Equity instruments**	**34**	**26**
	of which: banks	-	-
	of which: other financial companies	34	26
	of which: non-financial companies	-	-
2.	**Debt securities**	**-**	**-**
a)	Central banks	-	-
b)	Public Administration entities	-	-
c)	Banks	-	-
d)	Other financial companies	-	-
	of which: insurance companies	-	-
e)	Non-financial companies	-	-
3.	**UCIs**	**-**	**-**
4.	**Loans**	**-**	**-**
a)	Central banks	-	-
b)	Public Administration entities	-	-
c)	Banks	-	-
d)	Other financial companies	-	-
	of which: insurance companies	-	-
e)	Non-financial companies	-	-
f)	Households	-	-
Total		**34**	**26**

427. Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

Section 3 – Financial assets measured at fair value through other comprehensive income – Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

Items/Amounts (€m)	Total at 31.12.2024			Total at 31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**33,476**	**169**	**-**	**32,901**	**168**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	33,476	169	-	32,901	168	-
2. Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**33,476**	**169**	**-**	**32,901**	**168**	**-**

Investments in debt securities are recognised at fair value, for €33,645 million (of which €263 million in accrued interest).

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Amounts (€m)	Total at 31.12.2024	Total at 31.12.2023
1. Debt securities	**33,645**	**33,069**
a) Central banks	-	-
b) Public Administration entities	33,645	33,069
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non-financial companies	-	-
- other	-	-
3. Loans	**-**	**-**
a) Central banks	-	-
b) Public Administration entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**33,645**	**33,069**

Debt securities issued by governments include Eurozone fixed income instruments, represented by Italian government bonds with a nominal value of €33,795 million. The amount of €33,645 million consists of non-hedged securities in the amount of €14,731 million, fair value hedged securities in the amount of €12,240 million, and CFH hedged securities in the amount of €6,674 million. Total fair value fluctuation for the period was positive for €845 million, with gains of €593 million recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges, and a gain of €252 million recognised through profit and loss in relation to the hedged portion. The increase in this item is mainly due to the positive change in fair value, partially offset by the negative effect of net sales of securities compared to the previous year.

Securities with a nominal value of €2,854 million are encumbered as follows:
- €2,299 million, carried at fair value for €2,251 million (Part B, Other information, table 3), and delivered to counterparties in connection with repurchase agreements concluded prior to 31 December 2024;
- €555 million, carried at fair value for €556 million, and delivered to the Bank of Italy to secure an intraday line of credit.

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and overall impairment losses

(€m)	Gross amount					Total impairment losses				Total partial write-offs*
	Stage 1		Stage 2	Stage 2	Acquired or originated impaired financial assets	Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets	
		of which: Instruments with low credit risk								
Debt securities	33,659	-	-	-	-	14	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2024	**33,659**	**-**	**-**	**-**	**-**	**14**	**-**	**-**	**-**	**-**
Total at 31.12.2023	**33,088**	**-**	**-**	**-**	**-**	**19**	**-**	**-**	**-**	**-**

* Amount reported for disclosure purposes.

Fixed income instruments recognised at FVTOCI are adjusted for impairment through the relevant equity reserve, with a matching entry in profit or loss. Accumulated impairments at 31 December 2024 amount to €14 million (€19 million at 31 December 2023).

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown of due from banks by type

Transaction type/Amounts (€m)	Total at 31.12.2024						Total at 31.12.2023					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets	Level 1	Level 2	Level 3
A. Due from Central Banks	**-**	**-**	**-**				**-**	**-**	**-**			
1. Time deposits	-	-	-	x	x	x	-	-	-	x	x	x
2. Compulsory reserve	-	-	-	x	x	x	-	-	-	x	x	x
3. Repurchase agreements	-	-	-	x	x	x	-	-	-	x	x	x
4. Other	-	-	-	x	x	x	-	-	-	x	x	x
B. Due from banks	**655**	**-**	**-**				**976**	**-**	**-**			
1. Loans	655	-	-				976	-	-			
1.1 Current accounts	-	-	-	x	x	x	-	-	-	x	x	x
1.2 Time deposits	-	-	-	x	x	x	-	-	-	x	x	x
1.3 Other loans:	655	-	-	x	x	x	976	-	-	x	x	x
- Reverse repurchase agreements	213	-	-	x	x	x	150	-	-	x	x	x
- Lease financing	-	-	-	x	x	x	-	-	-	x	x	x
- Other	442	-	-	x	x	x	826	-	-	x	x	x
2. Debt securities	-	-	-				-	-	-			
2.1 Structured securities	-	-	-	x	x	x	-	-	-	x	x	x
2.2 Other debt securities	-	-	-	x	x	x	-	-	-	x	x	x
Total	**655**	**-**	**-**	**-**	**213**	**442**	**976**	**-**	**-**	**-**	**150**	**826**

The sub-item "Other loans, Reverse repurchase agreements" refers to repurchase agreements secured by securities for a total nominal value of €200 million, entered into with leading financial operators. At 31 December 2024 the fair value of reverse repurchase agreements is €213 million and is shown in Level 2 of the fair value hierarchy.

In addition, during 2024, forward start reverse repo transactions were entered into with settlement in 2025, secured by securities with a total notional amount of €471 million.

The sub-item "Other loans, Other" includes cash collateral held by counterparties for interest rate swaps (€100 million as collateral pursuant to Credit Support Annexes), entered into for cash flow and fair value hedging purposes by BancoPosta RFC, and repurchase agreements (€299 million as collateral pursuant to specific Global Master Repurchase Agreements). The decrease compared to the previous year in amounts due for deposits is mainly due to the reduction in amounts paid to counterparties with which repo transactions are in place as a result of the combined effect of the change in the interest rate curve, which generated an increase in the fair value of the securities under guarantee, and the lower amount of transactions outstanding at the date.

In addition, "Other loans, Other" includes trade receivables for €43 million arising from contracts with customers, accounted for in accordance with IFRS 15 (€30 million at 31 December 2023) mainly relating to financial services and personal loan distribution.

4.2 Financial assets measured at amortised cost: breakdown of due from customers by type

Transaction type/Amounts (€m)	Total at 31.12.2024						Total at 31.12.2023					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets	Level 1	Level 2	Level 3
1. Loans	**14,066**	**-**	**-**				**13,188**	**-**	**-**			
1.1 Current accounts	5	-	-	x	x	x	6	-	-	x	x	x
1.2 Reverse repurchase agreements	1,353	-	-	x	x	x	1,619	-	-	x	x	x
1.3 Mortgages	-	-	-	x	x	x	-	-	-	x	x	x
1.4 Credit cards, personal and salary loans	-	-	-	x	x	x	-	-	-	x	x	x
1.5 Lease financing	-	-	-	x	x	x	-	-	-	x	x	x
1.6 Factoring	-	-	-	x	x	x	-	-	-	x	x	x
1.7 Other loans	12,708	-	-	x	x	x	11,563	-	-	x	x	x
2. Debt securities	**31,108**	**-**	**-**				**30,398**	**-**	**-**			
2.1 Structured securities	-	-	-	x	x	x	30,398	-	-	x	x	x
2.2 Other debt securities	31,108	-	-	x	x	x	-	-	-	x	x	x
Total	**45,174**	**-**	**-**	**26,489**	**4,511**	**12,713**	**43,586**	**-**	**-**	**25,231**	**4,706**	**11,568**

A description of "Loans" is provided below.

At 31 December 2024, reverse repurchase agreements of €2,513 million were in place (€3,956 at 31 December 2023), entered into with Cassa di Compensazione e Garanzia SpA (hereinafter CC&G) for the temporary use of liquidity from private funding. These transactions are guaranteed by securities for a total nominal amount of €2,411 million. The fair value of reverse repurchase agreements is shown in Level 2 of the fair value hierarchy.

Financial assets and liabilities relating to repurchase agreements managed through CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023).

In addition, further reverse repurchase agreements were concluded with CC&G in December 2024 for a total nominal value of €1,550 million, which were settled in early January 2025.

"Other loans" primarily consist of:

- €10,152 million, of which €184 million for interest accrued and collected in on public customers' current account deposits with the MEF (€9,131 million at 31 December 2023), which earn a variable rate of return, calculated on a basket of government securities[428]. The deposit has been adjusted to reflect accumulated impairments of approximately €4 million, to reflect the risk of counterparty default (essentially unchanged compared to 31 December 2023). The increase of €1,021 million compared to the previous year was mainly due to the typical operations of some customers in the Public Administration, which generated an increase in deposits from postal current accounts. During the 2024 financial year, hedging (management) derivative contracts were concluded on the 10-year index-linked remuneration component. The hedging transaction was carried out through forward purchases of the 10-year BTP with settlement of the differential between the pre-set price of the security and its market value. These transactions, which ended on 31 December 2024, generated positive effects of €2 million, which were recognised in the statement of profit or loss under "Item 80 - Profits/(losses) on trading";
- €360 million, of which €14 million accrued interest, in deposits at the MEF (the "Buffer account"), remunerated at the Euro Short Term Rate (ESTR)[429]. The decrease of €531 million compared to the previous year is mainly due to the different allocation of loans, in order to optimise returns on deposits;

428. The variable rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.
429. Rate calculated and published by the ECB using a new methodology consistent with ECB Regulation (EU) no. 1333/2014 of 26 November 2014 and based on uncollateralised fixed-rate overnight deposit facility transactions exceeding €1 million.

- €402 million from receivables for guarantee deposits, of which: (i) €93 million for sums paid to counterparties with which interest rate swap transactions are outstanding (collateral provided for in specific Credit Support Annexes); (ii) €214 million for sums paid to CC&G for Repo transactions in outstanding (€123 million) and as a pre-financed contribution to the guarantee fund, the Default Fund[430] (€91 million) (iii) €95 million for sums paid as collateral under clearing systems with central counterparties for over-the-counter (OTC)[431] transactions in derivatives;
- €386 million from the liquidity reserve at CC&G, intended to cover possible intra-day margin calls;
- €641 million in amounts due from Poste Italiane SpA's functions outside the ring-fence, €640 million of which relates to Poste Italiane SpA's Finance function's intersegment financial account, used for the processing of payments to and from third parties;
- €373 million in amounts from Poste Vita for commissions on the placement of insurance policies;
- €67 million from amounts from PostePay for product placement services related to the payments business;
- €221 million in fees receivable from Cassa Depositi e Prestiti during the year in connection with postal savings pertaining to the year;
- €9 million in amounts due for the payment of pensions on behalf of INPS (the National Institute of Social Security).

Receivables arisen from contracts with customers, which fall within the scope of IFRS 15, amount to €968 million (€965 million at 31 December 2023). These are mainly due to financial services, pension payments, interest on postal deposits and personal loan distribution, net of any loss provisions for €47 million (€45 million at 31 December 2022). Information on the dynamics of total value adjustments is described in Part E, Section 1.

"Other debt securities" include euro area fixed income government bond issued by the Italian state and securities guaranteed by the Italian State for a nominal €30,866 million. Their carrying amount of €31,108 million reflects the amortised cost of unhedged fixed income instruments, totalling €19,721 million, the amortised cost of fair-value hedged fixed income instruments, totalling €12,469 million, decreased by €1,082 million to take into account the effects of the hedge (€1,944 million related to 2023). The value of these instruments was adjusted to take into account the related impairments. Accumulated impairments at 31 December 2024 amount to approximately €13 million (€18 million at 31 December 2023).

At 31 December 2024 the total fair value of these instruments, inclusive of €252 million in accrued interest, amounts to €29,647 million, of which €26,489 million classified in Level 1 of the fair value hierarchy and €3,158 million classified in Level 2. The increase compared to the previous year is mainly due to the positive change in the hedged component as a result of the downward shift in the interest rate curve, as well as to more purchases made during the year than sales/reimbursements.

Securities with a nominal value of €7,793 million are encumbered as follows:
- €5,440 million, carried at amortised cost for €5,588 million (Part B, Other information, table 3), and delivered to counterparties in connection with repurchase agreements concluded until 31 December 2024;
- €8 million, measured at amortised cost for €8 million (Part B, Other information, table 3), and delivered to counterparties in connection with interest rate swaps concluded in the year under review;
- €2,345 million, carried at amortised cost for €2,495 million, and delivered to the Bank of Italy to secure an intraday credit line.

430. A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.
431. These are transactions carried out outside the regulated securities markets and therefore not subject to any specific regulation concerning the organisation and operation of the market itself.

4.3 Financial assets measured at amortised cost: breakdown of amounts due from customers by debtor/issuer

Transaction type/Amounts (€m)	Total at 31.12.2024			Total at 31.12.2023		
	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets	Stage 1 and 2	Stage 3	Acquired or originated impaired financial assets
1. Debt securities	**31,108**	**-**	**-**	**30,398**	**-**	**-**
a) Public Administration entities	28,207	-	-	27,509	-	-
b) Other financial companies	2,901	-	-	2,889	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**14,066**	**-**	**-**	**13,188**	**-**	**-**
a) Public Administration entities	10,555	-	-	10,070	-	-
b) Other financial companies	2,851	-	-	2,728	-	-
of which: insurance companies	393	-	-	332	-	-
c) Non-financial companies	654	-	-	384	-	-
d) Households	6	-	-	6	-	-
Total	**45,174**	**-**	**-**	**43,586**	**-**	**-**

Securities related to "Other financial companies" for a carrying amount of €2,901 million refer to fixed rate securities for a total nominal amount of €3,000 million issued by Cassa Depositi e Prestiti and guaranteed by the Italian State.

4.4 Financial assets measured at amortised cost: gross amount and total impairment losses

(€m)	Gross amount					Total impairment losses				Total partial write-offs*
	Stage 1		Stage 2	Stage 3	Acquired or originated impaired financial assets	Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets	
		of which: Instruments with low credit risk								
Debt securities	31,121	-	-	-	-	13	-	-	-	-
Loans	13,714	-	1,072	-	-	4	61	-	-	-
Total at 31.12.2024	**44,835**	**-**	**1,072**	**-**	**-**	**17**	**61**	**-**	**-**	**-**
Total at 31.12.2023	**43,590**	**-**	**1,053**	**-**	**-**	**23**	**58**	**-**	**-**	**-**

* Amount reported for disclosure purposes.

Stage 2 reflects exposures for which loss provisions are measured with the simplified approach.

For the sake of completeness, the following tables present the details of these exposures by indicating the gross carrying amount and the provision for expected losses, depending on whether the model used to estimate the ECL is based on an analytical valuation or on a simplified matrix. For a description of the models, reference is made to Part E – Section 1 – Credit risk.

4.5 Trade receivables impaired on an analytical impairment

Description (€m)	Total at 31.12.2024 Gross carrying amount	Total at 31.12.2024 Provision to cover expected losses	Total at 31.12.2023 Gross carrying amount	Total at 31.12.2023 Provision to cover expected losses
1. Due from banks	34	-	14	-
2. Due from customers	948	(1)	943	(1)
Total	**982**	**(1)**	**957**	**(1)**

4.6 Trade receivables written down on the basis of the provision matrix

Range of past due (€m)	Total at 31.12.2024 Gross carrying amount	Total at 31.12.2024 Provision to cover expected losses	Total at 31.12.2023 Gross carrying amount	Total at 31.12.2023 Provision to cover expected losses
1. Due from banks	**9**	**-**	**16**	**-**
a) Not past due receivables	9	-	16	-
b) Past due between 1 and 30 days	-	-	-	-
c) Past due between 30 and 90 days	-	-	-	-
d) Past due over 90 days	-	-	-	-
2. Due from customers	**81**	**(60)**	**79**	**(56)**
a) Not past due receivables	14	(1)	15	(1)
b) Past due between 1 and 30 days	29	(25)	28	(23)
c) Past due between 30 and 90 days	-	-	-	-
d) Past due over 90 days	38	(34)	36	(32)
Total	**90**	**(60)**	**95**	**(56)**

Section 5 – Hedging Derivatives – Item 50

5.1 Hedging derivatives: breakdown by type of hedge and level

(€m)	Fair value at 31.12.2024 Level 1	Fair value at 31.12.2024 Level 2	Fair value at 31.12.2024 Level 3	Notional amount* at 31.12.2024	Fair value at 31.12.2023 Level 1	Fair value at 31.12.2023 Level 2	Fair value at 31.12.2023 Level 3	Notional amount* at 31.12.2023
A. Financial derivatives	**-**	**2,679**	**-**	**16,270**	**-**	**4,257**	**-**	**19,665**
1) Fair value	-	2,667	-	14,816	-	4,252	-	19,215
2) Cash flows	-	12	-	1,454	-	5	-	450
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**2,679**	**-**	**16,270**	**-**	**4,257**	**-**	**19,665**

* The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

The decrease of €1,577 million compared to 31 December 2023 is mainly due to the reduction in the fair value of outstanding derivatives and early extinguishments, finalised during the 2024 financial year, of fair value hedge transactions with a total notional amount of €4,449 million (of which: €3,499 million relating to hedging transactions for which the underlying security was also sold, €950 million relating to hedging transactions without sale of the underlying security) with the aim of consolidating a fixed return in line with the market situation, while at the same time improving the income profile of a portion of the portfolio for subsequent years. In addition, this decrease is attributable to the settlement of differentials and the overall fair value movement related to cash flow hedges.

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transaction type/Type of hedge (€m)	Fair Value							Cash flows		Foreign investments
	Micro						Macro	Micro	Macro	
	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	1,203	-	-	-	x	x	x	9	x	x
2. Financial assets measured at amortised cost	1,464	x	-	-	x	x	x	-	x	x
3. Portfolio	x	x	x	x	x	x	-	x	-	x
4. Other transactions	-	-	-	-	-	-	x	-	x	-
Total assets	**2,667**	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**-**
1. Financial liabilities	-	x	-	-	-	-	x	-	x	x
2. Portfolio	x	x	x	x	x	x	-	x	-	x
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	x	x	x	x	x	x	x	3	x	x
2. Portfolio of financial assets and liabilities	x	x	x	x	x	x	-	x	-	-

Section 6 – Adjustments for changes in hedged financial assets portfolio – Item 60

No macro-hedges have been arranged at the reporting date.

Section 7 – Investments – Item 70

There are no investments in subsidiaries, joint arrangements or companies subject to significant influence.

Section 8 – Property, plant and equipment – Item 80

BancoPosta does not own property, plant and equipment either for operating or investment purposes.

Section 9 – Intangible assets – Item 90

There are no intangible assets.

Section 10 – Tax assets and liabilities – Assets item 100 and Liabilities item 60

Current tax assets and liabilities form part of intersegment relations and are shown in "Other assets" (Item 120 in Assets) and "Other liabilities" (Item 80 in Liabilities), as they are settled with Poste Italiane SpA's functions outside the ring-fence, within the scope of internal relations with Poste Italiane SpA, as the sole taxable entity.

Deferred tax assets and liabilities are analysed below:

10.1 Deferred tax assets: breakdown

Description (€m)	Financial assets and liabilities		Hedging derivatives		Provisions for doubtful debts		Provisions for risks and charges		Total IRES	Total IRAP
	IRES	IRAP	IRES	IRAP	IRES	IRAP	IRES	IRAP		
Deferred tax assets through profit or loss	1	1	-	-	3	-	25	5	29	6
Deferred tax assets through equity	275	51	116	22	-	-	-	-	391	73
2024 total	**276**	**52**	**116**	**22**	**3**	**-**	**25**	**5**	**420**	**79**
Deferred tax assets through profit or loss	1	2	-	-	4	-	23	4	28	6
Deferred tax assets through equity	381	72	130	25	-	-	-	-	511	97
2023 total	**382**	**74**	**130**	**25**	**4**	**-**	**23**	**4**	**539**	**103**

10.2 Deferred tax liabilities: breakdown

Description (€m)	Financial assets and liabilities		Hedging derivatives		Total IRES	Total IRAP
	IRES	IRAP	IRES	IRAP		
Deferred tax liabilities through profit or loss	-	1	-	-	-	1
Deferred tax liabilities through equity	233	44	31	6	264	50
2024 total	**233**	**45**	**31**	**6**	**264**	**51**
Deferred tax liabilities through profit or loss	-	1	-	-	-	1
Deferred tax liabilities through equity	194	37	29	5	223	42
2023 total	**194**	**38**	**29**	**5**	**223**	**43**

10.3 Changes in deferred tax assets through profit or loss

(€m)	Total at 31.12.2024	Total at 31.12.2023
1. Opening balance	**34**	**42**
2. Increases	**9**	**1**
2.1 Deferred tax assets recognised in the year	9	1
a) relating to previous years	8	1
b) due to changes in accounting policies	-	-
c) write-backs	1	-
d) other	-	-
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	**(8)**	**(9)**
3.1 Deferred tax assets derecognised in the year	(8)	(9)
a) reversals	(8)	(8)
b) write-downs of non-recoverable items	-	-
c) due to changes in accounting policies	-	-
d) other	-	(1)
3.2 Reductions of tax rates	-	-
3.3 Other decreases:	-	-
a) transformation into tax credit pursuant to Law 214/2011	-	-
b) other	-	-
4. Closing balance	**35**	**34**

10.4 Changes in deferred tax liabilities through profit or loss

(€m)	Total at 31.12.2024	Total at 31.12.2023
1. Opening balance	**(1)**	**(1)**
2. Increases	**-**	**-**
2.1 Deferred tax liabilities recognised in the year	-	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions of tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**(1)**	**(1)**

10.5 Changes in deferred tax assets through equity

(€m)	Total at 31.12.2024	Total at 31.12.2023
1. Opening balance	**608**	**1.115**
2. Increases	**14**	**11**
2.1 Deferred tax assets recognised in the year	14	10
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	14	10
2.2 New taxes or tax rate increases	-	1
2.3 Other increases	-	-
3. Decreases	**(158)**	**(518)**
3.1 Deferred tax assets derecognised in the year	(157)	(518)
a) reversals	(30)	(66)
b) write-downs of non-recoverable items	-	-
c) due to changes in accounting policies	-	-
d) other	(126)	(452)
3.2 Reductions of tax rates	(1)	-
3.3 Other decreases	-	-
4. Closing balance	**464**	**608**

10.6 Changes in deferred tax liabilities through equity

(€m)	Total at 31.12.2024	Total at 31.12.2023
1. Opening balance	**(265)**	**(224)**
2. Increases	**(76)**	**(150)**
2.1 Deferred tax liabilities recognised in the year	(76)	(150)
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	(76)	(150)
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	**27**	**109**
3.1 Deferred tax liabilities derecognised in the year	27	109
a) reversals	27	91
b) due to changes in accounting policies	-	-
c) other	-	18
3.2 Reductions of tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**(314)**	**(265)**

The net charge due to movements in deferred tax assets and liabilities through equity is the tax effect on reserves described in Part D.

The negative change in deferred tax assets and liabilities charged to equity mainly reflects the upward movement in fair value reserves related to financial assets measured at fair value through other comprehensive income.

Section 11 – Non-current assets held for sale and discontinued operations and associated liabilities – Assets item 110 and Liabilities item 70

There are no non-current assets held for sale or discontinued operations at the reporting date.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

Items/Amounts (€m)	Total at 31.12.2024	Total at 31.12.2023
Tax credits Law no. 77/2020	6,723	7,912
Tax receivables from revenue agency	625	453
Items in process	522	552
Current tax assets receivable from Poste Italiane SpA outside the ring-fence	34	39
Other items	1,895	1,901
Total	**9,799**	**10,857**

Tax credits Law no. 77/2020, amounting to €6,723 million, refer to purchases made by Poste Italiane SpA and allocated to BancoPosta against free capital resources as well as resources subject[432] and not subject to the restriction on their use in compliance with the provisions of the "Decreto Rilancio" (Law Decree no. 34/2020, later converted into Law no. 77/2020), which introduced tax benefits to encourage economic recovery following the Covid-19 health emergency.

These receivables are measured at amortised cost as they are acquired to be used by Poste Italiane SpA primarily for the purpose of offsetting social security or tax liabilities, based on the provisions of the regulations issued with reference to the characteristics of the individual receivables.

Changes in these receivables during 2024 are shown below:

(€m)	Total at 31.12.2024
1. Opening balance	**7,912**
2. Increases	**1,022**
2.1 Purchases	704
2.2 Positive changes in fair value	-
2.3 Transfers from other portfolios	-
2.4 Other movements	318
3. Decreases	**(2,211)**
3.1 Sales	-
3.2 Redemptions	(2,211)
3.3 Negative changes in fair value	-
3.4 Transfers to other portfolios	-
3.5 Other movements	-
4. Closing balance	**6,723**

The main changes during the year relate to:
- purchases of €704 million, entirely related to receivables measured at amortised cost;
- accrued income for the period of €318 million relating to receivables measured at amortised cost;
- reimbursements for Capital outside the ring-fence in the amount of € 2,211 million.

At 31 December 2024, the fair value[433] of tax credits at amortised cost is €6,453 million.

The sub-item "Items in process" includes:
- €66 million in withdrawals from BancoPosta ATMs yet to be debited to customer accounts or awaiting settlement;
- assignements in the course of settlement with the banking system amounting to €16 million;
- account maintenance and custody fees of €13 million to be debited to customers;
- amounts to be charged to PostePay SpA for €102 million (mainly in the first few days of 2025).

Tax assets primarily relate to payments on account made to the Tax Authorities, of which €536 million to be recovered from customers for virtual stamp duty payable in 2025 and €74 million for withholding tax on interest paid to current account holders for 2024.

"Other items" include mainly:
- €1,723 million in stamp duty accrued to 31 December 2024 payable by holders of outstanding Interest-bearing Postal Certificates[434]. An equal amount has been recognised in "Other liabilities" as tax payables (Part B, Liabilities, table 8.1) until expiration or early extinguishment of Interest-bearing Postal Certificates, which is the date on which the tax must be paid to the authorities;
- €92 million relating to stamp duty charged to Postal Savings Books, which BancoPosta RFC pays in virtual form as required by law.

432. With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.
433. In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 3.
434. Introduced by article 19 of Law Decree 201/2011, converted as amended by Law 214/2011, in accordance with the MEF Decree dated 24 May 2012: Manner of implementation of paragraphs from 1 to 3 of article 19 of Law Decree 201 of 6 December 2011, on stamp duty on current accounts and financial products (Official Gazette 127 of 1 June 2012).

Movements in current tax assets and liabilities receivable from and payable to Poste Italiane SpA outside the ring-fence are shown below:

Description (€m)	Current tax 2024			Current tax 2023		
	IRES	IRAP	Total	IRES	IRAP	Total
	Assets/ (Liabilities) due from and to Poste Italiane outside the ring-fence	Assets/ (Liabilities) due from and to Poste Italiane outside the ring-fence		Assets/ (Liabilities) due from and to Poste Italiane outside the ring-fence	Assets/ (Liabilities) due from and to Poste Italiane outside the ring-fence	
Opening balance	**33**	**4**	**37**	**4**	**4**	**8**
Payments	158	36	194	198	37	235
on account for the current year	158	36	194	171	36	207
on balance payable for the previous year	-	-	-	27	1	28
Provisions to Profit or loss	(195)	(36)	(231)	(189)	(37)	(226)
current tax	(198)	(36)	(234)	(189)	(37)	(226)
changes in current taxation for previous years	3	-	3	-	-	-
Provisions in Equity	6	-	6	5	-	5
Other	26	-	26	15	-	15
Closing balance	**28**	**4**	**32**	**33**	**4**	**37**
of which:						
Current tax assets due from Poste Italiane outside the ring-fence (Item 120 Assets)	30	4	34	35	4	39
Current tax liabilities due to Poste Italiane outside the ring-fence (Item 80 Liabilities)	(2)	-	(2)	(2)	-	(2)

Current tax receivables, totalling €34 million, mainly refer to receivables recognised as a result of: (i) the signing of the agreement on the Patent Box for the 2018-2019 financial years (€10 million); (ii) the responses received in respect of two petitions for a tax ruling on the tax effects arising from the application of IFRS 9 and 15 (€9 million); (iii) the response received in respect of a request for a tax ruling submitted mainly relating to the tax recognition of income components arising from the management of postal current accounts (€14 million). These assets will become offsettable after the submission of the relevant supplementary tax returns.

Liabilities

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown of due to banks by type

Transaction type/Amounts (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to Central Banks	**-**	**x**	**x**	**x**	**-**	**x**	**x**	**x**
2. Due to banks	**7,532**	**x**	**x**	**x**	**10,336**	**x**	**x**	**x**
2.1 Current accounts and demand deposits	176	x	x	x	307	x	x	x
2.2 Time deposits	-	x	x	x	-	x	x	x
2.3 Loans	6,205	x	x	x	7,926	x	x	x
2.3.1 Repurchase agreements	6,205	x	x	x	7,926	x	x	x
2.3.2 Other	-	x	x	x	-	x	x	x
2.4 Obligations to repurchase equity instruments	-	x	x	x	-	x	x	x
2.5 Lease payables	-	x	x	x	-	x	x	x
2.6 Other payables	1,151	x	x	x	2,103	x	x	x
Total	**7,532**	**-**	**6,103**	**1,327**	**10,336**	**-**	**7,705**	**2,410**

At 31 December 2024, €6,205 million is due to banks for "Loans, repurchase agreements" entered into with primary financial institutions involving securities with a total nominal value of €6,535 million. These regard €5,904 million in Long Term Repos and €301 million in ordinary loans, with the resulting proceeds invested in fixed income government securities and utilised as funding for incremental deposits used as collateral. The decrease compared to 31 December 2023 is due to the repayments on maturity and early repayments of repurchase agreements.

Repurchase agreements are classified as fair value Level 2 transactions, whereas the fair value of other types of transaction included in this line item approximates to their carrying amounts and they are classified as Level 3.

The sub-item "Other payables" include €1,151 million in guarantee deposits provided to counterparties in relation to interest rate swaps (with €1,146 million in collateral provided by specific Credit Support Annexes), in relation to BancoPosta RFC's cash flow hedge and fair value hedge policies and repurchase agreements (€5 million as collateral in accordance with specific Global Master Repurchase Agreements). The decrease in this sub-item compared to 31 December 2023 is mainly due to the early extinguishment of fair value hedge derivatives and the downward shift in the interest rate curve.

BancoPosta RFC has uncommitted overnight credit lines amounting to €910 million, overdraft facilities for €184 million and arrangements for the issue of personal guarantees for €402 million granted to Poste Italiane SpA, undrawn at 31 December 2024.

In addition, from 5 December 2023, BancoPosta RFC may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €3 billion, unused at 31 December 2024.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of 2,900 million, and the facility is unused at 31 December 2024.

1.2 Financial liabilities measured at amortised cost: breakdown of due to customers by type

Transaction type/Amounts (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and demand deposits	74,541	x	x	x	72,803	x	x	x
2. Time deposits	-	x	x	x	10	x	x	x
3. Loans	5,367	x	x	x	5,662	x	x	x
3.1 Repurchase agreements	-	x	x	x	291	x	x	x
3.2 Other	5,367	x	x	x	5,371	x	x	x
4. Obligations to repurchase equity instruments	-	x	x	x	-	x	x	x
5. Lease payables	-	x	x	x	-	x	x	x
6. Other payables	1,571	x	x	x	2,153	x	x	x
Total	**81,479**	**-**	**-**	**81,479**	**80,628**	**-**	**291**	**80,327**

The sub-item "Current accounts and demand deposits" include €10,623 million in postal current accounts held by PostePay SpA relating mainly to the deposit of inflows from prepaid cards, €864 million in postal current accounts held by PosteVita SpA and €156 million in current postal accounts held outside the ring-fence. The increase in this item compared to 31 December 2023 is mainly due to higher public inflows of about €2 billion, net of the reduction in private inflows.

At 31 December 2024 "Loans, repurchase agreements" amount to €1,160 million, reflecting transactions entered into with CC&G in relation to securities with a nominal amount of €1,204 million. These payables refer to ordinary loan transactions, aimed at investing in Italian fixed income government securities and funding for the payment of incremental deposits against collateralisation transactions.

Financial assets and liabilities relating to repurchase agreements managed through CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2024, already included in the exposure to net balances, amounted to €1,160 million (€2,337 million at 31 December 2023).

The sub-item “Loans, Other” consist of the net amount of €5,367 million deposited in the MEF account held at the Treasury, which breaks down as follows:

- the balance of cash flows for advances, amounting to €5,254 million, represents the net amount payable as a result of advances from the MEF to meet the cash requirements;
- net cash flow receivable for postal savings management of €69 million, due to the excess repayments on deposits made in the last two days of the year in question and settled in the first few days of the following year; at 31 December 2024, the balance consisted of a payable of €31 million owed to Cassa Depositi e Prestiti and a receivable of €100 million owed from the MEF for issues of postal savings bonds attributable to Cassa Depositi e Prestiti;
- amounts payable in connection with robberies suffered by Post Offices of €159 million, relating to obligations assumed towards the MEF on behalf of the Treasury as a result of theft and embezzlement; these obligations derive from withdrawals made from the Treasury, which are necessary to replenish the cash shortfall due to these criminal events so as to ensure the continuity of the Post Offices’ operations;
- amounts payable for operational risks for €23 million regard the portion of advances obtained to fund operations, in relation to which asset under recovery is certain or probable.

The sub-item “Other payables” mainly consists of national money orders for €882 million, endorsed cheques in circulation for €272 million, and guaranted deposits for €387 million relating to sums received from counterparties with which interest rate swap transactions are in place (collateral provided for by specific Credit Support Annexes).

The Level 2 fair value refers to the repurchase agreements while the fair value of the remaining instruments of this line item approximates to its carrying amount and it is consequently classified as Level 3.

1.3 Financial liabilities measured at amortised cost: breakdown of outstanding securities by type

There are no securities in issue.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by type

Transaction type/Amounts (€m)	Total at 31.12.2024					Total at 31.12.2023				
	Nominal or notional amount	Fair Value			Fair Value*	Nominal or notional amount	Fair Value			Fair Value*
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	
3.1 Bonds	-	-	-	-		-	-	-	-	
3.1.1 Structured	-	-	-	-	x	-	-	-	-	x
3.1.2 Other bonds	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2.2 Other	-	-	-	-	x	-	-	-	-	x
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives		-	-	8			-	-	3	
1.1 Trading	x	-	-	-	x	x	-	-	-	x
1.2 Connected to the fair value option	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	-	8	x	x	-	-	3	x
2. Credit derivatives		-	-	-			-	-	-	
2.1 For trading	x	-	-	-	x	x	-	-	-	x
2.2 Connected to the fair value option	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
Total B	**x**	**-**	**-**	**8**	**x**	**x**	**-**	**-**	**3**	**x**
Total (A+B)	**x**	**-**	**-**	**8**	**x**	**x**	**-**	**-**	**3**	**x**

* Fair value calculated excluding any changes in value due to changes in the credit standing of the issuer over the date of issue.

Financial liabilities held for trading relate to a forward sale agreement for 95,000 ordinary shares of Visa Incorporated (discussed in Section 2 of Assets).

Section 3 – Financial liabilities designated at fair value – Item 30

No financial liabilities are held in portfolio designated at fair value through profit or loss (the "fair value option").

Section 4 – Hedging Derivatives – Item 40

4.1 Hedging derivatives: breakdown by type and level

(€m)	Fair value at 31.12.2024			Notional amount* at 31.12.2024	Fair value at 31.12.2023			Notional amount* at 31.12.2023
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	**-**	**1,348**	**-**	**14,685**	**-**	**1,136**	**-**	**12,649**
1) Fair value	-	805	-	9,636	-	618	-	9,812
2) Cash flows	-	543	-	5,049	-	518	-	2,837
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**1,348**	**-**	**14,685**	**-**	**1,136**	**-**	**12,649**

* The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

The increase compared to 31 December 2023 in liabilities for hedging financial derivatives is mainly due to new hedging transactions following early extinguishments both with and without sale of the underlying, commented on in Part B - Section 5 of Assets.

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transaction type/Type of hedge (€m)	Fair Value							Cash flows		Foreign investments
	Micro						Macro	Micro	Macro	
	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	465	-	-	-	x	x	x	542	x	x
2. Financial assets measured at amortised cost	340	x	-	-	x	x	x	-	x	x
3. Portfolio	x	x	x	x	x	x	-	x	-	x
4. Other transactions	-	-	-	-	-	-	x	-	x	-
Total assets	**805**	**-**	**-**	**-**	**-**	**-**	**-**	**542**	**-**	**-**
1. Financial liabilities	-	x	-	-	-	-	x	-	x	x
2. Portfolio	x	x	x	x	x	x	-	x	-	x
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	x	x	x	x	x	x	x	1	x	x
2. Portfolio of financial assets and liabilities	x	x	x	x	x	x	-	x	-	-

Section 5 – Adjustments for changes in hedged financial liabilities portfolio – Item 50

No macro-hedges have been arranged at the reporting date.

Section 6 – Tax liabilities – Item 60

Please refer to Assets, Section 10.

Section 7 – Liabilities associated with non-current assets held for sale and discontinued operations – Item 70

There are no such liabilities at the reporting date.

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

Items/Amounts (€m)	Total at 31.12.2024	Total at 31.12.2023
Tax payables to revenue agency	1,901	1,969
Items in process	553	642
- amounts to be credited to Postal Savings Books	129	230
- other	424	412
Due to suppliers	59	73
Amounts due to customers	64	76
Contract liabilities	77	60
Due to Poste Italiane outside the ring-fence for current taxes liabilities	2	2
Amount due to staff	7	8
Other items	19	3
Total	**2,682**	**2,833**

The sub-item "Tax payables to revenue agency" mainly includes:

- €1,723 million in stamp duty accrued to 31 December 2024 on outstanding Interest-bearing Postal Certificates in accordance with the requirements referenced in Part B, Assets, table 12.1;
- €79 million for the balance due to the Treasury for the stamp duty paid virtually for the financial year 2024;
- €78 million in tax withholdings on current account interest earned by customers.

"Items in process" mainly refer to domestic and international credit transfers of €18 million, and to BancoPosta's operations for amounts to be credited, mainly in the first few days of 2025, to PostePay for €2 million and to customers for €129 million relating to cheques to be credited to savings books.

The sub-item "Due to suppliers" mainly includes €44 million in trade payables to PostePay for collection and payment services under the service contract.

"Contract liabilities" are mainly due to the placement of loan products, as shown in the following table:

Description (€m)	Balance at 31.12.2023	Increases / (Decreases)	Change due to recognition of revenue for period	Balance at 31.12.2024
Liabilities for fees to be refunded	60	(47)	64	77
Total	**60**	**(47)**	**64**	**77**

Liabilities for commissions to be retroceded refer to the estimate of the commissions to be retroceded to partners for the contractually agreed early repayment of loan products placed after 1 January 2018.

The changes in the sub-item "Current tax liabilities due to Poste Italiane outside the ring-fence" are commented on in Section 12 of Assets.

Section 9 – Employee termination benefits – Item 90

Movements in employee termination benefits during the year under review are shown below:

9.1 Employee termination benefits: annual changes

(€m)	Total at 31.12.2024	Total at 31.12.2023
A. Opening balance	**2**	**2**
B. Increases	**-**	**-**
B.1 Provisions for the year	-	-
B.2 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Benefits paid	-	-
C.2 Other changes	-	-
D. Closing balance	**2**	**2**
Total	**2**	**2**

The current service cost is not applicable to the employee termination benefits attributable to BancoPosta RFC, since this cost is recognised in personnel expenses, as the contributions are paid over to pension funds or other social security institutions.

Other decreases include actuarial gains.

9.2 Other information

Measurement of the liability entails actuarial calculations for which the following assumptions were used in 2024:

Actuarial gains/(losses)

(€m)	31.12.2024	31.12.2023
Change in demographic assumptions	-	-
Change in financial assumptions	0.02	(0.07)
Other experience-related adjustments	0.02	0.03
Total	**0.04**	**(0.04)**

Sensitivity analysis

	Employee termination benefits at 31.12.2024
Inflation rate +0.25%	2
Inflation rate -0.25%	2
Discount rate +0.25%	2
Discount rate -0.25%	2
Turnover rate +0.25%	2
Turnover rate -0.25%	2

Other information

	31.12.2024
Service Cost	-
Average duration of defined benefit plan	10.6

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Amounts (€m)	Total at 31.12.2024	Total at 31.12.2023
1. Provisions for credit risk relating to financial commitments and guarantees given	-	-
2. Provisions for other commitments and guarantees given	-	-
3. Provisions for retirement benefits	-	-
4. Other provisions for risks and charges	143	163
4.1 litigation	62	67
4.2 personnel expenses	2	1
4.3 other	79	95
Total	**143**	**163**

The composition of "Other provisions" is provided in Table 10.6, below.

10.2 Provisions for risks and charges: annual changes

(€m)	Provisions for other commitments and guarantees given	Provisions for retirement benefits	Other provisions for risks and charges	Total
A. Opening balance	**-**	**-**	**163**	**163**
B. Increases	**-**	**-**	**14**	**14**
B.1 Provisions for the year	-	-	13	13
B.2 Changes due to passage of time	-	-	1	1
B.3 Changes due to changed discount rates	-	-	-	-
B.4 Other changes	-	-	-	-
C. Decreases	**-**	**-**	**(34)**	**(34)**
C.1 Uses during the year	-	-	(13)	(13)
C.2 Changes due to changed discount rates	-	-	-	-
C.3 Other changes	-	-	(21)	(21)
D. Closing balance	**-**	**-**	**143**	**143**

The main changes are commented in the remainder of this section.

10.6 Provisions for risks and charges - other provisions

Description (€m)	Total at 31.12.2024	Total at 31.12.2023
Litigation	**62**	**67**
Provisions for disputes with third parties	62	67
Provision for disputes with staff	-	-
Provisions for personnel expenses	**2**	**1**
Other provisions	**79**	**95**
Provisions for operational risks	79	95
Total	**143**	**163**

Provisions for disputes with third parties regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. The changes during the year relate to net absorptions of a total of €1 million to update estimated liabilities and uses of €5 million for defined liabilities.

Provisions for disputes with staff regard liabilities that may arise following labour litigation and disputes of various types.

Provisions for personnel expenses are made to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change. It increased in the year by €2 million for the estimated value of new liabilities and decreased by €1 million for defined liabilities.

Provisions for operational risks mainly reflects liabilities for risks related to the distribution of postal savings products issued in past years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta mainly in its capacity as a third-party foreclosing party, adjustments and adjustments of income from prior years and fraud. Changes during the year relate to net absorptions of a total of €9 million to update estimated liabilities and uses of €7 million for defined liabilities.

Section 11 – Redeemable shares – Item 120

Nothing to report.

Section 12 – Equity – Items 110, 130, 140, 150, 160, 170 and 180

12.4 Profit reserves: other information

At 31 December 2024, the retained earnings reserve amounted to €1,397 million, which had increased by €40 million due to the combined effect of the interest expense accrued on the Capital Instruments of €20 million and €60 million relating to the allocation of profit for the 2023 financial year, as resolved by the Shareholders' Meeting of Shareholders on 31 May 2024.

Other reserves are composed of equity reserves for €1,213 million, including the initial reserve of €1,000 million at the time of incorporation of BancoPosta RFC and €210 million in additional capital contributions by Poste Italiane SpA in 2018, and €3 million for incentive plan reserves, described in Part I.

With regard to the availability and distributability of the reserves of BancoPosta RFC, please refer to the information provided in paragraph 5, table B.3 – *Availability and distributability of reserves* – of this section – *Poste Italiane's financial statements* – of the Annual Report.

12.5 Equity instruments: breakdown and annual changes

The capital instruments for BancoPosta RFC refer to two perpetual subordinated loans with a total nominal value of €450 million granted respectively on 30 June 2021 for €350 million with an 8-years "non-call" period, and on 30 June 2023 for €100 million with a 5-years "non-call" period, both with the aim of strengthening BancoPosta's Leverage Ratio (Basel III) and Tier 1 ratio[435].

Below are the main features of the loan taken out on 30 June 2021:
- the loan has no fixed maturity and must be repaid only in the event of the dissolution or liquidation of the Company, as specified in the relevant terms and conditions, subject to the right of early redemption (call) in the cases provided for. Specifically, the call is scheduled to be made at any time from the First Call Date of 30 June 2029 and at each interest payment date thereafter; a loss-absorption mechanism is envisaged if the CET 1 ratio falls below 5.125%;
- the fixed annual coupon is 4.697% until the first Reset Date set for 30 June 2029. From that date, annual interest is determined as a function of the 5-year Euro Mid Swap rate plus a spread of 472.7 basis points. Interest is payable at the option of the issuer and on a non-cumulative basis, commencing 30 December 2021. The issue price was set at 100%.

435. Contributions from non-controlling shareholders to BancoPosta RFC are excluded, as they are not provided for in the special regulations governing the ring-fence.

Below are the main features of the loan taken out on 30 June 2023:

- the loan has no fixed maturity and must be repaid only in the event of the dissolution or liquidation of the Company, as specified in the relevant terms and conditions, subject to the right of early redemption (call) in the cases provided for. Specifically, the call is scheduled to be made at any time from the First Call Date of 30 June 2028 and at each interest payment date thereafter; a loss-absorption mechanism is envisaged if the CET 1 ratio falls below 5.125%;
- the fixed annual coupon is 9.55% until the first Reset Date set for 30 June 2028. From that date, annual interest is determined as a function of the 5-year Euro Mid Swap rate plus a spread of 653 basis points. Interest is payable at the option of the issuer and on a non-cumulative basis, commencing 30 December 2023. The issue price was set at 100%.

Other information

3. Assets pledged as collateral for liabilities and commitments

Portfolios (€m)	Total at 31.12.2024	Total at 31.12.2023
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	2,251	4,093
3. Financial assets measured at amortised cost	5,596	6,822
4. Property, plant and equipment	-	-
of which: property, plant and equipment qualifying as inventories	-	-

"Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" relate to securities used as collateral in repurchase agreements.

4. Brokerage and management on behalf of third parties

Type of services (€m)	Amount
1. Execution of orders on behalf of customers	**-**
a) purchase	-
1. settled	-
2. not settled	-
b) sale	-
1. settled	-
2. not settled	-
2. Individual portfolio management	**-**
3. Custody and administration of securities	**74,171**
a) Third-party securities in custody: associated with depositary bank services (excluding portfolio management)	-
1. securities issued by the reporting bank	-
2. other securities	-
b) third-party securities in custody (excluding portfolio management): other	9,510
1. securities issued by the reporting bank	-
2. other securities	9,510
c) third-party securities deposited with third parties	9,510
d) own securities deposited with third parties	64,661
4. Other transactions	**268,450**
a) Postal Savings Books	93,865
b) Interest-bearing Postal Certificates	174,585

The "Custody and administration of third-party securities deposited with third parties", presented at their normal value, relates to customers' securities held at primary market operators and, to a lesser extent, securities received as collateral. With the exception of securities received as collateral, orders received from customers are executed by qualified, designated credit institutions.

"Other transactions" include the principal of postal savings deposits accepted for and on behalf of Cassa Depositi e Prestiti and the MEF.

5. Financial assets offset in the financial statements or subject to framework master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial assets (a)	Amount of financial liabilities offset in financial statements (b)	Amount of net financial assets reported in financial statements (c=a-b)	Related amounts not subject to offset in the financial statements		Net amount at 31 December 2024 (f=c-d-e)	Net amount at 31 December 2023
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	2,679	-	2,679	1,122	1,498	59	377
2. Repurchase agreements	2,726	1,160	1,566	1,560	-	6	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31/12/2024	**5,405**	**1,160**	**4,245**	**2,682**	**1,498**	**65**	**x**
Total at 31/12/2023	**8,363**	**2,337**	**6,026**	**2,837**	**2,812**	**x**	**377**

6. Financial liabilities offset in the financial statements or subject to master netting agreements or similar arrangements

Technical forms (€m)	Gross amount of financial liabilities (a)	Amount of financial assets offset in financial statements (b)	Amount of net financial liabilities reported in financial statements (c=a-b)	Related amounts not subject to offset in the financial statements		Net amount at 31 December 2024 (f=c-d-e)	Net amount at 31 December 2023
				Financial instruments (d)	Cash deposits provided as collateral (e)		
1. Derivatives	1,348	-	1,348	1,126	208	14	-
2. Repurchase agreements	7,365	1,160	6,205	6,104	101	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total at 31.12.2024	**8,713**	**1,160**	**7,553**	**7,230**	**309**	**14**	**x**
Total at 31.12.2023	**11,690**	**2,337**	**9,353**	**8,815**	**538**	**x**	**-**

The above tables have been compiled in accordance with IFRS 7, which requires a specific disclosure regardless of whether or not the financial instruments have been offset in the financial statements.

In particular, the tables show:

- the financial statement values, before and after the effects of accounting netting, of repo transactions that meet the conditions necessary for the recognition of such effects;
- the financial statement values relating to derivative and repurchase agreement that do not meet these conditions but are governed by standardised bilateral netting agreements that allow, in the event of counterparty default, the netting of credit and debit positions (ISDA and GMRA contracts);
- the value of the collateral attached to them.

In order to present the tables in compliance with the requirements of IFRS 7 and Bank of Italy Circular no. 262, repurchase agreements are shown at amortised cost, whilst derivative transactions are shown at fair value; the relevant financial guarantees are measured at fair value.

PART C – Information on profit or loss

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms (€m)	Debt securities	Loans	Other transactions	FY 2024	FY 2023
1. Financial assets measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	**969**	**-**	**x**	**969**	**935**
3. Financial assets measured at amortised cost	**833**	**566**	**-**	**1,399**	**1,346**
3.1 Due from banks	-	22	x	22	35
3.2 Due from customers	833	544	x	1,377	1,311
4. Hedging derivatives	**x**	**x**	**384**	**384**	**182**
5. Other assets	**x**	**x**	**319**	**319**	**309**
6. Financial liabilities	**x**	**x**	**x**	**3**	**6**
Total	**1,802**	**566**	**703**	**3,074**	**2,778**
of which: interest income on impaired financial assets	-	-	-	-	-
of which: interest income on financial leases	x	-	x	-	-

The sub-items "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" mainly include interest accrued on securities portfolios in the amount of €1,802 million and on the deposit with the MEF in the amount of €406 million due to deposits on current accounts of the Public Administration.

The sub-item "Other assets" includes interest income accrued during the year relating to tax credits Law no. 77/2020, as described in "Section 12 - Other assets - Item 120" of Part B.

The sub-item "Financial liabilities" reflects mainly interest income accruing during the year on repurchase agreement.

The increase in this item compared to the previous year is mainly due to the higher income from securities investments and the positive effects of the derivatives linked to them, also due to the restructuring of fair value hedges carried out during the year and described in Part B - Section 5 of Asset.

1.3 Interest expense and similar charges: breakdown

Items/Technical forms (€m)	Payables	Securities	Other transactions	FY 2024	FY 2023
1. Financial liabilities measured at amortised cost	**(591)**	**-**	**-**	**(591)**	**(587)**
1.1 Due to Central Banks	-	x	x	-	-
1.2 Due to banks	(175)	x	x	(175)	(198)
1.3 Due to customers	(416)	x	x	(416)	(389)
1.4 Debt securities in issue	x	-	x	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities measured at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and provisions	**x**	**x**	**-**	**-**	**-**
5. Hedging derivatives	**x**	**x**	**-**	**-**	**-**
6. Financial assets	**x**	**x**	**x**	**-**	**-**
Total	**(591)**	**-**	**-**	**(591)**	**(587)**
of which: interest expense on lease payables	-	x	x	-	-

This item is essentially unchanged from the previous year due to changes as a result of higher interest expenses on repo transactions with banks, which were more than offset by lower interest due to the reduction in guarantee deposits received.

1.5 Differentials related to hedge transactions

Items (€m)	FY 2024	FY 2023
A. Positive hedge differentials	606	330
B. Negative hedge differentials	(222)	(148)
C. Balance (A-B)	**384**	**182**

Section 2 – Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Type of services/Amounts (€m)	FY 2024	FY 2023
a) Financial instruments	**8**	**12**
1. Securities placement	7	11
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	7	11
2. Reception and transmission of orders and execution of orders on behalf of customers	1	1
2.1 Receipt or transmission of orders for one or more financial instruments	1	1
2.2 Execution of orders on behalf of customers	-	-
3. Other commissions related to financial instrument activities	-	-
of which: proprietary trading	-	-
of which: individual portfolio management	-	-
b) Corporate Finance	**-**	**-**
1. Advice on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fee and commission income related to corporate finance	-	-
c) Investment advisory activities	**-**	**-**
d) Clearing and settlement	**-**	**-**
e) Custody and administration	**2**	**2**
1. Depository banking	-	-
2. Other commissions related to custody and administration activities	2	2
f) Central administrative services for collective portfolio management	**-**	**-**
g) Trust activity	**-**	**-**
h) Payments services	**696**	**725**
1. Current accounts	275	290
2. Credit cards	-	-
3. Other debit cards and payment cards	-	-
4. Bank transfers and other payment orders	80	75
5. Other fees related to payment services	341	360
i) Distribution of third-party services	**3,023**	**2,908**
1. Collective portfolio management	-	-
2. Insurance products	660	623
3. Other products	2,363	2,285
of which: individual portfolio management	3	2
j) Structured finance	**-**	**-**
k) Securitisation servicing activities	**-**	**-**
l) Commitments to disburse funds	**-**	**-**
m) Financial guarantees given	**-**	**-**
of which: credit derivatives	-	-
n) Financing transactions	**-**	**-**
of which: factoring services	-	-
o) FX trading	**1**	**1**
p) Commodities	**-**	**-**
q) Other fee and commission income	**25**	**22**
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	**3,755**	**3,670**

Commissions for "distribution of third-party services" include, in relation to other products, fees for the collection of postal savings deposits, totalling €1,725 million. This service relates to the provision and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from Postal Savings Books, carried out on behalf of Cassa Depositi e Prestiti under the Agreement for collection of postal savings deposits for the three-year period 2024-2026.

The increase in this item compared to the previous year is mainly due to the increase in commissions on the placement of mortgages and loans from leading financial partners, insurance products and mutual funds.

Revenue from contracts with customers

Description (€m)	FY 2024	FY 2023
Financial instruments	**8**	**12**
Recognised at a point in time	-	-
Recognised over time	8	12
Custody and administration	**2**	**2**
Recognised at a point in time	-	-
Recognised over time	2	2
Payment services	**696**	**725**
Recognised at a point in time	209	224
Recognised over time	487	501
Distribution of third-party services	**3,023**	**2,908**
Recognised at a point in time	-	-
Recognised over time	3,023	2,908
FX trading	**1**	**1**
Recognised at a point in time	1	1
Recognised over time	-	-
Other fee and commission income	**25**	**22**
Recognised at a point in time	-	-
Recognised over time	25	22
Total	**3,755**	**3,670**

Revenue from contracts with customers relate mainly to: (i) revenue from distribution of third-party services: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. With regard to the remuneration for postal savings deposits, the agreement entered into with Cassa Depositi e Prestiti provides for the payment of a variable fee when certain levels of funding are reached, the quantification of which is determined annually on the basis of volumes of deposits and early redemptions; certain commercial agreements, entered into with leading financial partners for the placement of loan products, provide for the relegation of placement fees in the event of early redemption or subrogation by customers; (ii) revenue for payment services: recognised at point in time on the basis of the number of transactions accepted at the counter (e.g. commissions on postal current account slips) and valued on the basis of the contractual terms of sale and recognised over time based on the customer's use of the service, mainly with reference to commissions on delegated services and current account maintenance and management services.

2.2 Fee and commission income by product and service distribution channel

Channels/Amounts (€m)	FY 2024	FY 2023
a) own branches:	**3,030**	**2,919**
1. portfolio management	-	-
2. securities placements	7	11
3. third-party products and services	3,023	2,908
b) door-to-door:	**-**	**-**
1. portfolio management	-	-
2. securities placements	-	-
3. third-party products and services	-	-
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. securities placements	-	-
3. third-party products and services	-	-

"Own counters" means Poste Italiane SpA's post office network.

2.3 Fee and commission expense: breakdown

Services/Amounts (€m)	FY 2024	FY 2023
a) Financial instruments	**-**	**-**
of which: financial instrument trading	-	-
of which: financial instrument placement	-	-
of which: individual portfolio management	-	-
- Own	-	-
- For third parties	-	-
b) Clearing and Settlement	**-**	**-**
c) Custody and administration	**-**	**-**
d) Collection and payment services	**198**	**198**
of which: credit cards, debit cards and other payment cards	-	-
e) Securitisation servicing	**-**	**-**
f) Commitments to receive funds	**-**	**-**
g) Financial guarantees received	**-**	**-**
of which: credit derivatives	-	-
h) Door-to-door marketing of financial instruments, products and services	**-**	**-**
i) FX trading	**-**	**-**
j) Other fee and commission expense	**2**	**2**
Total	**200**	**200**

Fee and commission expense for collection and payment services is mainly attributable for €184 million to costs accrued for services under the contract with PostePay.

Section 3 – Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

During the year, BancoPosta RFC received dividends of €0.2 million on its shares in Visa Incorporated, accounted for in "Financial assets measured at fair value through profit or loss".

Section 4 – Profits/(losses) on trading – Item 80

4.1 Profits/(losses) on trading: breakdown

Transactions/Profit component (€m)	Unrealised Gains (A)	Trading profits (B)	Unrealised Losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**4**	**-**	**-**	**4**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 UCIs	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	4	-	-	4
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**x**	**x**	**x**	**x**	**2**
4. Derivative instruments	**-**	**2**	**(5)**	**(1)**	**(4)**
4.1 Financial derivatives:	-	2	(5)	(1)	(4)
- on debt securities and interest rates	-	2	-	(1)	1
- on equity instruments and share indices	-	-	(5)	-	(5)
- on foreign exchange and gold	x	x	x	x	-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with the fair value option	x	x	x	x	-
Total	**-**	**6**	**(5)**	**(1)**	**2**

Section 5 – Profits/(losses) on hedging – Item 90

5.1 Profits/(losses) on hedging: breakdown

Profit components/Amounts (€m)	FY 2024	FY 2023
A. Income on:		
A.1 Fair value hedge derivatives	120	273
A.2 Hedged financial assets (fair value)	543	894
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedge derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Gross hedging income (A)	**663**	**1,167**
B. Cost of:		
B.1 Fair value hedge derivatives	(543)	(894)
B.2 Hedged financial assets (fair value)	(84)	(171)
B.3 Hedged financial liabilities (fair value)	(38)	(103)
B.4 Cash flow hedge derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Gross hedging cost (B)	**(665)**	**(1,168)**
C. Profits/(Losses) on hedging (A – B)	**(2)**	**(1)**
of which: result of hedges of net positions	-	-

Section 6 – Profits/(losses) on disposal or repurchase – Item 100

6.1 Profits/(Losses) on disposal or repurchase: breakdown

Items/Profit components (€m)	FY 2024			FY 2023		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	63	(28)	35	48	-	48
1.1 Due from banks	-	-	-	-	-	-
1.2 Due from customers	63	(28)	35	48	-	48
2. Financial assets measured at fair value through other comprehensive income	105	(70)	35	164	(54)	110
2.1 Debt securities	105	(70)	35	164	(54)	110
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**168**	**(98)**	**70**	**212**	**(54)**	**158**
B. Financial liabilities measured at amortised cost						
1. Due to banks	20	-	20	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities (B)	**20**	**-**	**20**	**-**	**-**	**-**

Section 7 – Profits/(losses) on other financial assets and liabilities measured at fair value through profit or loss – Item 110

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Profit component (€m)	Unrealised Gains (A)	Realised gains (B)	Unrealised Losses (C)	Realised losses (D)	Net result [(A+B)-(C+D)]
1. Financial assets	**6**	**-**	**-**	**-**	**6**
1.1 Debt securities	6	-	-	-	6
1.2 Equity instruments	-	-	-	-	-
1.3 UCIs	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: exchange differences	**x**	**x**	**x**	**x**	**2**
Total	**6**	**-**	**-**	**-**	**8**

Section 8 – Net losses/recoveries due to credit risk – Item 130

8.1 Net losses/(recoveries) due to credit risk related to financial assets measured at amortised cost: breakdown

Transactions/Profit component (€m)	Impairment losses (1)						Recoveries (2)				FY 2024	FY 2023
	Stage 1	Stage 2	Stage 3		Acquired or originated impaired financial assets		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		
			Write-off	Other	Write-off	Other						
A. Due from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Due from customers	**(1)**	**(10)**	**-**	**-**	**-**	**-**	**6**	**-**	**-**	**-**	**(3)**	**(9)**
- Loans	-	(10)	-	-	-	-	-	2	-	-	(8)	(5)
- Debt securities	(1)	-	-	-	-	-	6	-	-	-	5	(4)
Total	**(1)**	**(10)**	**-**	**-**	**-**	**-**	**6**	**2**	**-**	**-**	**(3)**	**(9)**

8.2 Net losses/(recoveries) due to credit risk related to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Profit component (€m)	Impairment losses (1)						Recoveries (2)				FY 2024	FY 2023
	Stage 1	Stage 2	Stage 3		Acquired or originated impaired financial assets		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		
			Write-off	Other	Write-off	Other						
A. Debt securities	(2)	-	-	-	-	-	7	-	-	-	5	(3)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(2)**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**	**5**	**(3)**

Total net value adjustments were positive by €2 million, mainly related to the improvement in the creditworthiness of debt securities, partially offset by the adjustment of the provision to cover expected losses related to trade receivables.

Section 9 – Profits/(losses) from contract amendments without termination – Item 140

Not applicable.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

Type of expenses/Amounts (€m)	FY 2024	FY 2023
1) Employees	(37)	(35)
a) wages and salaries	(26)	(25)
b) social security	(7)	(6)
c) employee termination benefits	(2)	(1)
d) social security costs	-	-
e) provision for employee termination benefits	-	-
f) provisions for post-employment benefits:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	(1)	(1)
- defined contribution plans	(1)	(1)
- defined benefit plans	-	-
h) cost of share-based payments	(1)	(1)
i) other employee benefits	-	(1)
2) Other active personnel	-	-
3) Directors and Statutory Auditors	-	-
4) Retirees	-	-
5) Recovery of employment costs of staff seconded to other companies	-	-
6) Refund of costs of third-party employees seconded to the company	-	-
Total	**(37)**	**(35)**

10.2 Average number of employees by category*

	FY 2024	FY 2023
Employees	**418**	**412**
a) executives	28	26
b) middle managers	322	313
c) other employees	68	73
Other employees	**-**	**-**
Total	**418**	**412**

* Figures expressed in full time equivalent terms.

10.4 Other employee benefits

This primarily relates to redundancy payments..

10.5 Other administrative expenses: breakdown

Type of expenses/Amounts (€m)	FY 2024	FY 2023
1) Cost of services provided by Poste Italiane SpA	(5,211)	(4,887)
2) Advisory and other professional services	(15)	(13)
3) Taxes, penalties and duties	(23)	(38)
4) Contribution to the Life Insurance Fund	(16)	-
Total	**(5,265)**	**(4,938)**

The cost of services provided by Poste Italiane functions outside the ring-fence relates to those services described in Part A - *Accounting policies*, A.1, Section 4 - *Other information*.

The Contribution to the Life Insurance Fund[436], introduced in the financial year 2024, amounts to €16 million.

Section 11 – Net provisions for risks and charges – Item 170

11.3 Net provisions for other risks and charges: breakdown

Items/Profit components (€m)	Provisions	Reversals	Net profit/(loss) for 2024	Net profit/(loss) for 2023
Provisions for litigation	(6)	6	-	6
Provisions for other risks and charges	(4)	14	10	2
Total	**(10)**	**20**	**10**	**8**

The main provisions and releases are discussed in Part B – Section 10 of Liabilities.

The increase over the previous year of €2 million is due to higher releases to profit or loss recognised during the year mainly related to the adjustment of estimates on financing products placed on behalf of major financial partners.

Section 12 – Net losses/(recoveries) on property, plant and equipment – Item 180

Nothing to report.

Section 13 – Net losses/(recoveries) on intangible assets – Item 190

Nothing to report.

436. The contribution to the Life Insurance Guarantee Fund was introduced by Law no. 213 of 30 December 2023 - “Budget Law” in force as of 1 January 2024, establishing the regulation of a Fund whose function will be to intervene to protect the beneficiaries of life insurance policies in the event that the placing insurance company is subject to bankruptcy proceedings. This contribution will be due until the targets set by the Act are reached by 2035. In accordance with industry best practice, the 2024 contribution has been calculated for banking, postal and financial intermediaries (registered in section D of the RUI, Article 109 of the CAP, including Poste Italiane spa - Divisione servizi di bancoposta) as 0.1 per thousand of the technical provisions corresponding to the contracts intermediated.

Section 14 – Other operating income/(expense) – Item 200

14.1 Other operating expenses: breakdown

Profit components/Amounts (€m)	FY 2024	FY 2023
1. Burglaries and theft	(6)	(4)
2. Other expenses	(19)	(24)
Total	**(25)**	**(28)**

14.2 Other operating income: breakdown

Profit components/Amounts (€m)	FY 2024	FY 2023
1. Other revenue from contracts with customers	17	7
2. Other operating income	10	9
Total	**27**	**16**

The sub-item "Other revenue from contracts with customers" includes income recognised at a point time for copying documents, prescription of certified cheques and money orders and income recognised over time for protected postal cheques.

Section 15 – Profits/(losses) on investments – Item 220

Nothing to report.

Section 16 – Profits/(losses) on fair value measurement of property, plant and equipment and intangible assets – Item 230

Nothing to report.

Section 17 – Impairment of goodwill – Item 240

Nothing to report.

Section 18 – Profits/(losses) on disposal of investments – Item 250

Nothing to report.

Section 19 – Income tax expense on continuing operations – Item 270

19.1 Income tax expense on continuing operations: breakdown

Profit components/Amounts (€m)		FY 2024	FY 2023
1.	Current taxes (-)	(234)	(226)
2.	Increase/(decrease) in current taxes of prior period taxation (+/-)	3	-
3.	Reduction in current taxes (+)	-	-
3. bis	Reduction in current taxes due to tax credit pursuant to Law 214/2011 (+)	-	-
4.	Increase/(decrease) in deferred tax assets (+/-)	-	(8)
5.	Increase/(decrease) in deferred tax liabilities (+/-)	-	1
6.	**Tax expense for the year (-) (-1+/-2+3+3 bis+/-4+/-5)**	**(231)**	**(233)**

19.2 Reconciliation between theoretical tax charge at statutory rate and effective tax charge

Description (€m)	FY 2024		FY 2023	
	IRES	Tax Rate	IRES	Tax Rate
Profit before tax	*846*		*834*	
Theoretical tax charge	(203)	24.0%	(200)	24.0%
Effect of increases/(decreases) on theoretical tax charge				
Net provisions for risks and charges and impairments of receivables	(2)	0.2%	(1)	0.1%
Taxation for previous years	10	-1.2%	-	0.0%
Other	-	0.0%	5	-0.6%
Effective tax charge	**(195)**	**23.1%**	**(196)**	**23.5%**

Description (€m)	FY 2024		FY 2023	
	IRES	Tax Rate	IRES	Tax Rate
Profit before tax	*846*		*834*	
Theoretical tax charge	(38)	4.5%	(38)	4.5%
Effect of increases/(decreases) on theoretical tax charge				
Provisions for risks and charges	1	-0.1%	-	0.0%
Other	1	-0.1%	1	-0.1%
Effective tax charge	**(36)**	**4.3%**	**(37)**	**4.4%**

Section 20 – Profit/(loss) from discontinued operations, net of taxes - Item 290

Nothing to report.

Section 21 – Other information

All information has been presented above.

Section 22 – Earnings per share

Nothing to report.

PART D – Comprehensive income

Analysis of comprehensive income

Items (€m)		FY 2024	FY 2023
10.	**Profit/(Loss) for the year**	**615**	**600**
Other components of comprehensive income not reclassified to profit or loss			
20.	**Equity instruments measured at fair value through other comprehensive income:**	**-**	-
	a) changes in fair value	-	-
	b) transfers to other equity	-	-
30.	**Financial liabilities measured at fair value through profit or loss (changes in own credit rating):**	**-**	-
	a) changes in fair value	-	-
	b) transfers to other equity	-	-
40.	**Hedges of equity instruments measured at fair value through other comprehensive income:**	**-**	-
	a) changes in fair value (hedged instrument)	-	-
	b) changes in fair value (hedging instrument)	-	-
50.	**Property, plant and equipment**	**-**	**-**
60.	**Intangible assets**	**-**	**-**
70.	**Defined benefit plans**	**-**	**-**
80.	**Non-current assets and disposal groups held for sale**	**-**	**-**
90.	**Share of valuation reserve attributable to equity-accounted investments**	**-**	**-**
100.	**Tax expense on other comprehensive income not reclassified to profit or loss**	**-**	**-**
Other components of comprehensive income reclassified to profit or loss			
110.	**Hedges of foreign investments:**	**-**	**-**
	a) changes in fair value	-	-
	b) reclassified to profit or loss	-	-
	c) other changes	-	-
120.	**Foreign exchange differences:**	**-**	**-**
	a) changes in value	-	-
	b) reclassified to profit or loss	-	-
	c) other changes	-	-
130.	**Cash flow hedges:**	**63**	**(232)**
	a) changes in fair value	111	80
	b) reclassified to profit or loss	(48)	(312)
	c) other changes	-	-
	of which: result of net positions	-	-
140.	**Hedges (elements not designated):**	**-**	-
	a) changes in value	-	-
	b) reclassified to profit or loss	-	-
	c) other changes	-	-
150.	**Financial assets (other than equity instruments) measured at fair value through other comprehensive income:**	**603**	**2,164**
	a) changes in fair value	593	1,938
	b) reclassified to profit or loss	10	226
	- impairment losses due to credit risk	(5)	3
	- realised gains/(losses)	15	223
	c) other changes	-	-
160.	**Non-current assets and disposal groups held for sale:**	**-**	**-**
	a) changes in fair value	-	-
	b) reclassified to profit or loss	-	-
	c) other changes	-	-
170.	**Share of valuation reserves attributable to equity-accounted investments:**	**-**	**-**
	a) changes in fair value	-	-
	b) reclassified to profit or loss	-	-
	- impairment losses	-	-
	- realised gains/(losses)	-	-
	c) other changes	-	-
180.	**Tax expense on other comprehensive income reclassified to profit or loss**	**(192)**	**(549)**
190.	**Total other comprehensive income**	**474**	**1,383**
200.	**Comprehensive income (Items 10+190)**	**1,089**	**1,983**

PART E – Information on risks and related hedging policies

Introduction

BancoPosta RFC's operations, conducted in accordance with Presidential Decree 144/2001, consist in the management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties.

The funds deposited by private account holders in postal current accounts are invested in euro zone government securities[437], whilst deposits by Public Administration entities are deposited with the MEF.

In 2024, BancoPosta RFC's operations focused on investment of the volume of current account deposits, the reinvestment of funds deriving from maturing government securities and in the active management of financial instruments.

The 2024 financial year was characterised by a reduction in yields on Italian government bonds (the 10-year BTP fell from 3.7% to 3.52%), which brought the BTP-Bund spread to 116 basis points compared to 168 last year. These movements led to an increase in the price of securities.

BancoPosta's capital structure, which is subject to the prudential provisions introduced with the third update of Bank of Italy Circular 285/2013, is solid due to the CET1 *ratio*, which stands at 19.4% at 31 December 2024, and the *Total Capital Ratio*, which stands at 22.6% at 31 December 2024. The Leverage Ratio stood at 3.3%[438] at the end of 2024, up slightly from 31 December 2023 as a result of the decrease in assets, including adjustments for Leverage calculation purposes.

The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/econometric model that forecasts the interest rates and maturities typical of postal current accounts. Accordingly, the portfolio composition aims to replicate the financial structure of postal current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned system is thus the general reference for the investments (the limits of which are determined by specific guidelines approved by the Board of Directors) in order to limit exposure to interest rate and liquidity risks.

437. The funds raised by private customers on postal current accounts must be used in euro area government securities and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by Law no. 296 of 27 December 2006, and subsequent amendments provided by the 2015 Stability Law, no. 190 of 23 December 2014). With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so called "Decreto Rilancio") and subsequent amendments and additions, or other transferable tax credits pursuant to current legislation (Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021).

438. The Cet1 ratio and the Total Capital Ratio already take into account the proposed capital strengthening of €61 million by means of a profit provision for the financial year 2024, in application of the provisions of Article 26 of Regulation (EU) no. 575/2013.

Financial risk management

Balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures, both within and without the BancoPosta ring-fence, that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including through the progressive implementation of adequate IT tools. In this regard, on 12 December 2024, the Board of Directors adopted a revised version of the Guidelines for Internal Control and Risk Management System (SCIGR), which contains integrated guidelines for BancoPosta RFC's Internal Control and Risk Management System. From an organisational viewpoint, the model consists of:

- the **Control and Risk Committee**, established in 2015 within the Board, has the task of supporting, through an appropriate investigative, proposal-making and advisory activity, the evaluations and decisions of the Board of Directors on the internal control and risk management system and on the approval of the relative periodic financial and non-financial reports;
- the **Financial and Insurance Services Committee**, established on 19 March 2018, with the aim of overseeing the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested;
- the **BancoPosta's Risk Management function**, responsible for measuring and controlling risk and duly observing the independence of control functions from management.

The management of investments and risk hedging related to BancoPosta RFC have been assigned by means of a specific mandate to the specialist functions of BancoPosta Fondi SpA SGR, a Poste Italiane Group company.

In constructing the Risk Model used by BancoPosta RFC, account was also taken of the existing prudential supervisory standards for banks and the specific instructions for BancoPosta, published by the Bank of Italy on 27 May 2014 with the third revision of Circular 285 of 17 December 2013.

The above prudential standards have imposed the same obligations on BancoPosta as those applicable to banks in terms of corporate governance, internal controls and risk management, requiring, among other things, achievement of the following objectives:

- definition of a Risk Appetite Framework (RAF);
- oversight of implementation of the Company's strategies and policies;
- the containment of risks within the limits set by the RAF;
- protection of the value of assets and against losses;
- identification of material transactions to be subject to prior examination by the risk control function;
- application of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP).

The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits and risk management policies, together with the processes needed to define and implement them.

Section 1 – Credit risk

Credit risk regards the types of risk described below.

Credit risk is defined as the possibility that a change in the creditworthiness of a counterparty, to which the entity is exposed, could result in a matching change in the value of the amount due. It thus represents the risk that the debtor is partially or entirely unable to repay the principal and interest due.

Counterparty risk is the risk that a counterparty could default on obligations of a financial instrument during its term. This risk is inherent in certain types of transaction which, for BancoPosta RFC, would be derivatives and repurchase agreements.

Concentration risk is related to the overexposure to counterparties, groups of related counterparties and counterparties in the same business segment or that engage in the same business or operate in the same geographic region.

Qualitative information

1. Generalities

Presidential Decree 144/2001 prohibits BancoPosta RFC from making loans to members of the public. As a result, there are no credit policies.

The nature of BancoPosta RFC's operations, however, results in a considerable concentration of exposure to Republic of Italy risk, as a result of its investments in Government securities and its deposits at the MEF. Credit risk models, explained below, show, however, that for capital requirements this type of investment does not determine capital absorption.

2. Credit risk management policies

2.1 Organisational aspects

The role of BancoPosta RFC's Risk Management function is the management and control of credit, counterparty and concentration risks.

Monitoring credit risk is particularly focused on the following exposures:
- euro area government securities or other securities backed by the Italian State for the use of liquidity collected through current accounts from private customers;
- deposits at the MEF in which Public Administration and private account deposits are invested;
- any eventual amounts due from the Treasury as a result of depositing funds gathered less payables for advances disbursed;
- items in progress: cheque clearing, use of electronic cards, collections;
- temporarily overdrawn postal current accounts caused by debiting fees: limited to those which were not classified as impaired since the accounts were in funds in early 2025;
- cash collateral for outstanding transactions with banks and customers, in accordance with agreements intended to mitigate counterparty risk (CSA - Credit Support Annexes and GMRA – Global Master Repurchase Agreements);
- cash collateral provided to the guarantee fund of the Central Counterparty "Cassa di Compensazione e Garanzia" for repurchase agreement transactions;
- cash deposits from collateralisation for centrally margined derivatives transactions through clearing brokers;
- trade receivables payable by partners in relation to financial/insurance product placement.

Monitoring counterparty risk particularly regards hedging derivatives and repurchase agreements.

BancoPosta RFC's concentration risk is monitored to limit the instability that could be caused by the default of one customer or a group of related customers to which BancoPosta has a significant credit and counterparty risk exposure.

2.2 Management, measurement and control systems

Credit risk is controlled through the following:
- minimum rating requirements for issuers/counterparties, based on the type of instrument;
- concentration limits per issuer/counterparty;
- monitoring of changes in the internal and external ratings of counterparties.

The limits referred to above have been established by the "Guidelines on Poste Italiane SpA's financial management" for BancoPosta RFC. Specifically, as regards rating limits, transactions are allowed solely with investment grade counterparties and euro area government issuers with a rating at least equal to that of the Italian Republic.

With reference to the monitoring thresholds of concentration risk, the limits set by prudential regulation are applied[439].

The standardised approach[440] as defined by EU Regulation 575/2013, is used by BancoPosta to measure credit and counterparty risks. Application of this method entails the use of Standard & Poor's, Moody's, Fitch and DBRS for the computation of counterparty credit rating classes.

In terms of prudential oversight, the following methods are used to estimate the exposure to counterparty risk inherent in each of the following types of transaction:

- the "standardised" approach[441], is used for interest rate swaps and forward purchases of government securities;
- Credit Risk Mitigation (CRM) techniques, the Full Method[442], are used for repurchase transactions.

Concentration risk is measured using the method described in EU Regulation 575/2013 with regard to large exposures.

2.3 Measurement of expected credit losses

The Expected Credit Loss (ECL) method introduced by IFRS 9 applies to financial assets measured at amortised cost and to financial assets measured at fair value through other comprehensive income.

For financial assets other than trade receivables, BancoPosta RFC applies the General deterioration approach, with models to estimate risk parameters depending on the type of counterparty:

- Internal risk parameter estimation models for debt securities and deposits with Sovereign, Banking and Corporate counterparties;
- risk parameters deriving from agency ratings or average default rates for the sector for Public Administration and Central Counterparties.

Expected credit losses are determined either over a 12-month horizon or a lifetime horizon, depending on the stage of the exposure, on the basis of the following metrics:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time Factor (TF).

Below, the main assumptions adopted in determining the single factors are illustrated:

- PD: as indicated from the start, a Point in Time (PIT) and forward-looking evaluation has been adopted;
- LGD: values have been used consistent with the Internal Ratings-Based (IRB) Base Approach under the Basel guidelines (45% for senior risk assets, 75% for subordinated risk assets);
- EAD: exposure calculated prospectively until maturity of the instrument, starting from the development of projected cash flows. In the development account was taken of specific indexation assumptions for every asset class (fixed rate securities, variable rate securities, inflation-indexed securities, etc.);
- TF: the effective interest rate of each exposure was used as discount factor.

The collective impairment of a homogenous group of financial assets defines the expected credit loss (ECL) of the instrument, even though it cannot be associated with a specific exposure. Grouping takes place in relation to the type of counterparty on the basis of the estimated PD.

BancoPosta RFC elected not to adopt the low risk credit exemption and to proceed instead with the staging of the financial instruments concerned.

439. According to prudential regulations, with reference to the rules on Large Exposures, risk-weighted assets must remain below 25% of own funds. As a rule, exposures are recognised at nominal value, taking into consideration any credit risk mitigation techniques. To take into account the lower risk related to the nature of the borrower, more favourable weighting factors are applied.
440. The standardised approach entails risk weightings in accordance with the nature of the exposure and the identity of the counterparty and the counterparty's external credit rating.
441. According to this methodology, the risk exposure of derivatives is calculated through the sum, increased by 40%, of the following two components: the replacement cost, represented by the fair value of derivatives considering the effect of collateral provided and received, and the add-on, calculated on the basis of the contractual characteristics of the derivatives, including the notional amount, maturity and reference risk driver.
442. The full CRM method entails reducing risk exposure by the value of the guarantee. Specific rules are applied to take into account market price volatility of the guaranteed asset as well as the collateral received.

Based on the impairment models described above, to allocate properly performing exposures in stage 1 or stage 2, the significant increase in exposures other than trade receivables is determined on the basis of the change in notches between the rating at the time of investment and the rating at the reporting date.

This change in notches is compared with a threshold that takes into account the following factors:
- the rating of the financial instrument at the time of investment;
- the rating of the financial instrument at the reporting date;
- the seniority of the position within the portfolio (vintage factor);
- an additive factor to mitigate the non-linearity of the PD vis-à-vis the rating classes[443];
- a judgemental factor to be used only in the presence of sudden changes in the creditworthiness not yet reflected by the rating[444].

Based on the above information, BancoPosta RFC does not apply the presumption that an exposure past due for over 30 days indicates automatically significant increases in credit risk after initial recognition.

BancoPosta RFC defines a default on the basis of ad hoc assessments that take into consideration:
- any payment delays;
- market information such as a default rating by the rating agencies;
- internal analyses of specific exposures.

With reference to late payments, a default definition based on a payment delay of 90 days is used.

In keeping with the accounting standard, in determining ECL consideration was given also to forward looking elements based on broad-consensus scenarios.

The approach followed involves inclusion of forward-looking information in the estimation of the PD. In particular, for the calculation of the PD of sovereign counterparties, prospective estimates made available by the International Monetary Fund, the UN and the World Bank are used; with regard to other counterparties, on the other hand, the internal model adopted allows the input dataset necessary for the calculation of PD to be completed from scenario values referring to some of the model's variables. The objective of the approach is to estimate the unknown variables by using the historical correlation of the available information[445].

Variables reflecting social and governance factors were introduced into the PD Sovereign estimation model using indicators provided by authoritative sources such as the UN and the World Bank. The Environmental factor is negligible for these purposes in view of the 1-year time horizon of the PD itself. This factor is monitored, as part of BancoPosta RFC, through scenario analyses and verification of ratings provided by external agencies.

As to the estimation techniques used, it is noted that since the approaches to calculate the PD for Sovereign, Banking and Corporate counterparties cannot use default events, as they are not frequent, a shadow rating approach was adopted.

This method entails the use of target variables related to the level of external rating produced by the agencies. The target is identified as the default rate linked to the rating level. A key rating agency was selected to construct the target, taking into account both the large number of rated counterparties and the availability of historical data over what was deemed to be an adequate period of time.

The models have been constructed by extracting and utilising the following types of data for each country in the sample:
- macroeconomic data;
- indicators related to Social and Governance issues;
- financial statement data.

443. The additive factor is built in view of the rating level at the reporting date, where the better the rating the higher the threshold for the transition to Stage 2.
444. The judgemental factor can summarise significant aspects in determining the significant increase of credit risk, considering such elements as:
  - an actual or expected significant change of the internal/external credit rating of the financial instrument;
  - actual or expected negative changes in economic, financial or business conditions that might cause a significant change in the borrower's ability to honour its obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in the unemployment rate.
445. In particular, the use of such approach is limited to situations where, actually, the final data are deemed to be no longer representative of the counterparty's risk.

For trade receivables BancoPosta applies the Simplified Approach, where no significant increase in credit risk is expected. However, the loss provisions are calculated for an amount equal to lifetime expected credit loss.

Such approach is implemented through the following process:
- based on total revenue or the historical credit exposure, a credit threshold is identified beyond which the single receivables or the single exposure is evaluated. The analytical evaluation of the exposures entails an analysis of the borrower's credit quality and solvency, as determined on the basis of internal and external supporting evidence;
- for receivables falling below the threshold set, through the preparation of a matrix with the different impairment percentages estimated on the basis of historical losses, where they exist, or alternatively on the historical pattern of collections. In constructing the impairment matrix, receivables are grouped by homogeneous categories, based on their characteristics, to take into account the historical loss experience.

2.4 Credit risk mitigation techniques

BancoPosta RFC adopts credit and counterparty risk mitigation techniques. Specifically:

- Fixed income instruments

Debt instruments secured by guarantees or other credit risk mitigation instruments are securities issued by Cassa Depositi e Prestiti SpA guaranteed by the Italian State and subscribed by BancoPosta RFC, amounting to a nominal value of €3,000 million at 31 December 2024. These are recognised as financial assets measured at amortised cost and, in determining the associated expected credit losses, account was taken of the PD of the Italian Republic.

- Derivative financial instruments and repurchase agreements

In order to limit the counterparty risk exposure, BancoPosta RFC has concluded standard ISDA master agreements (with attached CSA) and GMRAs which govern the collateralisation, in cash or government securities, of derivative transactions and repurchase agreements, respectively. As of 2021, certain derivatives entered into by Bancoposta RFC through bilateral contracts will be routed to a Qualified Central Counterparty for centralised clearing through the services provided by a clearing broker. With reference to repo transactions, in order to mitigate counterparty risk and gain readier access to the market, from December 2017, BancoPosta RFC has begun to enter into repurchase agreements with the Central Counterparty, the "Cassa di Compensazione e Garanzia".

The calculation of positions in derivatives and repurchase agreements and the related risk mitigation instruments are illustrated in Part B – Other Information, tables 5 and 6, to which reference is made.

- Trade receivables

To mitigate the risks arising from the extension of credit terms to its customers, BancoPosta RFC has implemented suitable guidelines that govern the management of trade receivables, the terms and conditions of payment applicable to customers and defines the corporate process aimed at checking the customer's creditworthiness, as well as the sustainability of the business risk inherent in the contract involving extended payment terms.

Depending on the evaluations, the contracts entered into with customers may require a suitable guarantee. Guarantees are also requested if they are required by rules and regulations and/or implementing rules of specific services.

BancoPosta RFC accepts mainly guarantees issued by primary banks or insurance companies. Alternatively, upon request of the customer and after a risk analysis, it accepts sureties issued by other institutions, security deposits or the opening of postal escrow account.

Considering the limited risk of insolvency of government customers, BancoPosta RFC as a rule exempts the Public Administration from the provision of guarantees to secure trade receivables arising from transactions with it, save for the cases when such guarantees are mandatory by law or due to implementing rules of specific services.

Accordingly, the guarantees held are related mainly to private customers.

For all the exposures evaluated individually, to calculate the provisions for doubtful debts, guarantees reduce the amount of the exposure at risk.

At 31 December 2024, unsecured trade receivables minus the relevant loss provisions amount to €1,011 million.

At 31 December 2024, BancoPosta RFC does not hold financial assets secured by guarantees or other credit risk mitigating instruments for which no loss provisions have been made (except for the temporary use of liquidity in reverse repurchase agreements).

3. Credit-impaired financial assets

At 31 December 2024, BancoPosta RFC held no credit-impaired financial assets.

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: balance, impairment, trends and business distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (carrying amounts)

Portfolios/quality (€m)	Bad loans	Unlikely to pay	Non-performing past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	-	-	-	12	45,817	45,829
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	33,645	33,645
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
Total at 31.12.2024	**-**	**-**	**-**	**12**	**79,462**	**79,474**
Total at 31.12.2023		**-**	**-**	**13**	**77,618**	**77,631**

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net amounts)

Portfolios/quality (€m)	Performing				Non-performing			Total (net exposure)
	Gross exposure	Total impairment losses	Net exposure	Total partial write-offs*	Gross exposure	Total impairment losses	Net exposure	
1. Financial assets measured at amortised cost	-	-	-	-	45,907	78	45,829	45,829
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	33,659	14	33,645	33,645
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total at 31.12.2024	**-**	**-**	**-**	**-**	**79,566**	**92**	**79,474**	**79,474**
Total at 31.12.2023		**-**	**-**	**-**	**77,731**	**100**	**77,631**	**77,631**

* Amount reported for disclosure purposes.

Portfolios/quality (€m)	Assets of evidently low credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	2,679
Total at 31.12.2024	**-**	**-**	**2,679**
Total at 31.12.2023	**-**	**-**	**4,257**

A.1.3 Distribution of financial assets by past due categories (carrying amounts)

Portfolios/stages of risk (€m)	Stage 1			Stage 2			Stage 3			Acquired or originated impaired financial assets		
	Between 1 and 30 days	30 - 90 days	Over 90 days	Between 1 and 30 days	30 - 90 days	Over 90 days	Between 1 and 30 days	30 - 90 days	Over 90 days	Between 1 and 30 days	30 - 90 days	Over 90 days
1. Financial assets measured at amortised cost	-	-	-	3	3	6	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total at 31.12.2024	**-**	**-**	**-**	**3**	**3**	**6**	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2023		**-**	**-**	**6**	**-**	**7**	**-**	**-**	**-**	**-**	**-**	**-**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: overall impairment losses and overall provisions

Causes/stages of risk (€m)	Total impairment losses																	
	Assets in stage 1						Assets in stage 2						Assets in stage 3					
	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment
Total opening impairment	**-**	**22**	**19**	**-**	**-**	**41**	**-**	**59**	**-**	**-**	**41**	**18**	**-**	**-**	**-**	**-**	**-**	**-**
Increases in acquired or originated financial assets	-	1	2	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-
Derecognitions other than write-offs	-	(1)	(3)	-	-	(4)	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses/reversals of impairment losses due to credit risk (+/-)	-	(5)	(4)	-	-	(9)	-	8	-	-	9	(1)	-	-	-	-	-	-
Contract amendments without termination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	(5)	-	-	(5)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	(1)	-	-	(1)	-	-	-	-	-	-	-
Total closing impairment losses	**-**	**17**	**14**	**-**	**-**	**31**	**-**	**61**	**-**	**-**	**44**	**17**	**-**	**-**	**-**	**-**	**-**	**-**
Recovery of amounts on written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Causes/stages of risk (€m)	Total impairment losses					Total provisions for commitments to disburse funds and financial guarantees given				Total
	Acquired or originated impaired financial assets									
	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and fin. guarantees issued impaired acquired or originated	
Total opening impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100**
Increases in acquired or originated financial assets	x	x	x	x	x	-	-	-	-	3
Derecognitions other than write-offs	-	-	-	-	-	-	-	-	-	(4)
Net impairment losses/reversals of impairment losses due to credit risk (+/-)	-	-	-	-	-	-	-	-	-	(1)
Contract amendments without termination	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	(5)
Other changes	-	-	-	-	-	-	-	-	-	(1)
Total closing impairment losses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92**
Recovery of amounts on written-off financial assets	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-

The assumptions adopted in the assessments of expected losses at 31 December 2024 led to a reduction in Italy's PD compared to that used in the assessments in the Separate Report at 31 December 2023. The improvement in the creditworthiness on the securities portfolio and deposits with the MEF was partially offset by the adjustment of the provision to cover expected losses on exposures valued under the simplified method.

A.1.6 On- and off-balance-sheet credit exposures to banks: gross and net amounts

Types of exposures/Amounts (€m)	Gross exposure					Total impairments and total provisions					Net exposure	Total partial write-offs*
		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		
A. On-balance sheet credit exposures												
A.1 Demand												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	134	134	-	X	-	-	-	-	X	-	134	-
A.2 Other												
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past-due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	655	612	43	X	-	-	-	-	X	-	655	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**789**	**746**	**43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**789**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,214	-	-	X	-	-	-	-	X	-	2,214	-
Total B	**2,214**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,214**	**-**
Total A+B	**3,003**	**746**	**43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,003**	**-**

* Amount reported for disclosure purposes.

"Off-balance sheet exposures, Performing" relates to the counterparty risk associated with derivatives registering fair value gains, gross of any netting agreements[446], and Repo financing with Securities Financing Transactions (SFT)[447] margins.

446. BancoPosta RFC is not a party to enforceable master netting agreements or similar arrangements meeting the requirements of IAS 32, paragraph 42 for offsetting in the financial statements but used standard bilateral netting agreements that allow, in the event of the counterparty's default, the offsetting of debit and credit positions in relation to derivative financial instruments.
447. As defined in the prudential requirements.

A.1.7 On- and off-balance-sheet credit exposures to customers: gross and net amounts

Types of exposures/Amounts (€m)	Gross exposure					Total impairments and total provisions					Net exposure	Total partial write-offs*
		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		Stage 1	Stage 2	Stage 3	Acquired or originated impaired financial assets		
A. On-balance sheet credit exposures												
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past-due exposures	72	-	72	X	-	60	-	60	X	-	12	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	78,839	77,882	957	X	-	32	30	2	X	-	78,807	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total A	**78,911**	**77,882**	**1,029**	**-**	**-**	**92**	**30**	**62**	**-**	**-**	**78,819**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	680	-	-	X	-	-	-	-	X	-	680	-
Total B	**680**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**680**	**-**
Total A+B	**79,591**	**77,882**	**1,029**	**-**	**-**	**92**	**30**	**62**	**-**	**-**	**79,499**	**-**

* Amount reported for disclosure purposes.

"Off-balance sheet exposures, Performing" relates to the counterparty risk associated with derivatives registering positive fair value, gross of any existing netting agreements.

A.2 Classification of financial assets, commitments to disburse funds and financial guarantees issued based on external and internal ratings

BancoPosta RFC has no lending policies as it does not grant loans to the public. It also uses internal models only for the measurement of expected losses as required by IFRS 9, but not for the quantification of capital requirements for credit risk[448]. For the methodologies used to calculate capital absorption for credit risk, please refer to the Public Disclosure ("Pillar 3").

448. As of 1 January 2025, Regulation (EU) no. 2024/1623 came into force, amending Regulation (EU) no. 575/2013 and providing, inter alia, that the risk weighting of exposures will also take place in consideration of the results of internal credit risk assessment methodologies and no longer solely on the basis of risk assessments made by external rating agencies.

A.2.1 Distribution of financial assets, commitments to disburse funds and financial guarantees given by external rating classes (gross amounts)

Exposures (€m)	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**82**	**347**	**42,860**	**54**	**-**	**-**	**2,564**	**45,907**
- Stage 1	82	329	42,405	54	-	-	1,965	44,835
- Stage 2	-	18	455	-	-	-	599	1,072
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**33,659**	**-**	**-**	**-**	**-**	**33,659**
- Stage 1	-	-	33,659	-	-	-	-	33,659
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-	-	-
Total (A + B + C)	**82**	**347**	**76,519**	**54**	**-**	**-**	**2,564**	**79,566**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A + B + C + D)	**82**	**347**	**76,519**	**54**	**-**	**-**	**2,564**	**79,566**

Stage 2 reflects mainly financial assets represented by trade receivables for which loss provisions are measured with the simplified approach.

The unrated exposures shown in the first stage refer mainly to outstanding transactions with Cassa Compensazione e Garanzia.

The rating agency equivalents of credit rating classes are shown below:

Credit rating class	Fitch	Moody's	S&P	DBRS
1	from AAA to AA-	from Aaa to Aa3	from AAA to AA-	from AAA to AAL
2	from A+ to A-	from A1 to A3	from A+ to A-	from AH to AL
3	from BBB+ to BBB-	from Baa1 to Baa3	from BBB+ to BBB-	from BBBH to BBBL
4	from BB+ to BB-	from Ba1 to Ba3	from BB+ to BB-	from BBH to BBL
5	from B+ to B-	from B1 to B3	from B+ to B-	from BH to BL
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC

The nature of BancoPosta's operations exposes it to a substantial degree of concentration in respect of the Italian state. The concentration can be seen in Table A.2.1 under External Rating Class 3, which includes the Italian state.

A.2.2 Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by internal rating classes (gross amounts)

Exposures (€m)	Internal rating classes: from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB	Unrated	Total
A. Financial assets measured at amortised cost	**9**	**2,741**	**41,847**	**54**	**1,256**	**45,907**
- Stage 1	9	2,741	41,847	54	184	44,835
- Stage 2	-	-	-	-	1,072	1,072
- Stage 3	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**33,659**	**-**	**-**	**33,659**
- Stage 1	-	-	33,659	-	-	33,659
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-
Total (A + B + C)	**9**	**2,741**	**75,506**	**54**	**1,256**	**79,566**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- Acquired or originated impaired financial assets	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**
Total (A + B + C + D)	**9**	**2,741**	**75,506**	**54**	**1,256**	**79,566**

A.3 Distribution of guaranteed credit exposures by type of guarantee

A.3.1 Guaranteed on- and off-balance-sheet credit exposures to banks

(€m)	Gross exposure	Net exposure	Collateral (1): Mortgages	Collateral (1): Real estate - Lease financing	Collateral (1): Securities	Collateral (1): Other collateral	Personal guarantees (2) - Credit derivatives: CLN	Other derivatives: Central counterparties	Other derivatives: Banks	Other derivatives: Other financial companies	Other derivatives: Other entities	Unsecured loans: Public Administration entities	Unsecured loans: Banks	Unsecured loans: Other financial companies	Unsecured loans: Other entities	Total (1)+(2)
1. Guaranteed on-balance sheet credit exposures:																
1.1 guaranteed in full	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially guaranteed	213	213	-	-	207	-	-	-	-	-	-	-	-	-	-	**207**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2. Guaranteed off-balance sheet credit exposures:																
2.1 guaranteed in full	321	321	-	-	-	321	-	-	-	-	-	-	-	-	-	**321**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially guaranteed	864	864	-	-	-	807	-	-	-	-	-	-	-	-	-	**807**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

Cash credit exposures to banks at 31 December 2024 relate to repo transactions and derivative transactions with a positive net fair value.

A.3.2 Guaranteed on- and off-balance-sheet credit exposures to customers

	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)									Total (1)+(2)
			Mortgages	Real estate - Lease financing	Securities	Other collateral	Credit derivatives					Unsecured loans				
							CLN	Other derivatives				Public Administration entities	Banks	Other financial companies	Other entities	
(€m)								Central counterparties	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:																
1.1 guaranteed in full	1,397	1,397	-	-	-	-	-	-	-	-	-	1,397	-	-	-	**1,397**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
1.2 partially guaranteed	4,019	4,018	-	-	2,502	-	-	-	-	-	-	1,500	-	-	-	**4,002**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2. Guaranteed off-balance sheet credit exposures:																
2.1 guaranteed in full	344	344	-	-	-	344	-	-	-	-	-	-	-	-	-	**344**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
2.2 partially guaranteed	29	29	-	-	-	27	-	-	-	-	-	-	-	-	-	**27**
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

On-balance sheet credit exposures refer to:

- fixed rate securities with a nominal amount of €3,000 million issued by Cassa Depositi e Prestiti and guaranteed by the Italian State;
- repo transactions managed through the Central Counterparty (CC&G) that meet the requirements of IAS 32 and are therefore offset in the financial statement in the amount of €1,160 million.

Off-balance sheet credit exposures refer to derivative transactions with a positive net fair value.

In addition, at 31 December 2024, reverse repurchase agreements with Central Counterparty with a total nominal value of €1,550 million had been entered into, but not yet settled.

B. Distribution and concentration of credit exposures

B.1 Distribution of on and off-balance sheet credit exposures to customers by economic sector

Exposures/Counterparties (€m)	Public Administration entities		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses
A. On-balance sheet credit exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	72,406	32	5,752	2	393	-	654	29	7	29
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
TOTAL A	**72,406**	**32**	**5,752**	**2**	**393**	**-**	**654**	**29**	**7**	**29**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	680	-	-	-	-	-	-	-
TOTAL B	**-**	**-**	**680**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2024	**72,406**	**32**	**6,432**	**2**	**393**	**-**	**654**	**29**	**7**	**29**
TOTAL (A+B) at 31.12.2023	**70,647**	**44**	**6,706**	**3**	**332**	**-**	**384**	**26**	**6**	**27**

B.2 Geographical distribution of on- and off-balance sheet credit exposures to customers

Exposures/geographic areas (€m)	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses
A. On-balance sheet credit exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	78,630	92	189	-	-	-	-	-	-	-
TOTAL A	**78,630**	**92**	**189**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	680	-	-	-	-	-	-	-
TOTAL B	**-**	**-**	**680**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) al 31.12.2024	**78,630**	**92**	**869**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) al 31.12.2023	**76,548**	**100**	**1,195**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.2 Geographical distribution of on- and off-balance sheet credit exposures to customers

Exposures/geographic areas (€m)	ITALY, NORTHWEST		ITALY, NORTHEAST		ITALY, CENTRE		ITALY, SOUTH AND ISLANDS	
	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses
A. On-balance sheet credit exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	2	8	1	5	78,621	47	6	32
TOTAL A	**2**	**8**	**1**	**5**	**78,621**	**47**	**6**	**32**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-	-	-	-
TOTAL B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2024	**2**	**8**	**1**	**5**	**78,621**	**47**	**6**	**32**
TOTAL (A+B) at 31.12.2023	**2**	**8**	**1**	**5**	**76,540**	**57**	**5**	**30**

The concentration in central Italy is due to the fact that nearly all exposures consist of Italian Government securities and deposits at the MEF.

B.3 Geographical distribution of on and off-balance sheet credit exposures to banks

Exposures/geographic areas (€m)	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses
A. On-balance sheet credit exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	483	-	306	-	-	-	-	-	-	-
TOTAL A	**483**	**-**	**306**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	280	-	1,720	-	-	-	-	-	-	-
TOTAL B	**280**	**-**	**1,720**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2024	**763**	**-**	**2,026**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2023	**1,370**	**-**	**3,538**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.3 Geographical distribution of on and off-balance sheet credit exposures to banks

Exposures/geographic areas (€m)	ITALY, NORTHWEST		ITALY, NORTHEAST		ITALY, CENTRE		ITALY, SOUTH AND ISLANDS	
	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses	Net exposure	Total impairment losses
A. On-balance sheet credit exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	250	-	-	-	233	-	-	-
TOTAL A	**250**	**-**	**-**	**-**	**233**	**-**	**-**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	205	-	-	-	75	-	-	-
TOTAL B	**205**	**-**	**-**	**-**	**75**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2024	**455**	**-**	**-**	**-**	**308**	**-**	**-**	**-**
TOTAL (A+B) at 31.12.2023	**292**	**-**	**-**	**-**	**1,078**	**-**	**-**	**-**

B.4 Large exposures

In compliance with the supervisory standards in force, the table for "Large exposures" shows information on exposures to customers or groups of connected customers that exceed 10% of total own funds. The exposures are determined with reference to total on-balance sheet risk assets and off-balance sheet transactions, without applying any risk weightings. Based on these criteria, the table includes entities that, despite having a risk weighting of 0%, represent an unweighted exposure in excess of 10% of own funds. Exposures to the Italian state shown in the table represent approximately 94% of the total carrying amount. The remaining exposures regard primary counterparties represented by European banks and other central counterparties in Italy. However, in view of the fact that it cannot lend to the public, the Bank of Italy has exempted BancoPosta RFC from application of the requirements regarding limits on large exposures. No further exemptions from the remaining obligations have been granted.

Large exposures	
a) Carrying amount (€m)	82,949
b) Weighted amount (€m)	1,020
c) Number	4

E. Disposal of assets

A. Financial assets sold but not fully derecognised

Qualitative information

In the case of BancoPosta RFC, this category only regards Italian government securities provided as collateral for repurchase agreements. BancoPosta uses these transactions to access the interbank market to raise funds, with the aim of funding the purchase of government securities and the deposits necessary for margin lending.

Quantitative information

E.1 Financial assets sold recognised in full and related financial liabilities: carrying amount

	Financial assets sold recognised in full				Associated financial liabilities		
(€m)	Carrying amount	of which: securitised	of which: subject to repurchase agreements	of which non-performing	Carrying amount	of which: securitised	of which: subject to repurchase agreements
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**2,251**	**-**	**2,251**	**-**	**2,119**	**-**	**2,119**
1. Debt securities	2,251	-	2,251	-	2,119	-	2,119
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**5,588**	**-**	**5,588**	**-**	**5,246**	**-**	**5,246**
1. Debt securities	5,588	-	5,588	-	5,246	-	5,246
2. Loans	-	-	-	-	-	-	-
TOTAL at 31.12.2024	**7,839**	**-**	**7,839**	**-**	**7,365**	**-**	**7,365**
TOTAL at 31.12.2023	**10,915**	**-**	**10,915**	**-**	**10,553**	**-**	**10,553**

Section 2 – Market risk

Market risk relates to:

- price risk: the risk that the value of a financial instrument fluctuates as a result of market price movements, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market;
- foreign exchange risk: the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency;
- fair value interest rate risk: the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates;
- spread risk: the risk relates to the potential fall in the value of bonds held, following a deterioration in the creditworthiness of issuers;
- cash flow interest rate risk: the risk that the cash flows will fluctuate because of movements in market interest rates;
- interest rate risk of future cash flows: the risk that the cash flows will fluctuate because of movements in inflation rates in the market.

2.1 Interest rate and price risks - supervisory trading book

At 31 December 2024, there were financial liabilities for trading deriving exclusively from the stipulation of a forward contract for the sale of 95 thousand ordinary shares of *Visa Incorporated* for the purpose of stabilising their yield. This transaction does not meet the "trading intent" requirement, as defined by art. 104 of Regulation (EU) no. 575/2013, for classification in the "Regulatory trading book"; this intent is, however, excluded from the "Guidelines on Poste Italiane SpA's financial management" for BancoPosta RFC.

Information on the market risks associated with this transaction is provided in the "Banking Book" section.

2.2 Interest rate and price risks - banking book

Qualitative information

A. Generalities, management policies and interest rate and price risk measurement methods

- **Interest rate risk**

Interest rate risk is inherent in the operations of a financial institution and can affect income (cash flow interest rate risk) and the value of the firm (fair value interest rate risk). Movements in interest rate can affect the cash flows associated with variable rate assets and liabilities and the fair value of fixed rate instruments.

Cash flow interest rate risk arises from the mismatch – in terms of interest rate, interest rate resets and maturities – of financial assets and liabilities until their contractual maturity and/or expected maturity (banking book), with effects in terms of interest spreads and an impact on future results. This risk is of particular relevance to variable rate assets and liabilities or assets and liabilities which have been transformed into variable rate by fair value hedges.

Fair value interest rate risk primarily refers to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components of variable rate financial instruments or fixed rate financial instruments converted to variable rate via fair value hedges. The impact of these effects is directly related to the financial instrument's duration[449].

Interest rate risk on the banking book is measured internally using the economic value method. This results in a need to develop an amortisation schedule for the sight deposits consistent with its nature and to select a time horizon and confidence levels for the estimates. A maximum time horizon (cut-off point) of 23 years is used for retail customer deposits, 6 years for business customer deposits, 10 years for Postepay cards[450], and 2 years for Public Administration deposits, based on a 99% confidence level. This approach entails the computation of an ALM rate risk through the determination of asset/liability.

The exposure to interest rate risk, as measured internally, is subject to stress tests of the principal risk factors – such as the duration of deposits, the value of assets and liabilities in the statement of financial position – that contribute to determining the measurement of exposure. In particular, the stress tests assumed include a reduction in the maximum maturity horizon (cut-off) for on-demand funding and the revaluation of assets and liabilities under adverse market scenarios.

449. Duration is the indicator used to estimate the percentage change in price in response to a shift in market returns.
450. Since 1 October 2018, prepaid cards are the responsibility of PostePay SpA. The liquidity collected through these cards is transferred to BancoPosta, which invests it in accordance with the investment constraints imposed on other deposits from private customers. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposits continue to apply.

Interest rate risk management and mitigation is based on the conclusions of the measurement of risk exposure and compliance - in line with the risk appetite and thresholds and limits established in the RAF - with financial operations guidelines as approved from time to time by the Board of Directors of Poste Italiane SpA.

Details on the risk management model are contained in the note on financial risks in Part E.

BancoPosta RFC monitors market risk, including fair value interest rate and spread risks, inherent in financial assets measured at fair value through other comprehensive income and derivative financial instruments through the computation of Value at Risk (VaR) over a time horizon of 1 day at a 99% confidence level.

- **Spread risk**

Spread risk regards commitments in euro area government securities or guaranteed by the Italian government and classified as financial assets measured at fair value through other comprehensive income. 2024 witnessed an average decrease in the yields on Italian government bonds compared with the previous year and, at 31 December 2024, the spread between ten-year Italian government bonds and German bunds is approximately 116 bps, down on the figure for the previous year (168 bps at 31 December 2023).

In the reporting period, the context described above resulted in the portfolio of financial assets measured at fair value through other comprehensive income (notional of around €33,795 billion), held by BancoPosta RFC, an overall net increase in fair value of approximately €0.8 billion: this change was partly recognised in the profit or loss for a positive amount of approximately €0.2 billion relating to the change in the fair value of securities hedged against interest rate risk, whilst the positive change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in equity for approximately €0.6 billion.

- **Price risk**

Price risk relates to financial assets measured at fair value through profit or loss.

This sensitivity analysis takes into account the main positions potentially exposed to the greatest risk of price movements.

BancoPosta RFC monitors the price risk to which its shareholdings are exposed by computing Value at Risk (VaR) over a time horizon of 1 day at a 99% confidence level.

Quantitative information

1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: Euro

Type/Time-to-maturity (€m)	Demand	3 months or less	3 - 6 months	6 months - 1 year	1 - 5 years	5 - 10 years	Over 10 years	Unspecified maturity
1. On-balance sheet assets	**13,195**	**6,818**	**7,748**	**1,040**	**9,348**	**7,113**	**35,504**	**-**
1.1 Debt securities	-	4,000	7,748	1,040	9,348	7,113	35,504	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	4,000	7,748	1,040	9,348	7,113	35,504	-
1.2 Due from banks	574	213	-	-	-	-	-	-
1.3 Due from customers	12,621	2,605	-	-	-	-	-	-
- current accounts	5	-	-	-	-	-	-	-
- other loans	12,616	2,605	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	12,616	2,605	-	-	-	-	-	-
2. On-balance sheet liabilities	**81,652**	**3,411**	**101**	**915**	**2,938**	**-**	**-**	**-**
2.1 Due to customers	80,325	1,160	-	-	-	-	-	-
- current accounts	74,541	-	-	-	-	-	-	-
- other deposits	5,784	1,160	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	5,784	1,160	-	-	-	-	-	-
2.2 Due to banks	1,327	2,251	101	915	2,938	-	-	-
- current accounts	176	-	-	-	-	-	-	-
- other deposits	1,151	2,251	101	915	2,938	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	137	-	410	-	-	-	-
+ Short positions	-	-	-	-	-	-	542	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	15,263	-	4,519	5,279	2,518	2,829	-
+ Short positions	-	2,175	-	6,351	-	50	21,832	-
4. Other off-balance sheet transactions								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: US dollar

Type/Time-to-maturity (€m)	Demand	3 months or less	3 - 6 months	6 months - 1 year	1 - 5 years	5 - 10 years	Over 10 years	Unspecified maturity
1. On-balance sheet assets	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Due from banks	1	-	-	-	-	-	-	-
1.3 Due from customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other loans	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Due to customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
4. Other off-balance sheet transactions								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: Swiss franc

Type/Time-to-maturity (€m)	Demand	3 months or less	3 - 6 months	6 months - 1 year	1 - 5 years	5 - 10 years	Over 10 years	Unspecified maturity
1. On-balance sheet assets	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Due from banks	1	-	-	-	-	-	-	-
1.3 Due from customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other loans	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Due to customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
4. Other off-balance sheet transactions								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

2. Banking portfolio: internal models and other methods of sensitivity analysis

- **Fair value interest rate risk**

The sensitivity of exposures to fair value interest rate risk was tested by assuming a parallel shift of the market yield curve of +/- 100 bps. The sensitivities data shown by the analysis provide a base scenario that can be used to measure potential changes in fair value, in the presence of changes in interest rates.

BancoPosta' RFCs financial assets measured at fair value through other comprehensive income at 31 December 2024 had a duration of 5.74 for the securities and derivatives portfolio (31 December 2023: duration of 5.06). The sensitivity analysis is shown in the table.

Fair value interest rate risk

Description (€m)	Risk exposure				Equity reserves before taxation	
	31.12.2024		31.12.2023		31.12.2024	
	Nominal value*	Fair value	Nominal value*	Fair value	+100bps	-100bps
Financial assets measured at fair value through other comprehensive income						
Fixed income instruments	33,795	33,645	34,859	33,069	(1,201)	1,246
Assets - Hedging derivatives	410	3	-	-	52	(64)
Liabilities - Hedging derivatives	137	(1)	-	-	19	(22)
Total	**34,342**	**33,647**	**34,859**	**33,069**	**(1,130)**	**1,160**

* The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

All of BancoPosta RFC's investments are classified as either "Financial assets measured at amortised cost" or "Financial assets measured at fair value through other comprehensive income". The sensitivity analysis shown above is for the last of these categories.

In particular, the risk under review in relation to financial assets measured at fair value through other comprehensive income refers to fixed income Government bonds for €33,645 million, consisting of fixed rate securities for €13,193 million, variable rate securities for €658 million, variable rate securities swapped into fixed rate securities through interest rate swaps of cash flow hedges for €6,675 million, inflation-indexed securities for €879 million and fixed or inflation-indexed securities swapped into variable rate instruments through fair value hedge derivatives for €12,240 million (of which €2,697 million with forward starts).

Derivative financial instruments which are relevant to the risk in question relate to forward sales of government bonds with a nominal value of €547 million, classified as cash flow hedges

- **Spread risk**

Spread risk reflects the impact of the difference between yields on sovereign debt and the fair value of euro area government bonds, where such difference, or spread, reflects the perception of markets regarding issuers' creditworthiness.

The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called risk-free interest rates. This is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning both the fixed and variable rate components. In this latter case, in fact, fair value derivatives, used to convert variable rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and variable instruments.

The sensitivity to the spread[451] has been calculated by applying a shift to the yield curve for Italian government bonds. Compared to the previous year, the actual exposure to risk was assessed and, consistent with what was applied at the Poste Italiane Group level, only a worsening scenario of the stress conditions, i.e. a shift in the curve equal to +100 bps, was deemed more significant in terms of potential impact on results.

The sensitivity analyses are shown below.

Fair value spread risk

Description (€m)	Risk exposure				Equity reserves before taxation
	31.12.2024		31.12.2023		31.12.2024
	Nominal value*	Fair value	Nominal value*	Fair value	+100bps
Financial assets measured at fair value through other comprehensive income					
Fixed income instruments	33,795	33,645	34,859	33,069	(3,345)
Assets - Hedging derivatives	410	3	-	-	56
Liabilities - Hedging derivatives	137	(1)	-	-	19
Total	**34,342**	**33,647**	**34,859**	**33,069**	**(3,270)**

* The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

It is worthy of note that any change in the spread would not entail any accounting effect on financial assets measured at amortised cost but would affect solely unrealised gains/losses. In other words, fixed income instruments measured at amortised cost, which at 31 December 2024 amounted to €31,108 million (nominal value of €30,866 million) and have a fair value of €29,647 million, would be reduced in fair value by approximately €2.80 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Movements in the spread have no impact on BancoPosta RFC's ability to meet its capital requirements, as the fair value reserves are not included in the computation of own funds for supervisory purposes.

The following is the result of the VaR analysis carried out with reference to financial assets measured at fair value through other comprehensive income and the related derivative financial instruments, taking into account the variability of both spread and interest rate risk on fair value:

(€m)	2024	2023
Average VaR	(341)	(415)
Minimum VaR	(301)	(296)
Maximum VaR	(417)	(565)

Taking into account financial assets measured at fair value through other comprehensive income (including the related hedges outstanding), the combined analysis of spread risk and interest rate risk on fair value at 31 December 2024 results in a potential loss of €313 million (VaR at the end of the period). There are no significant changes from the value at 31 December 2023.

- **Cash flow interest rate risk**

The sensitivity to cash flow interest rate risk at 31 December 2023 and 31 December 2024 is summarised in the table below and was computed assuming a +/- 100 bps parallel shift in the market forward interest rate curve.

451. The variables used to develop the sensitivity are the swap rate curve and the BTP curve were used (10-year swap rate of 236 bps and the spread of the BTP compared to the 10-year swap rate of 116 bps).

Cash flow interest rate risk

Description (€m)	Risk exposure		Net interest and other banking income	
	31.12.2024	31.12.2023	31.12.2024	
	Notional	Notional	+100 bps	-100 bps
Cash				
- Deposits with Bank of Italy	126	756	1	(1)
- Deposits with banks	8	7	-	-
Financial assets measured at amortised cost				
Due from banks				
- Collateral guarantees	399	796	4	(4)
Due from customers				
- Deposits at MEF (PA deposits)	9,972	8,936	100	(100)
- Deposits at MEF (private customer deposits)	346	873	3	(3)
- Collateral guarantees	402	427	4	(4)
- Cash reserve at CC&G	386	-	4	(4)
- Due from Poste Italiane SpA outside the ring-fence	640	355	6	(6)
- Fixed income instruments	9,327	6,456	93	(93)
Financial assets measured at fair value through other comprehensive income				
- Fixed income instruments	11,105	8,895	111	(111)
Financial liabilities measured at amortised cost				
Due to banks				
- Collateral guarantees	(1,151)	(2,102)	(11)	11
- Repurchase agreements	(2,225)	(3,996)	(22)	22
Due to customers				
- Collateral guarantees	(387)	(729)	(4)	4
Total variability	**28,948**	**20,674**	**289**	**(289)**

Cash flow interest rate risk at 31 December 2024 was primarily due to:

- the placement of Public Administration and private deposits with the MEF;
- deposits with the Bank of Italy of account temporary excess of liquidity deriving from private customer deposits;
- fixed rate securities issued by the Italian State swapped to floating-rate securities through fair value hedge derivatives for a total nominal amount of €19,782 million, of which: (i) €2,351 million with hedging effects in the 12 months following the reporting period; (ii) €2,570 million with inflation-linked return;
- variable rate securities issued by the Italian government with a total nominal value of €650 million;
- receivables for a total amount of €1,187 million for guarantee deposits given as collateral for derivative financial instruments and repurchase agreements and for the liquidity reserve deposited with CC&G for possible intraday margining;
- Payables for a total amount of €1,538 million for security deposits provided as collateral for derivative financial instruments and repurchase agreements;
- repurchase agreements at variable rate with a nominal value of 2,225 million.

- **Cash flow inflation risk**

Cash flow inflation rate risk at 31 December 2024 relates to government inflation-indexed bonds which were not hedged through the arrangement of cash flow hedges or fair value hedges entered into by BancoPosta RFC, having a nominal value of €1,024 million and a carrying amount of €1,160 million. The effects of sensitivity analysis are immaterial.

- **Price risk**

The sensitivity of financial instruments to price risk is analysed using a variability stress calculated with reference to one-year historical volatility, considered to be representative of potential market movements.

Price risk

Description (€m)	Risk exposure 31.12.2024	Risk exposure 31.12.2023	Net interest and other banking income 31.12.2024 + Vol 260gg	Net interest and other banking income 31.12.2024 - Vol 260gg
Financial assets measured at fair value through profit or loss				
Equity instruments	34	26	6	(6)
Financial liabilities held for trading	(8)	(3)	(5)	5
Total	**26**	**23**	**1**	**(1)**

Notes on the related equity instruments (shares) are contained in Part B, Assets, Table 2.5.

The Visa Incorporated preferred stocks (Series C Convertible Participating Preferred Stocks and Serie A Preferred Stocks) held in portfolio were sensitivity tested using similar Class A stocks, after adjusting for the volatility of the shares traded on the NYSE. This volatility was mitigated by the partial forward sale of Visa Incorporated Series C ordinary shares in 2023. The shares' price risk is also monitored through the computation of VaR.

(€m)	2024	2023
Closing VaR	(0.2)	(0.2)
Average VaR	(0.2)	(0.2)
Minimum VaR	(0.1)	(0.1)
Maximum VaR	(0.2)	(0.2)

2.3 Foreign exchange risk

Qualitative information

A. Generalities, management policies and foreign exchange risk measurement methods

Foreign exchange risk relates to losses that could be incurred on foreign currency positions, regardless of portfolio, through fluctuations in foreign exchange rates. In BancoPosta RFC's case, this risk primarily derives from foreign currency bank accounts, foreign currency cash and VISA shares[452].

Foreign exchange risk is controlled by the Risk Management unit using the measurement of exposure to the risk in accordance with financial operations guidelines which restrict currency trading to the foreign exchange service and international bank transfers.

Foreign exchange risk is measured using the Bank of Italy prudential methodology currently recommended for banks (see EU Regulation 575/2013). Furthermore, sensitivity stress tests are regularly conducted for the most important exposures with reference to hypothetical levels of exchange rate volatility for each currency position. Movements in exchange rates equal to the historical volatility are assumed to emulate market fluctuations.

452. The foreign exchange risk relating to VISA shares was mitigated through forward sale transactions carried out during 2023.

B. Foreign exchange hedges

Quantitative information

1. Distribution of assets, liabilities and derivatives by currency

Items (€m)	Currency					
	US Dollar	Swiss Franc	GB Sterling	Japanese Yen	Tunisian Dinar	Other currencies
A. Financial assets	**35**	**1**	**-**	**-**	**-**	**-**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity instruments	34	-	-	-	-	-
A.3 Due from banks	1	1	-	-	-	-
A.4 Due from customers	-	-	-	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**30**	**8**	**4**	**-**	**-**	**-**
C. Financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Due to banks	-	-	-	-	-	-
C.2 Due to customers	-	-	-	-	-	-
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**
E. Financial derivatives						
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	21	-	-	-	-	-
+ Short positions	29	-	-	-	-	-
Total assets	**86**	**9**	**4**	**-**	**-**	**-**
Total liabilities	**29**	**-**	**-**	**-**	**-**	**-**
Net position (+/-)	**57**	**9**	**4**	**-**	**-**	**-**

"Other assets" relate to foreign currencies held in post offices for the foreign exchange service.

2. Internal models and other methods of sensitivity analysis

Application of the foreign exchange rate volatility during the period to the most important equity instruments held by BancoPosta are shown in the following table.

Foreign exchange risk - US dollar

Description (€m)	Risk exposure				Net interest and other banking income	
	31.12.2024		31.12.2023		31.12.2024	
	USD	Euro	USD	Euro	+ Vol 260 days	- Vol 260 days
Financial assets measured at fair value through profit or loss						
Equity instruments	35	34	29	26	2	(2)
Liabilities held for trading	(9)	(8)	(3)	(3)	(2)	2
Total	**26**	**26**	**26**	**23**	**-**	**-**

Section 3 – Derivative instruments and hedging policies

3.1 Trading derivative instruments

A. Financial derivatives

A.1 Trading financial derivatives: year-end notional amounts

Underlying assets/Types of derivative (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and equity indexes	**-**	**21**	**-**	**-**	**-**	**21**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	21	-	-	-	21	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**21**	**-**	**-**	**-**	**21**	**-**	**-**

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by product

Types of derivatives (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	(8)	-	-	-	(3)	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**(8)**	**-**	**-**	**-**	**(3)**	**-**	**-**

A.3 OTC trading financial derivatives: notional amounts, gross positive and negative fair value by counterparty

Underlying assets (€m)	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling within the scope of netting agreements				
1) Debt securities and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and equity indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts falling within the scope of netting agreements				
1) Debt securities and interest rates				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity instruments and equity indexes				
- notional amount	-	21	-	-
- positive fair value	-	-	-	-
- negative fair value	-	(8)	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC trading financial derivatives: notional amounts

Underlying/Residual life (€m)	1 year or less	1 - 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	-	-	-	-
A.2 Financial derivatives on equity instruments and equity indexes	21	-	-	21
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2024	**21**	**-**	**-**	**21**
Total at 31.12.2023	**-**	**21**	**-**	**21**

3.2 Hedge accounting

BancoPosta RFC implements fair value and cash flow hedging policies to which the accounting rules set forth in IFRS 9 - *Financial Instruments*, to which the Poste Italiane Group has transitioned retroactively as of 1 January 2024, are applied, as described in more detail in section 2.4 - *Changes to accounting policies* - of this section - *Poste Italiane's Financial Statements* - of the Annual Report.

The reform of key interest rate benchmarks, called the "InterBank Offered Rate (IBOR) Reform", involved regulators in various jurisdictions around the world with the aim of replacing some interbank rates with risk-free alternative rates and preparing guidelines to update contract models.

Currently, the main benchmarks for the euro area are:
- the Euro Short Term Rate - ESTR (administered by the European Central Bank and published as of 2 October 2019) which replaced the Euro OverNight Index Average (EONIA - no longer listed as of 1 January 2022) redefining it as ESTR plus 8.5 bps;
- the EURIBOR (administered by the European Money Market Institute), whose reform process ended in November 2019.

BancoPosta RFC hold financial instruments indexed to both ESTR and EURIBOR. The latter continues to be quoted daily and the related cash flows continue to be traded with counterparties as usual. In relation to this parameter, there is therefore no uncertainty resulting from the IBOR reform on 31 December 2024. These instruments are subject to daily collateralisation remunerated at ESTR + 8.5 bp (formerly EONIA).

Specifically, the RFC holds interest rate swaps designated as fair value hedge instruments that have a variable "leg" indexed to EURIBOR, for a notional amount of €24,452 million. With particular reference to almost all of these instruments, the cash flows at 31 December 2024 are discounted at the EONIA rate defined as ESTR plus 8.5 bps and not at the ESTR rate as defined in the contracts in place with the counterparties.

Qualitative information

A. Fair value hedges

BancoPosta RFC has a government bond portfolio – made up of fixed income BTPs and inflation-linked BTPs – subject to movements in fair value due to changes in interest rates and in the inflation rate.

To limit the effects of interest rates on fair value deriving from said instruments, BancoPosta RFC enters into interest rate swaps Over the Counter (OTC) to hedge the fair value of the bonds held in portfolio. The objective of these transactions is to have instruments that can offset changes in fair value of the portfolio due to interest rate fluctuations and the rate of inflation.

In addition, BancoPosta RFC carries out transactions in repurchase agreements, on euro-government securities or with the guarantee of the Italian state for various purposes, including to invest in government bonds, to meet liquidity needs arising from the dynamics of funding on current accounts, and to actively manage the treasury position and deposits as collateral for collateralisation transactions. These transactions are mainly fixed rate transactions and, therefore, are exposed to changes in fair value due to fluctuations in interest rates.

To limit the effects of interest rates on fair value deriving from said operations, BancoPosta RFC enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the repos held in portfolio.

B. Cash flow hedges

BancoPosta RFC enters into:

- **forward purchases** of government bonds, to limit the exposure to interest rate risk deriving from the need to reinvest the cash generated by maturing bonds held in portfolio and the 10-year indexed component of returns on deposits with the MEF of Public Administration inflows;
- **forward sales** of government bonds to pursue the stabilisation of returns.

These derivatives qualify as cash flow hedges of forecast transactions.

In addition, BancoPosta RFC has a portfolio of inflation-linked BTPs subject to cash flow variability in relation to inflation.

To limit the effects of interest rates on cash flows deriving from the types of instruments described previously, BancoPosta RFC enters into OTC Interest Rate Swaps or Inflation Swaps to hedge the cash flows of the bonds held in portfolio. The objective of these transactions is to stabilise until maturity the return of the instrument, regardless of movements of the variable parameter.

C. Hedges of foreign operations

BancoPosta RFC does not have a policy for hedges of foreign operations.

D. Hedging instruments

Regarding fair value hedge instruments, the main source of ineffectiveness is the use of different spreads/fixed rates[453] in determining the fair value of the hypothetical derivative and the derivative actually entered into. In particular, to evaluate the effectiveness of the hedge relationship, for the hypothetical derivative use is made of the mid-market spread/fixed rate, which makes the present value at the settlement date equal to zero, and for the actual derivative the interest rate agreed upon with the counterparty.

As to cash flow hedge instruments, the main source of ineffectiveness is the use of the fixed rate component used in determining the fair value of the hypothetical derivative and the actual derivative. In particular, to evaluate the effectiveness of the hedge relationship use is made, for the hypothetical derivative, the fixed rate that makes the present value at the settlement date equal to zero while for the actual derivative the calculation is performed with the interest rate agreed upon with the counterparty.

With respect to the hedges of forecast transactions, no source of ineffectiveness was identified, as the forward prices of the counterparties were assumed to be perfectly equal to the theoretical forward prices.

E. Hedged items

BancoPosta RFC designates as hedged items:

- fixed rate and inflation-linked government bonds and repos at fixed rate in the portfolio, in connection with the fair value hedge policy;
- inflation-linked bonds and forecast transactions, in connection with cash flow hedge policies.

In particular, in fair value hedges of Italian government bonds, the credit risk of the Italian Republic is not hedged and is set for the duration of the swap. In addition, full hedges and partial hedges are implemented, with the start date equal to the date of purchase of the instrument (swap spot start) and after the purchase of the instrument (swap forward start), respectively.

453. For Repos, hedging is performed by defining the variable-rate component simply indexed to EURIBOR and the fixed-rate component incorporating market conditions.

As regards fair value hedges of repos, total hedges are implemented, with an immediate start date.

With regard to fair value hedges, BancoPosta RFC enters into derivative finance transactions and assesses the effectiveness of the derivative designated in each hedging relationship in order to verify that the following effectiveness criteria are met:
- the existence of an economic relationship between the hedging instrument and the hedged item;
- the effect of credit risk does not prevail over the changes in value deriving from the economic relationship;
- the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes.

These assessments are made on an ongoing basis at each reporting date, or when there is a significant change in the drivers affecting individual hedging relationships.

The requirements of hedge effectiveness can be assessed on the basis of a qualitative assessment of the Critical terms[454] only in cases where the hedging instrument and the related hedged instrument are perfectly aligned and their fair values move speculatively in opposite directions.

In cases where the qualitative analysis reveals potential sources of ineffectiveness and consequently the critical terms approach is not applicable, Poste Italiane performs a quantitative assessment of the hedging relationship in order to intercept, at source, all potential sources of ineffectiveness that could impact the valuation of the hedging relationship (hedge relationship).

In order to measure ineffectiveness at each reporting date, Poste Italiane uses the "Dollar offset approach through the hypothetical derivative[455]". This method consists of comparing the changes in fair value of the hedging instrument and the hedged item between the inception date of the hedging relationship and the reporting date. The hedged item considered for the use of the Dollar Offset method is the hypothetical derivative. The hypothetical derivative and the actual hedging instrument have a settlement date consistent with the hedge inception (spot or forward start) and differ solely in their spread/fixed rate which is considered, as already indicated, the main source of ineffectiveness. The partial ineffectiveness of the hedge, equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

Furthermore, in order to also carry out a prospective assessment of the hedge, different approaches are adopted depending on the characteristics of the derivative instrument. Specifically:
- the "Critical terms" approach for swap spot starts, for which it has been determined at inception that the characteristics of the fixed leg make it possible to replicate exactly the fixed cash flows generated by the hedged item;
- the "Dollar offset through the hypothetical derivative" approach for forward start swaps and hedging swaps related to repurchase agreement, for which the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[456].

Regarding cash flow hedges, BancoPosta RFC evaluates the effectiveness of the designated derivative in every hedging relationship through a qualitative and quantitative test.

With regard to forecast transaction hedges, in cases where the qualitative analysis of critical terms reveals potential sources of ineffectiveness and, consequently, the critical terms approach is not applicable, Poste Italiane performs a quantitative assessment of the hedging relationship in order to intercept, at source, all potential sources of ineffectiveness that could impact the measurement of the hedge relationship.

454. The Critical terms approach involves a comparison between the critical terms of the hedging instrument with those of the hedged item. The hedging relationship is highly effective when all the critical terms of the two instruments match perfectly and there are no features or options that might invalidate the hedge. Critical terms include, for example: notional amount of the derivative and principal of the underlying, credit risk, timing, currency of the cash flows.

455. The Dollar offset method is a quantitative method that involves a comparison between movements in the fair value or cash flow of the hedging instrument and the movements in the fair value or cash flow of the hedged instrument attributable to the risk hedged. Depending on the policy selected, this approach can be used:
- on a cumulative basis, by observing the performance of the hedge since inception;
- on a periodic basis, by comparing the hedge performance with that of the last test.

The dollar offset method can be implemented through a hypothetical derivative, that is by constructing a theoretical derivative to compare the relevant theoretical movements in far value or cash flow with those of the hedged instrument (actual derivative).

456. Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

In said context, in order to limit the ineffectiveness at each reporting date, the quantitative test involves the calculation of a hedge ratio defined as the ratio of the difference between the fair value of the forward transaction entered into with the counterparty on the test and inception date and the present value of the difference between the theoretical forward price of the BTP calculated as of the test and inception date. Assuming a perfect match between the forward prices of the counterparties and the theoretical forward prices, the hedge ratio is always equal to 100%. As such, there are no sources of ineffectiveness.

For the purposes of the prospective hedge effectiveness test, the critical terms approach is applied, considering at inception the consistency between the hedging instrument and the hedged item on the basis of the qualitative characteristics of the contracts[457].

With regard to the hedging of inflation-indexed securities, in cases where the qualitative analysis of the Critical terms reveals potential sources of ineffectiveness and consequently the "Critical terms" approach is not applicable, a quantitative test is performed by considering the ratio (Hedge Ratio) between the change in the fair value of the derivative actually entered into and the change in the fair value of the hypothetical derivative, occurring in the time interval between the date the transaction was entered into and the valuation date.

The hypothetical derivative and the actual derivative have the settlement date that matches the inception of the hedge and differ in terms of their fixed income component. Moreover, for the derivatives used to hedge inflation-linked BTP, the fair value at the settlement date reflects also the interest accrued of the instrument accrued from the latest interest payment date to the date of settlement of the derivative. As such, both are considered the main sources of ineffectiveness.

The change in fair value of the actual derivative is recognised through equity, for the effective portion of the hedge, while the change in fair value of the ineffective portion is recognised through profit or loss.

For the purposes of the prospective hedge effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. Specifically:

- the "Critical terms" approach for derivatives for which it has been determined at inception that the characteristics of the indexed leg of the swap make it possible to replicate exactly the variable cash flows generated by the hedged item;
- the "Dollar offset through the hypothetical derivative" approach for derivative contracts with a fixed rate applicable to a nominal amount growing constantly at six-month intervals until the derivative expires. For these contracts the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative[458].

457. The notional amount of the forward contract must be set, at the settlement date, as equal to the nominal amount of the instrument in case of purchase, and equal or lower than the nominal amount of the instrument in case of sale. The underlying of the forward contract must coincide with the instrument that must be purchased or sold (in this case it must be an instrument in the portfolio) at the settlement date. The settlement date must be the same as the date on which the cash flow to be hedged is expected, in case of forward purchase, or must be related to the year in which the total return must be stabilised, in case of forward sale.
458. Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: year-end notional amounts

Underlying assets/Types of derivative (€m)	Total at 31.12.2024				Total at 31.12.2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**-**	**30,955**	**-**	**-**	**-**	**32,314**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	30,408	-	-	-	32,314	-	-
c) Forwards	-	547	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and equity indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**30,955**	**-**	**-**	**-**	**32,314**	**-**	**-**

At 31 December 2024, BancoPosta RFC had outstanding OTC derivatives transactions with central counterparty clearing through clearing brokers for a notional amount of €326 million.

A.2 Hedging financial derivatives: gross positive and negative fair value – breakdown by product

Types of derivatives (€m)	Positive and negative fair value								Change in value used to recognise ineffective portion of hedge	
	Total at 31.12.2024				Total at 31.12.2023				Total at 31.12.2024	Total at 31.12.2023
	Over the counter			Organised markets	Over the counter			Organised markets		
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
1. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	2,676	-	-	-	4,257	-	-	(178)	(348)
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	3	-	-	-	-	-	-	3	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**2,679**	**-**	**-**	**-**	**4,257**	**-**	**-**	**(175)**	**(348)**
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	(1,347)	-	-	-	(1,136)	-	-	(272)	(311)
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	(1)	-	-	-	-	-	-	(1)	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**(1,348)**	**-**	**-**	**-**	**(1,136)**	**-**	**-**	**(273)**	**(311)**

A.3 OTC hedging financial derivatives: notional amounts, gross positive and negative fair value by counterparty

Underlying assets (€m)	Central counterparties	Banks	Other financial companies	Other entities
Contracts not falling within the scope of netting agreements				
1) Debt securities and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and equity indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts falling within the scope of netting agreements				
1) Debt securities and interest rates				
- notional amount	-	23,145	7,810	-
- positive fair value	-	1,999	680	-
- negative fair value	-	(920)	(428)	-
2) Equity instruments and equity indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional amounts

Underlying assets/Residual life (€m)	1 year or less	1 - 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	547	609	29,799	30,955
A.2 Financial derivatives on equity instruments and equity indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total at 31.12.2024	**547**	**609**	**29,799**	**30,955**
Total at 31.12.2023	**4,021**	**609**	**27,684**	**32,314**

D. Hedged instruments

D.1 Fair value hedges

(€m)	Micro-hedges: carrying amount	Micro-hedges - net positions: balance sheet value of assets or liabilities (before netting)	Micro-hedges			Macro-hedges: carrying amount
			Cumulative changes in fair value of hedged instrument	Termination of the hedge: residual cumulative changes in fair value	Change in value use to recognise ineffective portion of hedge	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging:						
1.1 Debt securities and interest rates	12,240	-	(676)	(46)	252	X
1.2 Equity instruments and equity indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost - hedging:						
1.1 Debt securities and interest rates	11,387	-	(1,082)	(109)	207	X
1.2 Equity instruments and equity indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total at 31.12.2024	**23,627**	**-**	**(1,758)**	**(155)**	**459**	**-**
Total at 31.12.2023	**22,551**	**-**	**(3,600)**	**(1,034)**	**723**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging:						
1.1 Debt securities and interest rates	-	-	-	-	(38)	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total at 31.12.2024	**-**	**-**	**-**	**-**	**(38)**	**-**
Total at 31.12.2023	**(3,966)**	**-**	**38**	**-**	**(103)**	**-**

D.2 Cash flows hedges and hedges of foreign investments

(€m)	Change in value use to recognise ineffective portion of hedge	Hedge reserve	Termination of hedge: residual value of hedge reserve
A. Cash flow hedges			
1. Assets			
1.1 Debt securities and interest rates	26	(350)	-
1.2 Equity instruments and equity indexes	-	-	-
1.3 Currencies and gold	-	-	-
1.4 Receivables	-	-	-
1.5 Other	-	-	-
2. Liabilities			
1.1 Debt securities and interest rates	-	-	-
1.2 Currencies and gold	-	-	-
1.3 Other	-	-	-
Total (A) at 31.12.2024	**26**	**(350)**	**-**
Total (A) at 31.12.2023	**38**	**(413)**	**-**
B. Hedges of foreign investments	**X**	**-**	**-**
Total (A + B) at 31.12.2024	**26**	**(350)**	**-**
Total (A + B) at 31.12.2023	**38**	**(413)**	**-**

E. Effects of hedging transactions through equity

E.1 Reconciliation of equity components

	Cash flow hedge reserve					Hedge reserve of foreign investments				
	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Receivables	Other	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Receivables	Other
Opening balance	**(413)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in fair value (effective portion)	111		-	-	-	-	-	-	-	-
Reclassifications to profit or loss	(48)		-	-	-	-	-	-	-	-
of which: future transactions no longer expected	-		-	-	-	X	X	X	X	X
Other changes	-		-	-	-	-	-	-	-	-
of which: transfers to initial carrying amount of hedged instruments	-		-	-	-	X	X	X	X	X
Closing balance	**(350)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Section 4 – Liquidity risk

Qualitative information

A. Generalities, management policies and liquidity risk measurement methods

Liquidity risk is the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments. Liquidity risk may derive from the inability to sell financial assets quickly at an amount close to fair value or the need to raise funds at off-market rates.

It is policy to minimise liquidity risk through:

- diversification of the various forms of short-term and long-term loans and counterparties;
- gradual and consistent distribution of the maturities of medium/long-term loans;
- use of dedicated analytical models to monitor the maturities of assets and liabilities;
- the availability of the interbank markets as a source of repurchase agreement finance, with collateral in the form of securities held in portfolio, due to the fact that such assets consist of financial instruments deemed to be highly liquid assets by current standards.

In order to mitigate liquidity and market risk in the event of extreme market scenarios, BancoPosta RFC can access financing facilities, details of which are provided in Part B, Liabilities, Section 1.

Liquidity risk at BancoPosta RFC regards deposits in current accounts and prepaid cards[459], the related investment in securities, in bonds issued by euro area governments and/or guaranteed by the Italian Republic, or in tax credits or the margins on derivative transactions. The potential risk derives from a mismatch between the maturities of investments in securities and in tax credits and those of liabilities, represented by current accounts where the funds are available on demand, thus compromising the ability to meet its obligations to current account holders. This potential mismatch between assets and liabilities is monitored via comparison of loan and deposit maturities, using the statistical model of the performance of current account deposits, in accordance with the various likely maturity schedules and assuming the progressive total withdrawal of deposits over a period of 23 years for retail customers, 6 years for business customers, 10 years for PostePay cards and 6 years for Public Administration customers. BancoPosta RFC closely monitors the behaviour of deposits taken in order to assure the model's validity.

In addition to postal deposits, BancoPosta also funds itself through:
- long-term repos, amounting to an outstanding €6 billion;
- short-term deposits created through repurchase agreements as funding for incremental deposits used as collateral for interest rate swaps and Repos (collateral provided, respectively, under CSAs and GMRAs).

BancoPosta RFC's maturity mismatch approach entails an analysis of the mismatch between cash in and outflows for each time band of the maturity ladder.

BancoPosta RFC's cash is dynamically managed by treasury for the timely and continual monitoring of private customer postal current account cash flows and the efficient management of short-term cash shortfalls and excesses. In order to assure flexible investments in securities consistent with the dynamic nature of current accounts, BancoPosta RFC can also use the MEF buffer account within certain limits and subject to payment of a fee.

Details on the risk management model are contained in the note on financial risk at the beginning of this Part E.

The liquidity risk resulting from contract terms requiring the provision of additional collateral in the event of a downgrade of Poste Italiane SpA is essentially nil. Such contracts include those for margin lending of derivatives, which require the threshold amount[460] to be reduced to zero in the event that Poste Italiane SpA's rating is downgraded to below "BBB-". The threshold amounts relating to margining lending contracts for both repurchase agreement and derivative transactions are zero.

BancoPosta RFC's liquidity is assessed, in the form of stress tests, through risk indicators (the Liquidity Coverage Ratio and Net Stable Funding Ratio) defined by the Basel 3 prudential regulations. These indicators aim to assess whether or not the entity has sufficient high-quality liquid assets to overcome situations of acute stress lasting a month, and to verify that assets and liabilities have sustainable maturity profiles assuming a stress scenario lasting one year. Taking into account the capital structure of BancoPosta RFC characterised by the presence of a high amount of EU government securities and deposits mainly made up of retail deposits, these indicators are well above the limits imposed by prudential regulations.

Moreover, liquidity risk is monitored through the development of early warning indicators that, in addition to taking into account the level of deposit withdrawals under conditions of stress, aim to monitor funding outflows in line with the estimated performance of deposits at a 99% confidence level.

459. Since 1 October 2018, prepaid cards are the responsibility of PostePay SpA. The liquidity collected through these cards is transferred to BancoPosta, which invests it in accordance with the investment constraints imposed on other deposits from private customers. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposits continue to apply.

460. The threshold amount is the amount of collateral that is not required to be provided under the contract; it therefore represents the residual counterparty risk to be borne by a counterparty.

Quantitative information

1. Distribution of contractual time-to-maturity of financial assets and liabilities

The time distribution of assets and liabilities is shown below, as established for banks' financial statements (Bank of Italy Circular 262/2005 and subsequent updates), using accounting data reported for the residual contractual term to maturity.

Management data, such as the modelling of demand deposits and the reporting of cash and cash equivalents taking account of their degree of liquidity, has, consequently, not been used.

Currency: Euro

Items/Time-to-maturity (€m)	Demand	1 - 7 days	7 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 5 years	Over 5 years	Unspecified maturity
A. On-balance sheet assets	**12,550**	**2,942**	**591**	**-**	**837**	**2,239**	**1,700**	**14,768**	**54,383**	**-**
A.1 Government bonds	-	-	4	-	815	397	1,667	9,116	51,421	-
A.2 Other debt securities	-	-	-	-	22	10	33	1,500	1,500	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Due from	12,550	2,942	587	-	-	1,832	-	4,152	1,462	-
- Banks	175	612	-	-	-	-	-	-	-	-
- Customers	12,375	2,330	587	-	-	1,832	-	4,152	1,462	-
B. On-balance sheet liabilities	**81,268**	**2,112**	**893**	**-**	**-**	**101**	**1,228**	**4,624**	**-**	**-**
B.1 Deposits and current accounts	74,717	-	-	-	-	-	-	-	-	-
- Banks	176	-	-	-	-	-	-	-	-	-
- Customers	74,541	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	6,551	2,112	893	-	-	101	1,228	4,624	-	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	-	-	-	137	-	410	-	-	-
- Short positions	-	-	-	-	-	-	-	-	602	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	5	400	235	534	-	-	-
- Short positions	-	-	-	-	222	106	363	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Distribution of contractual time-to-maturity of financial assets and liabilities

Currency: US dollar

Items/Time-to-maturity (€m)	Demand	1 - 7 days	7 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 5 years	Over 5 years	Unspecified maturity
A. On-balance sheet assets	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Due from	1	-	-	-	-	-	-	-	-	-
- Banks	1	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	-	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Distribution of contractual time-to-maturity of financial assets and liabilities

Currency: Swiss franc

Items/Time-to-maturity (€m)	Demand	1 - 7 days	7 - 15 days	15 days - 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 5 years	Over 5 years	Unspecified maturity
A. On-balance sheet assets	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Due from	1	-	-	-	-	-	-	-	-	-
- Banks	1	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	-	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Section 5 – Operational risks

Qualitative information

A. Generalities, management policies and operational risk measurement methods

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This category of risk includes losses resulting from fraud, human error, business disruption, systems failures, breach of contracts and natural disasters. Operational risk includes legal risk, but not strategic and reputational risks.

To protect against this form of risk, BancoPosta RFC has formalised a methodological and organisational framework to identify, measure and manage the operational risk related to its products/processes.

The framework, which is based on an integrated (qualitative and quantitative) measurement model, makes it possible to monitor and manage risk on an increasingly informed basis.

In 2024, activities continued to refine the operational risk management framework, with the aim of making the process of recording operational losses, monitoring and reporting more efficient and mitigating such risks by cross-functional working groups. Support has also been provided to the specialist units and the owner of the process of analysing and assessing IT risk, in keeping with the approach adopted in 2023 and the monitoring of IT risk recovery plans has been enhanced. In the area of cyber risks, adjustments were made to internal regulations in connection with Regulation (EU) no. 2022/2554 (Digital Operational Resilience Act, "DORA").

Other activities carried out in 2024 include the assessment of the risk profile associated with BancoPosta RFC asset assignment and outsourcing operations and the refinement of the model for ex-ante assessments of the risk profile associated with the innovation of the BancoPosta offering and/or specific project initiatives.

Quantitative information

At 31 December 2024, the risk map prepared in accordance with the aforementioned framework shows the type of operational risks BancoPosta RFC's products are exposed to. In particular:

Operational risk

Event type	Number of types
Internal fraud	27
External fraud	44
Employee practices and workplace safety	8
Customers, products and business practices	38
Damage to material property	4
Business disruption and system failure	8
Execution, delivery and management of the process	105
Total at 31 December 2024	**234**

For each type of mapped risk, the related sources of risk (internal losses, external losses, scenario analysis and risk indicators) have been recorded and classified in order to construct complete inputs for the integrated measurement model.

Systematic measurement of the mapped risks has enabled the prioritization of mitigation initiatives and the attribution of responsibilities in order to contain any future impact.

PART F – Information on equity

Section 1 – BancoPosta RFC'S equity

A. Qualitative information

The prudential regulations applicable to banks and investment firms from 1 January 2014 are contained in Bank of Italy Circular 285/2013 and subsequent updates, the purpose of which was to implement EU Regulation 575/2013 (the so-called Capital Requirements Regulation, or "CRR") and Directive 2013/36/EU (the so-called Capital Requirements Directive, or "CRD IV"), containing the reforms required in order to introduce the "Basel 3" regulations. In the third revision of the above Circular, the Bank of Italy has extended the prudential requirements applicable to banks to BancoPosta, taking into account the specific nature of the entity. As a result, BancoPosta RFC is required to comply with Pillar 1 capital requirements (credit, counterparty, market and operational risks) and those regarding Pillar 2 internal capital adequacy (Pillar 1 and interest rate risks), for the purposes of the ICAAP process. The relevant definition of capital in both cases is provided by the above supervisory standards[461].

In view of the extension of prudential standards to BancoPosta, BancoPosta RFC is now required to establish a system of internal controls in line with the provisions of Bank of Italy Circular 285/2013, which, among other things, requires the definition of a Risk Appetite Framework (RAF) and the containment of risks within the limits set by the RAF[462]. Compliance with the objective, threshold and limit system established by the RAF influences decisions regarding profit distributions as part of capital management.

B. Quantitative information

B.1 Company equity: breakdown

Items/Amounts (€m)	Amount at 31.12.2024	Amount at 31.12.2023
1. Share capital	-	-
2. Share premium reserve	-	-
3. Reserves	2,610	2,570
- profit	1,397	1,358
a) legal	-	-
b) required by articles of association	-	-
c) treasury shares	-	-
d) other	1,397	1,358
- other	1,213	1,212
4. Equity instruments	450	450
5. (Treasury shares)	-	-
6. Valuation reserves:	(366)	(841)
- Equity instruments measured at fair value through other comprehensive income	-	-
- Hedges of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(114)	(544)
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	(250)	(295)
- Hedges (elements not designated)	-	-
- Translation differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains/(losses) on defined benefit plans	(2)	(2)
- Share of valuation reserves relating to equity accounted investments	-	-
- Special revaluation laws	-	-
7. Profit/(Loss) for the year	615	600
Total	**3,309**	**2,779**

461. The capital for regulatory purposes takes into account the provisions of "Regulation (EU) no. 2020/873 of the European Parliament and of the Council of 24/06/2020 amending Regulations (EU) no. 575/2013 and (EU) no. 2019/876 as regards adjustments in response to the Covid-19 pandemic" ("Quick Fix"). BancoPosta RFC made use of the possibility, recognised by this legislation, to adopt the new percentages for the transitional period from 31 December 2020 to 31 December 2024.
462. A definition of the RAF is provided in the "Introduction" to Part E.

“Reserves, other” consists of: i) the specific equity reserve of €1 billion, of which the initial reserve provided to BancoPosta RFC on its creation, through the attribution of Poste Italiane SpA’s retained earnings, increased by the €210 million equity contribution, resolved by the Extraordinary Shareholders’ Meeting of 29 May 2018, through the allocation of Poste Italiane SpA’s available reserves; ii) the profits reserve of €3 million for incentive plans, described in Part I.

The “Equity instruments” include the capital injections finalised on 30 June 2021 and 30 June 2023, through the granting of two perpetual subordinated loans of €350 million and €100 million, respectively, under terms and conditions allowing them to be counted as Additional Tier 1 (“AT 1”) capital[463].

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

Assets/Amounts (€m)	Total at 31.12.2024		Total at 31.12.2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	699	(813)	578	(1,122)
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
Total	**699**	**(813)**	**578**	**(1,122)**

B.3 Valuations reserves for financial assets measured at fair value through other comprehensive income: annual changes

(€m)	Debt securities	Equity instruments	Loans
1. Opening balance	**(544)**	**-**	**-**
2. Increases	**553**	**-**	**-**
2.1 Increases in fair value	483	-	-
2.2 Impairment losses due to credit risk	2	x	-
2.3 Reclassification to profit or loss of negative reserve for realised losses	68	x	-
2.4 Transfers to other equity (equity instruments)	-	-	-
2.5 Other changes	-	-	-
3. Decreases	**(123)**	**-**	**-**
3.1 Decreases in fair value	(59)	-	-
3.2 Recoveries due to credit risk	(7)	-	-
3.3 Reclassification to profit or loss of positive reserve for realised gains	(57)	x	-
3.4 Transfers to other equity (equity instruments)	-	-	-
3.5 Other changes	-	-	-
4. Closing balance	**(114)**	**-**	**-**

B.4 Valuation reserves for defined benefit plans: annual changes

(€m)	Total at 31.12.2024	Total at 31.12.2023
Opening actuarial gains/(losses)	**(2)**	**(2)**
Actuarial gains/(losses)	-	-
Taxation of actuarial gains/(losses)	-	-
Closing actuarial gains/(losses)	**(2)**	**(2)**

463. For more details on the characteristics of the capital instruments issued, please refer to the Public Disclosure (‘Pillar 3’).

Section 2 – Own funds and capital ratios

BancoPosta RFC's own funds are all Tier 1 Capital ("CET 1" and "AT 1").

Common Equity Tier 1 ("CET 1") is composed of:
- other reserves, being revenue reserves, amounting to €1 billion originating from the creation of the ring-fence, and any further amounts attributed by Poste Italiane SpA that meet the requirements for inclusion in own funds[464];
- undistributed earnings, being BancoPosta RFC's profits appropriated on approval of Poste Italiane SpA's financial statements.

Additional Tier 1 ("AT 1") includes the capital injections completed on 30 June 2021, in the amount of €350 million, and on 30 June 2023, in the amount of €100 million.

At 31 December 2024, own funds amounted to €3,136 million, €61 million of which was calculated from the profit for 2024 (in compliance with the provisions of art. 26 of Regulation (EU) no. 575/2013) and €8 million deriving from the application of the transitional arrangements set out in Regulation (EU) no. 2020/873 (CRR "Quick fix").

Based on prudential standards, BancoPosta is required to comply with the following minimum capital ratios:
- Common Equity Tier 1 ratio (the ratio of CET1 to total risk weighted assets - RWAs[465]): equal to 7.0% (4.5% being the minimum requirement and 2.5% being the capital conservation buffer);
- Tier 1 ratio (the ratio of Tier 1 to total risk weighted assets - RWAs): equal to 8.5% (6.0% being the minimum requirement and 2.5% being the capital conservation buffer);
- Total capital ratio (the ratio of total own funds to total risk weighted assets - RWAs): equal to 10.5% (8% being the minimum requirement and 2.5% being the capital conservation buffer).

Following the Supervisory Review and Evaluation Process (SREP), the Bank of Italy, as per the measure of 13 February 2025, informed BancoPosta RFC of its decision to set the amount of capital BancoPosta must hold, in addition to the regulatory minimum, to cover its overall risk exposure. The new limits[466] (Overall Capital Requirement (OCR) ratios) required by the Supervisory Authority are as follows:
- Common Equity Tier 1 ratio (CET 1 ratio): 9.80%, consisting of a binding measure of 7.30% (of which 4.50% for minimum regulatory requirements and 2.80% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer component;
- Tier 1 ratio: 12.30%, consisting of a binding measure of 9.80% (of which 6.00% for minimum regulatory requirements and 3.80% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer component;
- Total Capital ratio: 15.50%, consisting of a binding measure of 13.00% (of which 8% for minimum regulatory requirements and 5.00% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer component.

Moreover, in order to ensure compliance with the binding measures outlined above and to ensure that BancoPosta's own funds can absorb any losses arising from stress scenarios, taking into account the results of stress tests performed by BancoPosta RFC under ICAAP, the Bank of Italy has identified the following capital levels[467] that BancoPosta is required to maintain:
- Common Equity Tier 1 ratio (CET 1 ratio): 11.80%, consisting of an OCR CET1 ratio of 9.80% and a Target Component (Pillar 2 Guidance, P2G), against a higher risk exposure under stress conditions, of 2.00%;
- Tier 1 ratio: 14.30%, consisting of an OCR T1 ratio of 12.30% and a Target Component of 2.00%, against a higher risk exposure under stress conditions;
- Total Capital ratio: 17.50%, consisting of an OCR TC ratio of 15.50% and a Target Component of 2.00%, against a higher risk exposure under stress conditions.

464. Contributions from non-controlling shareholders to BancoPosta RFC are excluded, as they are not provided for in the special regulations governing the ring-fence.
465. Risk weighted assets, or RWAs, are calculated by applying a risk weighting to the assets exposed to credit, counterparty, market and operational risks.
466. Capital ratios valid as of 31 March 2025, increasing from the minimum requirements in force as of 31 December 2024, equal to 7.80% for the CET1 Ratio, 9.55% for the Tier 1 Ratio and 11.95% for the Total Capital Ratio.
467. Capital ratios valid as of 31 March 2025, increasing from the levels in force as of 31 December 2024, equal to 8.55% for the CET1 Ratio, 10.30% for the Tier 1 Ratio and 12.70% for the Total Capital Ratio.

BancoPosta RFC at 31 December 2024 complies with the requirements imposed by current prudential regulations with a Tier 1 ratio and a Total Capital ratio of 22.6% and a CET1 ratio of 19.4%[468] also in line with the additional requirements of the aforementioned procedure.

For more details, reference is made, as provided for by Circular no 262 of the Bank of Italy, to the information on own funds and capital adequacy contained in the public disclosure ("Pillar 3").

PART G – Business combinations

No business combinations took place either during or subsequent to the period under review.

468. The ratios take into account the calculation of €61 million, as these are the subject of the resolution of Poste Italiane's Board of Directors concerning the proposed allocation of profit for the year 2024 and in compliance with the provisions of Article 26 of Regulation (EU) no. 575/2013.

PART H – Related party transactions

1. Payments to key management personnel

Key management personnel consist of Directors and first-line managers of Poste Italiane SpA, whose compensation before social security and welfare charges and contributions are disclosed in section 5.5 - *Related parties* - of this section - Poste Italiane SpA's financial statements - of the Annual Report and are reflected in BancoPosta RFC as part of the expenses for services provided by functions outside the ring-fence (see Part C, Table 10.5), and defined by the specific operating guidelines (Part A, paragraph A.1, Section 4).

2. Related party transactions

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

Impact of related party transactions on financial position at 31 December 2024

Name (€m)	Total at 31.12.2024						
	Financial assets	Due from banks and customers	Hedging derivative assets and (liabilities)	Other assets	Financial liabilities	Due to banks and customers	Other liabilities
Poste Italiane SpA	-	642	-	34	-	156	2
Direct subsidiaries							
BancoPosta Fondi SpA SGR	-	24	-	-	-	16	6
Consorzio PosteMotori	-	3	-	-	-	1	-
Consorzio Servizi ScpA	-	-	-	-	-	4	-
EGI SpA	-	-	-	-	-	2	-
Poste Vita SpA	-	373	-	-	-	864	6
Postel SpA	-	-	-	-	-	3	-
PostePay SpA	-	67	-	107	-	10,623	46
SDA Express Courier SpA	-	-	-	-	-	7	-
Milkman Deliveries SpA	-	-	-	-	-	6	-
Indirect subsidiaries							
Poste Assicura SpA	-	19	-	1	-	4	-
Poste Insurance Broker	-	-	-	-	-	3	-
Associates							
Financit SpA	-	4	-	-	-	-	-
Sennder Italia Srl	-	-	-	-	-	29	-
External related parties							
MEF	-	10,547	-	-	-	5,367	-
Cassa Depositi e Prestiti Group	2,903	221	-	1	-	-	-
Monte dei Paschi Group	-	54	56	-	-	251	-
Provision for doubtful debts due from external related parties	(1)	(4)	-	-	-	-	-
Total	**2,902**	**11,950**	**56**	**143**	**-**	**17,336**	**60**

Impact of related party transactions on financial position at 31 December 2023

Name (€m)	Total at 31.12.2023						
	Financial assets	Due from banks and customers	Hedging derivative assets and (liabilities)	Other assets	Financial liabilities	Due to banks and customers	Other liabilities
Poste Italiane SpA	-	370	-	39	-	279	3
Direct subsidiaries							
BancoPosta Fondi SpA SGR	-	26	-	-	-	11	3
Consorzio PosteMotori	-	3	-	-	-	1	-
EGI SpA	-	-	-	-	-	1	-
PatentiViaPoste ScpA	-	-	-	-	-	1	-
Poste Vita SpA	-	324	-	-	-	695	26
PostePay SpA	-	73	-	190	-	10,152	107
SDA Express Courier SpA	-	-	-	-	-	3	-
Milkman Deliveries SpA	-	-	-	-	-	3	-
Indirect subsidiaries							
LIS Pay Spa	-	-	-	-	-	1	-
Poste Assicura SpA	-	8	-	-	-	6	-
Poste Insurance Broker	-	-	-	-	-	2	-
Associates							
Financit SpA	-	3	-	-	-	-	-
Sennder Italia Srl	-	-	-	-	-	36	-
External related parties							
MEF	-	10,060	-	-	-	5,371	-
Cassa Depositi e Prestiti Group	2,891	247	-	-	-	-	-
Monte dei Paschi Group	-	56	164	-	-	348	-
Other external related parties	-	-	-	-	-	-	1
Provision for doubtful debts due from external related parties	(2)	(5)	-	-	-	-	-
Total	**2,889**	**11,165**	**164**	**229**	**-**	**16,910**	**140**

Impact of related party transactions on profit or loss at 31 December 2024

Name (€m)	FY 2024							
	Interest and similar income	Interest expense and similar charges	Fee income	Fee expenses	Dividends and similar income	Net impairment (losses)/ recoveries on impairment	Administrative expenses	Other operating income/ (expense)
Poste Italiane SpA	21	(238)	-	-	-	-	(5,210)	-
Direct subsidiaries								
BancoPosta Fondi SpA SGR	-	-	120	(13)	-	-	-	-
Poste Vita SpA	-	(27)	633	-	-	-	-	-
PostePay SpA	-	(50)	259	(183)	-	-	-	4
Indirect subsidiaries								
Poste Assicura SpA	-	-	60	-	-	-	-	-
Poste Insurance Broker	-	-	2	-	-	-	-	-
Associates								
Financit SpA	-	-	30	-	-	-	-	-
External related parties								
MEF	406	-	60	-	-	1	-	-
Cassa Depositi e Prestiti Group	76	-	1,725	(1)	-	-	-	-
Monte dei Paschi Group	13	(5)	-	-	-	-	-	-
Other external related parties	-	-	-	-	-	-	(2)	-
Total	**516**	**(320)**	**2,889**	**(197)**	**-**	**1**	**(5,212)**	**4**

Impact of related party transactions on profit or loss at 31 December 2023

Name (€m)	FY 2023							
	Interest and similar income	Interest expense and similar charges	Fee income	Fee expenses	Dividends and similar income	Net impairment (losses)/ recoveries on impairment	Administrative expenses	Other operating income/ (expense)
Poste Italiane SpA	13	(233)	-	-	-	-	(4,887)	-
Direct subsidiaries								
BancoPosta Fondi SpA SGR	-	-	96	(13)	-	-	-	-
Poste Vita SpA	-	(24)	600	-	-	-	-	-
PostePay SpA	-	(43)	252	(184)	-	-	-	2
Indirect subsidiaries								
Poste Assicura SpA	-	-	56	-	-	-	-	-
Poste Insurance Broker	-	-	1	-	-	-	-	-
Associates								
Financit SpA	-	-	30	-	-	-	-	-
External related parties								
MEF	441	-	61	-	-	-	-	-
Cassa Depositi e Prestiti Group	73	-	1,740	-	-	-	-	-
Monte dei Paschi Group	3	(7)	-	-	-	-	-	-
Other external related parties	-	-	-	-	-	-	(3)	-
Total	**530**	**(307)**	**2,836**	**(197)**	**-**	**-**	**(4,890)**	**2**

PART I – Share-based payment arrangements

Qualitative information

1. Description of share-based payment arrangements

Long-term incentive scheme: Performance Share Plan

Starting from the 2019 financial year, the Shareholders' Meeting of Poste Italiane SpA approved the Information Document prepared pursuant to Article 84-bis of the Issuers' Regulation on Incentive Plans based on financial instruments, respectively the Performance Share LTIP, first cycle 2019-2021 and second cycle 2020-2022, the 2021-2023 Performance Share LTIP, the 2022-2024 Performance Share LTIP, the 2023-2025 Performance Share LTIP, the 2024-2026 Performance Share LTIP.

These incentive systems, constructed in line with market practices, aim to strengthen the link between the variable component of remuneration and the Group's medium to long-term strategy, in line with the budget and the goals in the Strategic Plan, over a multi-year period.

Description of the Plans

The "Performance Share LTIPs", as described in the relevant Information Circulars, provide for the assignment of Rights to the Poste Italiane's ordinary Shares. The number of Rights to be granted to Beneficiaries is subject to the achievement of Performance Targets over a three-year period, following confirmation of achievement of the Hurdle and Qualifying Conditions. The key characteristics of the Plans are described below.

Beneficiaries

The beneficiaries of the Plan are some BancoPosta RFC resources.

Plans' terms and conditions

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, for the first award cycle are highlighted below:
- a profitability indicator identified in the Group's three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure performance based on the value created for Poste Italiane's shareholders compared with the FTSE MIB index[469].

For the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIPs, the following KPIs are added for the ESG component to the two targets indicated above:
- 2021-2023 Performance Share LTIP: sustainable finance, target linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of products offered with ESG components to the total number of products offered;
- 2022-2024 Performance Share LTIP: equal gender representation in succession plans, an objective linked to strengthening the presence of women in managerial succession plans, to help increase the presence of women in positions of greater responsibility in the Poste Italiane Group. Specifically, the indicator is calculated by comparing the number of succession applications occupied by women to the total number of applications;

469. The objective linked to the "relative Total Shareholder Return" (rTSR) includes a "negative threshold" provision: if Poste Italiane's TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

- 2023-2025 Performance Share LTIP: Green Transition, a target related to the reduction of tCO_2 emissions; This objective aims to measure the reduction of the Group's total emissions (tCO_2e) over the 2023-2025 time horizon. Creating value for the country, an objective that takes into account the progress of the construction sites related to the "Polis Project". In particular, the indicator is calculated as the ratio of the number of initiated works to the total number of physically feasible works;
- 2024-2026 Performance Share LTIP: Green Transition, a target that measures the reduction of the Group's direct GHG emissions (Scope 1) from buildings (tCO_2e). People development, an objective that includes a focus on skills development through the provision of training hours.

Finally, for the 2024-2026 Performance Share LTIP, a further indicator of shareholder value creation is envisaged in addition to the "Relative Total Shareholder Return", identified as "Shareholder Remuneration", which takes into account shareholder remuneration in the form of dividends paid and possible share buybacks aimed at remunerating shareholders.

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period at the end of each Performance Period. In addition, vesting of the phantom stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital and liquidity position, as follows:
- Indicator of capital adequacy, (CET 1) at the end of the period;
- Indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Shares will be awarded at the end of the Performance Period as follows:
- for 2019-2021 and 2020-2022 Performance Share LTIPs, 40% up-front and for the remaining 60% in two equal portions, deferred respectively for 2 and 4 years from the end of the Performance Period. A further Retention Period of one year will be applied to both the up-front and deferred portions;
- for the 2021-2023, 2022-2024, 2023-2025 and 2024-2026 Performance Share LTIPs, the following disbursement method is envisaged: 40% upfront and 60% in five deferred annual instalments over a five-year period (the first three equal to 10% of the total rights accrued and the next two equal to 15% of the total rights accrued). A further Retention Period of one year will be applied to both the up-front and deferred portions.

The allocation of deferred Shares will take place following the verification of the continued existence of BancoPosta RFC's levels of capital adequacy, short-term liquidity and risk-adjusted profitability.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Long-term incentive scheme: Deliver 2022 LTIP

In light of the regulatory updates that have taken place and with a view to maintaining a constant alignment between the interests of management and those of the shareholders, in 2023 the Shareholders' Meeting of 8 May 2023 resolved to pay a portion equal to 55% of the bonus accrued for the Deliver MRTs BP LTI Beneficiaries at the end of the Performance Period (31 December 2022) in Rights to receive ordinary shares of Poste Italiane, subject to Retention Periods.

Since this is a Conversion, no new allocations are envisaged with respect to the objectives of the plan assigned in 2018 and based on a five-year time horizon (2018-2022).

Vesting of the Rights and the therefore the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Hurdle Condition corresponds with achievement of a certain target for the Group's cumulative EBIT over a five-year period at the end of each Performance Period (31 December 2022). In addition, the delivery of the Shares is also subject to the verification of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings, as follows:
- indicator of capital adequacy, (CET 1) at the end of the period;
- indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Plan Conversion provided for the payment of 45% of the Bonus accrued up-front in cash in 2023, as opposed to the originally planned 75%. The remaining 55%, originally planned in cash form, is paid in Rights to receive Shares subject to Retention Periods of 1 and 2 years.

Delivery of the Shares at the end of each Retention Period will take place subject to verification of the risk tolerance level of conditions linked - in addition to capital adequacy and liquidity, originally envisaged - also to risk-adjusted earnings with reference to BancoPosta RFC, as well as Poste Italiane's inclusion in at least two internationally recognised sustainability indices.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

Determination of fair value and effects on profit or loss

The valuations of these plans were mainly based on the conclusions reached by actuaries external to the Group.

The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

Short-term incentive schemes: MBO

On 27 May 2014, the Bank of Italy issued specific Supervisory Provisions for BancoPosta (Part IV, Chapter I, "BancoPosta" including in Circular 285 of 17 December 2013 "Prudential supervisory standards for banks") which, in taking into account BancoPosta's specific organisational and operational aspects, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices" in the above Circular 285). These standards provide that a part of the bonuses paid to BancoPosta RFC's Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe.

With regard to the management incentive schemes adopted for BancoPosta RFC MBO for 2018, where the incentive is above a certain materiality threshold, the MBO management incentive scheme envisages the award of 50% of the incentive in the form of phantom stocks, representing the value of Poste Italiane's shares, and application of the following deferral mechanisms:
- 60% of the award to be deferred for a 5-year period on a pro-rata basis, in the case of Material Risk Takers who are beneficiaries of both the short-term incentive scheme and long-term incentive scheme, "Phantom Stock LTIP";
- 40% of the award to be deferred for a 3-year period on a pro-rata basis for the remaining Material Risk Takers.

In the course of 2024, the payment of the last tranche of the plan in question was completed with a total outlay of approximately €94 thousand.

The most recent short-term managerial incentive schemes (MBO 2019, MBO 2020, MBO 2021, MBO 2022, MBO 2023 and MBO 2024) envisage, if the incentive exceeds a materiality threshold, the disbursement of a portion of the accrued bonus in the form of Poste Italiane SpA shares and the application of deferral mechanisms of between 40% and 60% of the incentive over a time horizon of 3/5 years pro-rata based on the category to which the beneficiary belongs.

For more details on the operating mechanisms of the incentive plans, please refer to the Information Circular and/or the Report on the Remuneration Policy, in force from time to time, approved by the Shareholders' Meeting.

The rights to receive shares (MBO 2019, MBO 2020, MBO 2021, MBO 2022, MBO 2023 and MBO 2024) is subject to the existence of a Hurdle Condition (Group Profitability - EBIT) and Qualifying Conditions as follows:
- Capital adequacy: CET 1, risk tolerance level approved in the Risk Appetite Framework (RAF);
- Short-term liquidity: LCR, risk tolerance level approved in the Risk Appetite Framework (RAF);
- Risk-adjusted earnings (RORAC) threshold level approved in the Risk Appetite Framework (RAF) for MBO 2023 and MBO 2024.

Amounts allocated in the form of Shares are subject to a Retention Period for both up-front and deferred portions.

The deferred portion will be disbursed each year subject to compliance with the requirements of capitalisation, liquidity of BancoPosta RFC and risk-adjusted earnings (the latter where it is a hurdle condition). The effects on profit or loss and on equity are recognised in the period in which the instruments vest.

Determination of fair value and effects on profit or loss

The valuations of these plans were mainly based on the conclusions reached by actuaries external to the Group.

Quantitative information

The effects on profit or loss of the Incentive scheme at 31 December 2024 for BancoPosta are shown below:

Incentive plans (€m)	Number of beneficiaries	Units (No. of Phantom Stocks / Rights to receive shares)		Fair value at grant date		Cost	IFRS 2 Reserve / Liabilities	Payments / Countervalue delivery of treasury shares
		Number of Units	Of which under retention period	BP Beneficiaries				
				Grant date	Fair Value			
Deliver 3 years	13	8,044	-	29-may-18	€9.19	0.00	-	(0.09)
LTI Performance Share 19-21	9	33,200	16,837	07-oct-19	€7.01	0.00	0.23	-
LTI Performance Share 20-22	10	26,331	-	12-nov-20	€ 4.89 - € 5.41	0.00	0.13	(0.07)
LTI Performance Share 21-23	10	82,953	33,414	28-may-21	€ 8.27 - € 9.07	0.09	0.66	(0.01)
LTI Performance Share 22-24	12	62,540	-	27-may-22	€4.65	0.10	0.29	-
LTI Performance Share 23-25	14	95,344	-	08-may-23	€4.47	0.14	0.28	-
LTI Performance Share 24-26	13	111,756	-	31-may-24	€6.91	0.26	0.26	-
Total						**0.59**	**1.85**	**(0.16)**

Incentive plans (€m)	Number of beneficiaries	Units (Rights to receive shares)		Fair value at grant date		Cost	IFRS 2 Reserve / Liabilities	Payments / Countervalue delivery of treasury shares
		Number of Units	Of which under retention period	BP Beneficiaries				
				Grant date	Fair Value			
MBO 2018	8	8,764	-	19-mar-19	€10.21	0.00	-	(0.09)
MBO 2019	4	1,204	1,204	5-mar-20	€ 7.52 - € 7.63	0.00	0.01	(0.01)
MBO 2020	5	1,978	1,160	24-mar-21	€ 8.36 - € 8.83	0.00	0.02	(0.02)
MBO 2021	12	12,548	7,524	22-mar-22	€ 8.25 - € 8.77	0.00	0.11	(0.07)
MBO 2022	11	29,141	10,602	28-mar-23	€ 7.70 - € 8.31	0.00	0.23	(0.22)
MBO 2023	10	56,991	27,493	19-mar-24	€ 7.92 - € 8.45	(0.00)	0.47	-
MBO 2024*	14	-	-	31-may-24	€ 11.38 - € 12.23	0.80	0.80	-
Total						**0.80**	**1.63**	**(0.41)**

* MBO 2024 estimated on the basis of the best available information, pending the actual finalisation of the system, in order to capture the cost of the service received.

PART L – Operating segments

The economic flows and performance of the operations are reported internally on a regular basis to executives without identifying segments. BancoPosta RFC's results are consequently evaluated by senior management as one business division.

Furthermore, in accordance with IFRS 8.4, when separate and consolidated financial statements are combined segment information is only required for the consolidated statements.

PART M – Information on leases

During the reporting period, BancoPosta RFC did not carry out any transactions in accordance with IFRS 16 relating to *Leases*.

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