Solvency and Financial Condition Report
Intesa Sanpaolo Vita Insurance Group
31 December 2018

The Insurance Parent Company
INTESA SANPAOLO VITA S.p.A.
Registered office: Corso Inghilterra, 3 – 10138 Turin
Administration offices: Viale Stelvio, 55/57 – 20159 Milan
Turin Companies Register No. 02505650370 – Share capital 320,422,508.00 euro fully paid
Listed on the Register of Insurance and Reinsurance Companies at no. 1.00066
Parent Company of the Intesa Sanpaolo Vita Insurance Group, listed on the Register of Insurance Groups at no. 28
Company subject to direction and coordination by Intesa Sanpaolo S.p.A.

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INTRODUCTION

This "Solvency and Financial Condition Report (the "Report") of the Intesa Sanpaolo Vita Insurance Group" (the "Insurance Group" or the "Group") was prepared in application of the following:

- the public reporting requirements in Articles 290-303 of Title I, Chapter XII of Delegated Regulation no. 35/2015 of the European Commission of 10 October 2014 ("Delegated Regulation"), amending the Directive of the European Parliament no. 138/2009 on the taking-up and pursuit of the business of insurance and reinsurance (the "Directive");
- Implementing Regulation (EU) 2452/2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with the Directive;
- of IVASS Regulation no. 33/2016, on disclosures to the public and to IVASS, which contains additional provisions on the content of the solvency and financial condition report ("Solvency and Financial Condition Report") and on the periodic reports to IVASS ("Regular Supervisory Reports");
- Letter to the Market issued by IVASS on 28 March 2018, which takes into consideration the Assessment of the Solvency and Financial Condition Reporting published by EIOPA on 11 October 2017.

The Intesa Sanpaolo Vita Insurance Group, on 31 December 2018, was formed by the insurance companies Intesa Sanpaolo Vita S.p.A., Intesa Sanpaolo Assicura S.p.A., Fideuram Vita S.p.A. and Intesa Sanpaolo Life D.A.C. ("Intesa Sanpaolo Vita", "Intesa Sanpaolo Assicura", "Fideuram Vita" and "Intesa Sanpaolo Life", and collectively the "companies").

This Report is accompanied by the reports of the auditing firm engaged by Intesa Sanpaolo Vita to audit Section D "Information on valuation for solvency purposes" and sub-section E.1 "Own Funds" and review of sub-section E.2 "Solvency Capital Requirement and Minimum Capital Requirement" according to the provisions of Article 47f(7) of the Private Insurance Code, and in accordance with IVASS Regulation no. 42/2018.

It should be noted that:

- The Intesa Sanpaolo Vita Insurance Group prepares its consolidated accounts in accordance with the IAS/IFRS;
- Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura and Fideuram Vita S.p.A. prepare their individual financial reports in accordance with the Italian accounting standards;
- Intesa Sanpaolo Life prepares its consolidated accounts in accordance with the IAS/IFRS.

Therefore the amounts taken from the Group Financial Statements and from those of the Group Companies, as shown in this document, follow the above-mentioned accounting standards. They also include comparative information for 2017, in accordance with Article 293 paras. 2, 3 and 4 of the Delegated Regulation.
This Report was approved by the Board of Directors of Intesa Sanpaolo Vita on 7 May 2019, as required by Article 47i of the Private Insurance Code.
Annexed to this document is the information on the Quantitative Reporting Template provided for in Article 4 of the Implementing Regulation (EU) 2015/2452 and subsequently amended by Implementing Regulation (EU) 2017/2189.

The report is published on the companies' websites, respectively:

- www.intesasanpaolovita.it
- www.intesasanpaoloassicura.com
- www.fideuramvita.it
- www.intesasanpaololife.ie

SUMMARY OF CONTENTS

In relation to Article 292 of the Delegated Regulation, this report contains the main evidence on the:

- Action and Development Lines of the Business;
- Activities and results;
- Governance system;
- Risk profile;
- Valuation for solvency purposes;
- Management of the capital of the Group and of its member companies.

Action and Development Lines of the Business

The Intesa Sanpaolo Vita Group ended 2018 with a solid commercial performance and growth in profits. This result was achieved thanks to the contribution of more than 800 people who work for the Group and to the retail networks of the Parent Company Intesa Sanpaolo, despite the instability on the financial markets that was evident for much of the year.

The result of 2018 was achieved in a context that was mainly characterised by the following elements, which have affected the financial markets:

- the real economy of Italy and of the other EU countries has lost momentum. Italy's GDP was 0.7% in Q3 2018, which is a downturn of -0.1% compared to the previous quarter;
- Italy's debt was under serious financial strain in May and June, coinciding with negotiations on the formation of the new government. The same scenario was evident in October and November, when the 2019 Budget Law was being defined;
- the spreads on the yields on German debt widened during 2018, reaching a peak of more than 320 basis points in November before returning to values of around 260 basis points. There was an increase of more than 100 basis points compared to the levels seen at the end of 2017.

Against this background the Group nevertheless achieved a solid commercial performance, even though gross production was down by approximately 14% on 2017. The Group continued with its strategic decision taken in 2015, aimed at rebalancing premiums between lines I and III, while also seizing on opportunities to place maximums of pure line I policies with limited amounts, with specific customer segments.

The balanced management of financial and insurance risks ensured that capital solvency remained robust, with a solvency ratio on 31 December 2018 of 216%.

In 2018 the Group focused on the objectives of the 2018/2021 Industrial Plan of the Parent Company Intesa Sanpaolo, which is focusing on maintaining solid, sustainable creation and distribution of value for Shareholders, and on building Europe's number one bank.

The cornerstones of the 2018-2021 Business Plan are:

- To favour growth in revenues by seizing new business opportunities;
- Significant de-risking at no cost to Shareholders;

- Reducing costs by further simplifying the business model.

The factors enabling this are our people, who continue to be the most important resource for Intesa Sanpaolo, and the completion of the digital transformation.

In 2018 the strategic lines followed by the parent company Intesa Sanpaolo Vita, which apply to the whole perimeter of the Insurance Group, focused on the following aspects:

- intervening within the organisation in order to respond to the changing requirements for the planned growth of the business and the mutable regulatory and market context;
- developing business processes in order to fulfil European regulatory obligations (i.e. Insurance Distribution Directive, GDPR);
- ensuring that IVASS regulations are implemented in accordance with the applicable rules on corporate governance, disclosure and transparency in relation to insurance products, and on product retail;
- fostering the development of the integrated multichannel capability of the Parent Company Intesa Sanpaolo, by introducing new retail supports for the network, to facilitate customer communications;
- ensuring the technological evolution of the basic infrastructure and the applications on the Company's information system, specifically by using target solutions for the whole Insurance Group, which are also being rolled out with the subsidiaries.

Section A of this document illustrates the work done and the results achieved by the Group and by each company. The quantitative information required by the applicable Solvency regulations is provided and, where possible, a reconciliation of the aggregate values with the corresponding figures on the income statement of each individual financial report prepared in accordance with Italian accounting standards.

With reference to the consolidated financial reports of the Intesa Sanpaolo Vita Group, prepared in accordance with the IAS/IFRS, and to the individual financial reports prepared in accordance with Italian accounting standards, below are the main indicators for the year just ended:

(euro millions)

Income Statement	31.12.2018	31.12.2017	Change	
Intesa Sanpaolo Vita Group				
Gross Premium	19,783.3	22,959.5	-3,176.2	-13.8%
Net Profit IAS/IFRS of Group	672.0	639.3	32.7	5.1%
Individual Balance Sheet				
Net Profit ISV	223.4	335.4	-112.0	-33.4%
Net Profit ISA	58.5	43.5	14.9	34.3%
Net Profit ISL	124.8	111.5	13.3	11.9%
Net Profit FV	9.4	52.2	-42.8	-82.0%

Group Data	31.12.2018	31.12.2017	Change	
Number of Life Contract	4,201,028	4,043,420	157,608	3.9%
Number of Non Life Contract	2,817,748	2,360,252	457,496	19.4%
Number of Human Resource	819	750	69	9.2%

below are details of the main indicators relating to the Solvency regulations for the Group and also for each company:

(euro millions)

		Intesa Sanpaolo Vita	Intesa Sanpaolo Assicura	Fideuram Vita	Intesa Sanpaolo Life	Intesa Sanpaolo Vita Insurance Group
A.	Solvency Capital Requirement (SCR)	2,768.2	192.6	420.0	392.2	3,258.9
B.	Minimum Capital Requirement (MCR)	1,245.7	86.7	189.0	176.5	1,697.9
C.	Eligible Own Funds to meet the SCR	6,135.3	431.9	873.9	1,208.6	7,026.2
D.	Eligible Own Funds to meet the MCR	5,765.0	431.9	764.8	1,208.6	6,600.8
C. / A.	Ratio Eligible Own Funds on SCR	222%	224%	208%	308%	216%
D. / B.	Ratio Eligible Own Funds on MCR	463%	498%	405%	685%	389%

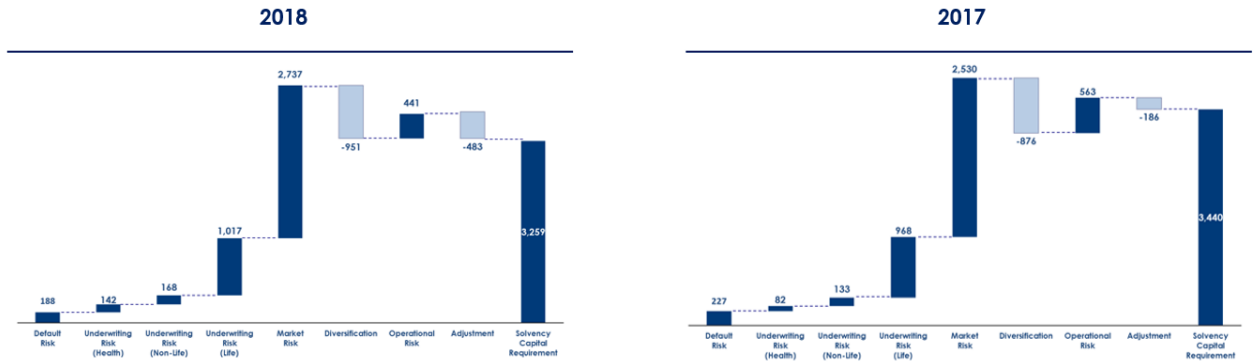
The Group's governance section is proportionate to the nature, scope and complexity of the activities of its member companies, and to the related risk profile. This is shown in more detail in Section B.

The Group's risk management system covers each insurance company, as described in **Section C**. The risk management system is formalised by means of the internal regulation policies issued by each company according to the guidelines of the Insurance Parent Company in accordance with Article 30a(4) of the Private Insurance Code.

Special attention is paid to the major risks that could undermine the solvency of each company, or that could affect the objectives set by the Resolution on risk appetite. The main objective of the risk management system is to guarantee the capacity to fulfil obligations towards policyholders, beneficiaries, injured parties and stakeholders in general.

With reference to the risks measured for the purpose of quantifying the Insurance Group's regulatory capital requirement, the contribution of each risk compared to the total solvency capital requirement is shown below.

Composition of the solvency capital requirement (in millions of euro)

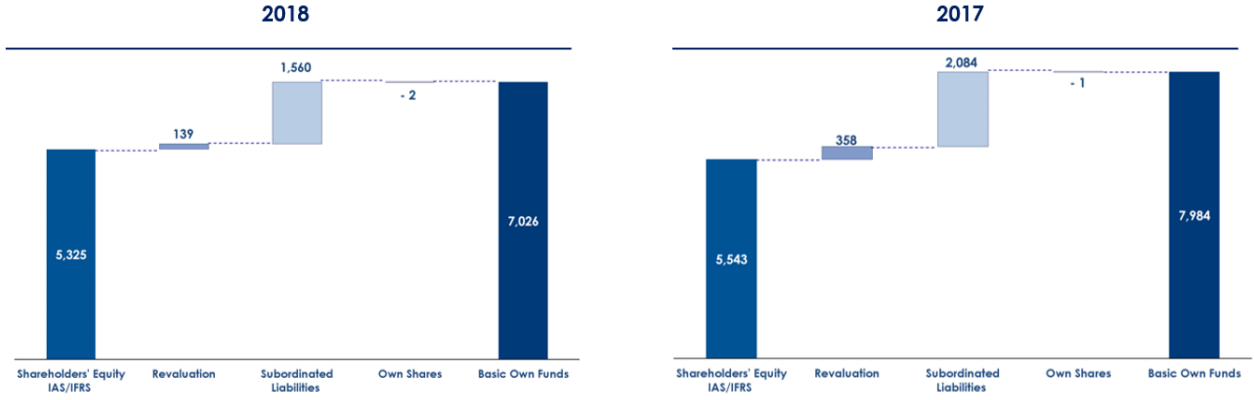


For the solvency indicated in Section D, assets have been valued in accordance with IAS/IFRS, in line with the valuation approach outlined in Article 75 of Directive 2009/138/EC ("Directive").

To determine the own funds available to cover the solvency capital requirement, each company is required to prepare its own Solvency Report, according to the principles outlined above. This is different from the annual financial reports and is used to quantify the own funds to be included in the calculation of the solvency ratio of the Group and of the individual insurance companies.

Below is a representation of the own funds of the Insurance Group compared to the net equity on the Consolidated financial statements of the Intesa Sanpaolo Vita Insurance Group on 31 December 2018 and on 31 December 2017.

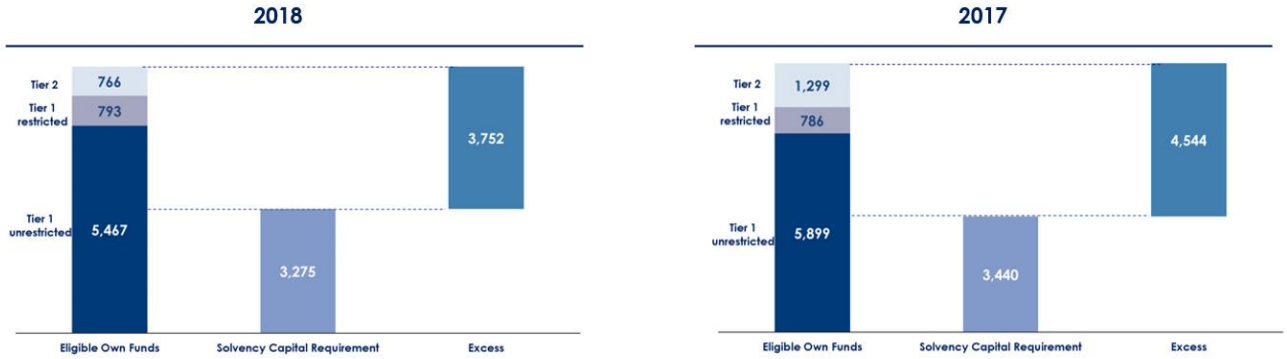
From Net Equity to Solvency II Own Funds (in millions of euro)



Section E, entitled Capital Management, focuses on representing the solvency position of the Intesa Sanpaolo Vita Insurance Group and of each company in its consolidation perimeter.

Below is a comparison between Own Funds and the solvency capital requirement of the Intesa Sanpaolo Vita Insurance Group on 31 December 2018 and on 31 December 2017.

Comparison between Own Funds and solvency capital requirements (in millions of euro)



A. Activities and Results

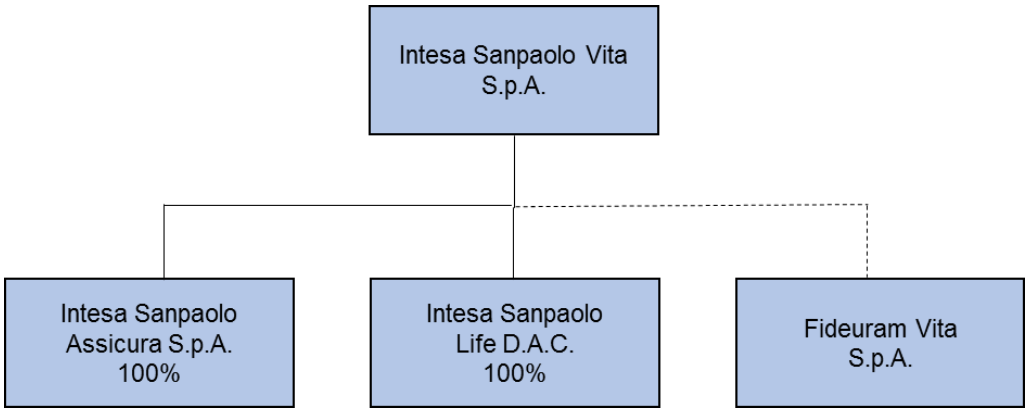
A.1 Activities

Intesa Sanpaolo Vita Insurance Group

With reference to the QRT S.32.01 annexed to this Report, a list is given of the individual companies in the Insurance Group.

The Intesa Sanpaolo Vita Insurance Group is listed on the IVASS register of insurance groups at number 28.

The Group structure is represented below:



---- Fideuram Vita is part of the consolidation area of the Intesa Sanpaolo Vita Insurance Group, for the purposes of Article 96 of Legislative Decree 209/2005 – Private Insurance Code, although it has no participatory control by Intesa Sanpaolo Vita S.p.A.

In terms of the direction and coordination activities, the Insurance Parent Company provides the Group entities with strategic guidelines and governs the monitoring and supervising activities, to ensure sound and prudent management.

The Insurance Group governance system is designed to provide adequate capitalisation to the Group companies, having regard to the current regulatory requirements. On 1 January 2016, the new "Solvency II" regulatory system came into force, and therefore the Group has fulfilled the new requirements.

The Group operates in the Life and Pensions insurance sector, in which it is a leader on the Italian market. It also operates in the Non-life segment, through Intesa Sanpaolo Assicura. The production data for 2018, compared against the previous year, are given below.

(euro millions)

Techical Data	31.12.2018	31.12.2017	Change	
Gross Premium	19,783.3	22,528.0	-2,744.7	-12.2%
Life Profit Premium	7,119.2	5,871.4	1,247.7	21.3%
Unit Linked Premium	12,157.1	16,656.5	-4,499.4	-27.0%
Non Life Premium	507.1	431.6	75.5	17.5%
New Life Premium of year	19,031.9	22,268.6	-3,236.7	-14.5%
Claims Incurred	-15,394.8	-16,330.7	936.0	-5.7%
Net Life Premium of year	3,637.1	5,937.9	-2,300.7	-38.7%

From a retail point of view, in general the Insurance Group relies on the banking network of the Intesa Sanpaolo Group to distribute its insurance, savings and investment products, and for the retail of its credit protection and pension products.

Through Fideuram Vita S.p.A., the Group also has a network of more than 5,500 financial advisers and private bankers in all regions and main cities of Italy, belonging to Fideuram S.p.A., Sanpaolo Invest Sim and Intesa Sanpaolo Private Banking.

Finally, for smaller portfolios, the company also has marketing agreements with extracaptive banks who are not part of the Intesa Sanpaolo Group. These mainly relate to aftersales operations, and to a minimal extent, to retail activity in the pensions segment.

The consolidated financial statements of the Intesa Sanpaolo Vita Insurance Group on 31 December 2018 showed a net profit of 672.0 million euro compared to 639.3 million euro for the previous year, with an increase of 5.1%.

The Insurance Group regulates infragroup operations under the Framework Resolution for Infra Group Operations in accordance with Art. 8 of IVASS Regulation No. 30/2016. Together with the central departments of Intesa Sanpaolo, it also produces an updated list of the infra group counterparties including the related parties of the Intesa Sanpaolo Group, among others:

1. Companies of the Intesa Sanpaolo Vita Insurance Group;
2. Companies controlled by Intesa Sanpaolo that do not belong to the Intesa Sanpaolo Vita Insurance Group;
3. Companies affiliated to Intesa Sanpaolo that do not belong to the Intesa Sanpaolo Vita Insurance Group.

According to the above-mentioned framework resolution, it should be noted that each Insurance Group company:

- carries out intragroup operations in accordance with the principles of sound and prudent management, and does not carry out any operation that could adversely affect the solvency of the group or of the companies involved, or that could harm the interests of the insurance companies involved (Article 6(1));
- conducts intragroup operations under market conditions, as the carrying out of operations under non-market conditions is only permitted on an exceptional basis, under application of the regulations concerning operations to be reported to IVASS "in all circumstances" (Article 6(2));
- has, within its corporate governance system, adequate risk management and internal control systems, which must be structured both at individual company level and at group level, for the constant supervision of all intragroup operations (Article 7(1));
- adopts a specific framework resolution for intragroup operations – this is reviewed at least annually by the executive body, and its object is to obtain a specific policy in line with the investments strategy and related policies, to define the terms and conditions of intragroup operations and to identify the criteria and categories of significance, highly significant and reportable transactions based on the potential impact on solvency and risk profile, and in relation to the type of operation and counterparty (Article 8);
- reports to IVASS, through Intesa Sanpaolo Vita, on significant infra-group operations occurring annually and "highly significant" operations in any event (as quickly as possible, on a monthly basis) (section IV).

Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita S.p.A.
Company exercising the insurance business in the Life and Non-life segments
Share capital: euro 320,422,508.
Head office in Turin, Corso Inghilterra 3. Administration offices in Milan, Viale Stelvio 55/57.
Tax Identification number and Turin Companies Register number: 02505650370.
Number of registration on the Register of insurance and reinsurance companies: 1.00066.
Parent company of the Intesa Sanpaolo Vita Insurance Group, referred to above.

For a graphic representation of Intesa Sanpaolo Vita's position within the Insurance Group, refer to the illustration of the Insurance Group structure, shown above.

Company subject to direction and coordination by Intesa Sanpaolo S.p.A. ("Intesa Sanpaolo"), which holds 99.985% of the share capital. Intesa Sanpaolo, a listed company, has its head office in Turin, Piazza San Carlo 156, and a secondary office in Milan, Via Monte di Pietà 8. It is listed on the register of banks at no. 5361 and is the Parent Company of the Intesa Sanpaolo Banking Group.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Intesa Sanpaolo Vita operates nationally, thanks to the retail network of the Intesa Sanpaolo Banking Group. Its offer is mainly directed to retail customers, households, and small and medium businesses. Through Fideuram Intesa Sanpaolo Private Banking, Intesa Sanpaolo Vita also offers its insurance services to private customers.

The company operates in the following areas of activity:

A. Non-life insurance obligations:

- Medical costs insurance;
- Income protection insurance.

B. Life insurance obligations:

- Insurance with profit participation;
- Index-linked and unit-linked insurance including policies with pension content;
- Other forms of Life insurance, namely pure risk products.

In 2018 the strategic lines followed by the parent company Intesa Sanpaolo Vita, which apply to the whole perimeter of the Insurance Group, focused on the following aspects:

- intervening within the organisation in order to respond to the changing requirements for the planned growth of the business and the mutable regulatory and market context;
- developing business processes in order to fulfil European regulatory obligations (i.e. Insurance Distribution Directive, GDPR);

- ensuring that IVASS regulations are implemented in accordance with the applicable rules on corporate governance, disclosure and transparency in relation to insurance products, and on product retail;
- fostering the development of the integrated multichannel capability of the Parent Company Intesa Sanpaolo, by introducing new retail supports for the network, to facilitate customer communications;
- ensuring the technological evolution of the basic infrastructure and the applications on the Company's information system, specifically by using target solutions for the whole Insurance Group, which are also being rolled out with the subsidiaries.

These strategic lines led to the excellent results that were achieved during the year, in line with the indications of the 2018-2021 Business Plan of the Intesa Sanpaolo Group. Therefore, during 2018, Intesa Sanpaolo Vita:

- continued to be extremely important for the national Life insurance market;
- continued to implement a policy of reducing risks and consolidating the system of internal controls;
- compared to previous years, has reduced the cost of premiums and the portfolio coverage levels, through product-specific policies.

In terms of its goals, the company intends to play an active part in pursuing the objectives of the 2018/2021 plan of the Gruppo Intesa Sanpaolo S.p.a.
The consolidation of the excellent retail performance, the maintenance of capital solidity, and the achievement of excellent performance for customers, are the cornerstones that the company intends to build on.
From a commercial point of view, the year just ended saw an increase in premiums collected of 1%, compared to the previous year. The products highlighted are the multi-line and pensions businesses. However, during the year, Line I policies were marketed, which targeted certain segments of the network clientele. The year's total premiums, of just under 10 billion euro, is confirmation of our customers' satisfaction with the new types of policy.

Payouts totalled 9,320 million euro (net of the sums still to be paid), which is 12% down on the figure recorded at the end of 2017, which showed payouts of 10,627 million euro.

In the Non-life business lines, there is a portfolio closed to new policies, which showed premiums for the year at 855,000 euro compared to the 1,023,000 recorded in 2017. The contribution of claims, on the income statement, was costs of 80,000 euro, which is a reduction on the 1.2 million euro of net costs recorded in the previous year.

Intesa Sanpaolo Vita carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2018 were the following:

- payment of a subordinated loan (ISV 5.35% 2018 (XS0972240997)) with a nominal value of 500 million euro expiring on 18 September 2018. The price of the subordinated at the start of the year was 103,835, while the last available price (13 September) was 100,202. 12 September was the

date of the minimum price (100,162), with the maximum being 2 January (103,835). On 18 September 2018 the annual coupon was paid at a rate of 5.35%, for 26,750,000 euro;

- payment of a subordinated loan (ISP - 30/12/2018- Eur3M+300MBS)(ex SPV) with a nominal value of 30 million euro expiring on 30 December 2018. The price of the subordinated at the start of the year was 111,167, while on 31 December 2018 it was 94,528. During the year the minimum price recorded was on 20 November (92,342) while the maximum was quoted on 24 January (111,695). On 17 December 2018 the annual coupon was paid at a rate of 4.75%, for 35,625,000 euro;

- payment of a dividend of 451,992,454 to Intesa Sanpaolo S.p.A.;

- the signing of commission agreements with the Intesa Group bank, for new policies launched in 2018, with the total payments amounting to 447 million euro;
- the payment of commission for outsourcing services, to counterparties of the Intesa Group, totalling 32.4 million euro.

Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura S.p.A.
Company exercising the insurance business in the Non-life segment.
Share capital: euro 27,912,258.
Head office and General Management in Turin, Corso Inghilterra 3. Administration offices in Turin, San Francesco 3, and in Milan, Viale Stelvio 55/57.
Tax Identification number and Turin Companies Register number: 06995220016.
Number of registration on the Register of insurance and reinsurance companies: 1.00125.

Intesa Sanpaolo Assicura is owned, directed and coordinated entirely by Intesa Sanpaolo Vita S.p.A., and belongs to the Intesa Sanpaolo Vita Insurance Group, as mentioned.

For a graphic representation of Intesa Sanpaolo Vita's position within the Insurance Group, refer to the illustration of the Insurance Group structure, shown above.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Intesa Sanpaolo Assicura operates nationally, mainly through the bank branches of the Intesa Sanpaolo Group, to retail its Home and Family, Motor, Business, Health, Finance, Lifestyle and Cards products. For the retail of the Finance and Business (Creditor Protection) and Motor policies, in 2018 the company relied on the Intesa Sanpaolo Group banks, and the retail network Accedo (formerly Intesa Sanpaolo Personal Finance). In the year just ended, it focused on the "Tutela" project for the banking network, supported by the introduction of more than 200 specialists who will provide prompt, expert support to the managers of the local bank branches. The specialists underwent intensive training, for which the technical insurance components were coordinated by Intesa Sanpaolo Assicura. The subsidiary also relies on the financial advice network of the Fideuram Group - Intesa Sanpaolo Private Banking, for the retail of the Fideuram Health policy, and also has management-only agreements with extracaptive banks.

The company operates exclusively in the Non-life segment, in the following areas:

Non-life insurance obligations:

- Medical costs insurance;
- Income protection insurance;
- Motor vehicle liability insurance;
- Other motor insurance;
- Marine, aviation and transport insurance;
- Fire and other damage to property insurance;
- General liability insurance;
- Credit and suretyship insurance;
- Legal expenses insurance;
- Assistance;
- Miscellaneous financial loss.

There were no significant events that impacted the company's business during 2018. Total receipts for premiums issued during the year net of premiums transferred to reinsurance saw an increase of 17.5%, rising from 423 to 491 million euro, and also an increase in the related performance indicators, with the risk level parameters being among the highest in the sector, in line with the forecast growth plan. The Loss Ratio for the year, which is a primary indicator of the cost effectiveness of the technical management of a non-life insurance firm, was unchanged compared to 2017, at 28%. The group's Non-life company carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2018 were the following:

- the signing of commission agreements with an Intesa Group bank, for new policies launched in 2018, with the total payments amounting to 201 million euro;
- the payment of various costs for outsourced personnel, from Intesa Sanpaolo Vita and the costs of the boxes used in the "Viaggia con me" package, totalling 12 million.

Fideuram Vita S.p.A.

Fideuram Vita S.p.A.
Company exercising the insurance business in the Life segment.
Share capital: euro 357,446,836.
Head office in Rome, Via Ennio Quirino Visconti 80.
Tax Identification number and Rome Companies Register number: 10830461009.
Number of registration on the Register of insurance and reinsurance companies: 1.00175.

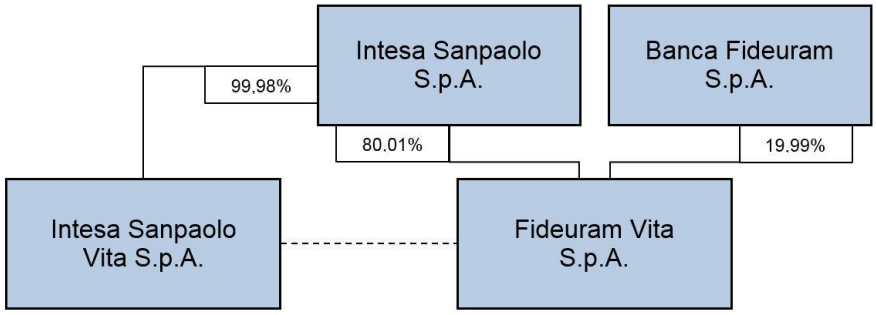
Fideuram Vita is owned as to 80.01% by Intesa Sanpaolo S.p.A. and as to 19.99% by FIDEURAM - Intesa Sanpaolo Private Banking S.p.A. Both are headquartered in Turin, Piazza San Carlo 156. The secondary office of Intesa Sanpaolo S.p.A. is in Milan, Via Monte di Pietà 8. The secondary office of Banca Fideuram is in Milan, Corso di Porta Romana 16.

Fideuram Vita belongs to the Intesa Sanpaolo Vita Insurance Group, and is directed and coordinated by Intesa Sanpaolo Vita, as the Insurance Group Parent.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187 –, Rome, Italy.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Below is a graph illustrating the company's position within the Intesa Sanpaolo Group:



- - - - - - - Fideuram Vita is part of the consolidation area of the Intesa Sanpaolo Vita Insurance Group, for the purposes of Article 96 of Legislative Decree 209/2005 – Private Insurance Code, although it has no participatory control by Intesa Sanpaolo Vita S.p.A.

Fideuram Vita operates nationally, thanks to an extensive retail network of 5,500 private bankers in every major Italian city and region, belonging to FIDEURAM - Intesa Sanpaolo Private Banking S.p.A., Sanpaolo Invest and Intesa Sanpaolo Private Banking.

Fideuram Vita operates exclusively in the Life segment, in the following areas of activity:

Life insurance obligations:

- Insurance with profit participation;
- Index-linked and unit-linked insurance including policies with pension content;
- Other life insurance.

There were no significant events occurring in 2018 that impacted the activities of Fideuram Vita, which ended the year with a positive net result of 9.4 million, in accordance with the Italian accounting standards. This result was achieved in a context in which the financial markets were highly volatile and with a negative mood. In this scenario, almost all financial asset classes recorded negative performances. In particular, the European bond market recorded risk premiums with a marked expansion compared to the end of 2017 and this significantly impacted the valuation of bonds in the portfolio, and to a lesser extent, slowed down production.

Fideuram Vita carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2018 were the following:

- the contract sale and purchase of 11 listed and unlisted stocks with a counterparty from the Intesa Group totalling 229 million euro;
- The signing of derivatives contracts with an Intesa Group bank, to cover the exchange risk of managed pension funds, with a total notional value of 4,813 million euro;
- the signing of new policies with related parties of the Intesa Group, totalling 90 million euro.

Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life D.A.C. - Company operating in the Life insurance business.
Share capital: euro 625,000.
Head office in Dublin, 1st Floor, International House, 3 Harbourmaster Place, IFSC - Dublin D01 K8F1.
Irish Companies Register number 284248.

Intesa Sanpaolo Life is owned entirely by Intesa Sanpaolo Vita S.p.A. and belongs to the Intesa Sanpaolo Vita Insurance Group.

For a graphic representation of the company's position within the Insurance Group, refer to the illustration of the Insurance Group structure, shown above.

The regulatory authority is the Central Bank of Ireland (CBI), New Wapping Street, North Wall Quay - Dublin 1.

The legal accounts auditor is KPMG Chartered Accountants and Statutory Audit Firm, 1 Harbourmaster Place, IFSC - Dublin 1.

The business of Intesa Sanpaolo Life is mainly focused on the retail of Unit Linked policies in Italy. During the year, Intesa Sanpaolo Life expanded the retail of its policies in Spain, and continued to explore other European countries.

The company's sole area of activity is:

Life insurance obligations:

- unit-linked insurance.

During 2018, the main events affecting the Company were the following:

During the year just ended, the subsidiary Intesa Sanpaolo Life reviewed and updated part of its retail offer.

In particular, it updated the lists of financial instruments available for the Guidato, Libero and Opportunità packages in the Exclusive Insurance line, for the regional banks of Intesa Sanpaolo, as well as the list of financial instruments for the Selezione Private line for Intesa Sanpaolo Private Banking.

Regarding the Prospettiva 2.0 product, during the final quarter of the year, a high-yield bond fund was included in the tactical area, and was available for investment between September and December.

To expand the offer on the Spanish market, the funds in both policies currently available on the market were expanded, to accompany the three benchmark funds with the same number of flexible funds, giving customers additional investment options.

During the year, Intesa Sanpaolo Life collected premiums of 5.748 billion euro, with a concentration on unit linked policies. This was against early exits of 3.040 billion.

Intesa Sanpaolo Life carried out various ordinary financial transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations.

A.2 Underwriting results

Intesa Sanpaolo Vita Insurance Group

With reference to the QRT S.05.01 annexed to this Report, which has been summarised and compared against the results for the previous year, please note the following:

- gross production for the year, net of reinsurance, totalled approximately 19,275 million euro for the Life Business and 400.4 million euro for the Non-life Business, giving a total of 19,675.4 million euro. The Life segment is predominantly made up of products linked to investment funds, unit linked policies in particular, equal to 12.1 billion euro corresponding to 63% of the entire amount, which is a reduction of 10% on the previous year;
- the Claims portion (including payouts for coupon redemptions and other activities), of 15.4 billion euro, was slightly down on the previous year. 52% relates mainly to separate management, while 47% relates to products connected to unit linked or pension policies;
- the change in Other technical provisions (+390.6 million euro) shows a slight decrease in the volumes managed by the Insurance Group, which on 31 December 2018 were approximately 151 billion euro;
- the total expenses of the Insurance Group amounted to 1,075 million euro, which included 880.8 million for the Life Business and 194.2 for the Non-life Business. This figure indicates an increase of approximately 9% compared to the previous year. These costs include the agents' commission.

Below are the underwriting results divided by Solvency Line of business, as represented in the Quantitative Reporting Template (QRT S.05.01.) prepared in accordance with the Solvency Regulations (Delegated Acts, IVASS Regulations and the published EIOPA interpretations), with a distinction between the Life and Nonlife businesses.

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting performance	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Insurance with profit participation	6,811,348	5,550,239	-8,036,133	-9,826,095	-23,297	3,012,032	-186,077	-172,356				
Index-linked and unit-linked insurance	12,157,097	16,656,529	-7,301,107	-6,476,781	499,762	-11,389,030	-593,537	-537,364	-2,779	-2,009	**3,391,233**	**-3,104,127**
Other life insurance	307,811	319,753	-57,555	-27,379	-85,824	-109,543	-98,477	-102,123				
Total amount	**19,276,257**	**22,526,520**	**-15,394,795**	**-16,330,254**	**390,642**	**-8,486,541**	**-878,091**	**-811,842**				

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Medical expenses insurance	6,743	5,856	4,750	-4,076	-124	-42	-1,469	-1,194				
Income protection insurance	131,277	101,612	19,383	-15,317	-1,417	-6	-68,199	-59,794				
Motor vehicle liability insurance	71,618	68,592	46,942	-43,933	-	-	-29,847	-23,220				
Other motor insurance	12,295	10,932	5,074	-5,019	-27	-22	-3,925	-3,462				
Marine, aviation and transport insurance	18	10	21	-4	-	-	-18	-3	-3,854	-2,431	**299,440**	**88,286**
Fire and other damage to property insurance	69,213	58,275	10,109	-8,581	-115	-81	-37,893	-33,587				
General liability insurance	34,044	23,607	4,337	-6,243	-2	-	-12,294	-7,929				
Credit and suretyship insurance	1,398	1,685	355	-963	-	-33	-280	-189				
Legal expenses insurance	261	300	11	254	-	-	155	436				
Assistance	5,990	3,390	349	-308	-	-	-4,190	-3,170				
Miscellaneous financial loss	67,528	69,244	3,560	-1,583	-	-	-32,337	-34,712				
Total amount	**400,385**	**343,502**	**94,892**	**-85,774**	**-1,685**	**-185**	**-190,297**	**-166,826**				

The rest of this section includes the underwriting results for the individual companies as shown in each Quantitative Reporting Template (QRT S.05.01) and also the underwriting results reclassified to provide a comparison with the individual financial statements prepared according to Italian accounting standards.

Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita ended 2018 with a net business profit of more than 223 million euro, compared to a profit of 335 million in 2017.
Although the result was affected by the macroeconomic trends in 2018, it was on the whole satisfactory and enabled the fulfilment of the Company's objectives as set out in the 2018/2021 industrial plan of the Intesa Sanpaolo Group. The macroeconomic context in which the year's results should be seen can be summarised by the following elements, which affected the financial markets:

- the widening of the spreads with the yields on German debt in 2018, past 320 basis points. At the end of 2018, the BTP-Bund spread had increased by 100 basis points compared to the end of 2017;
- a slowdown in the real Italian economy, with GDP falling in the final quarter;
- in May and June there was severe financial strain caused by the formation of the new government. October and November also saw moments of tension due to the approval of the 2019 Budget Act.

In this context, the Company continued the consolidation of its strategic decision, taken in 2015 and subsequently pursued, which is aimed at rebalancing the collection of premiums between Lines I and III, by suspending the collection of premiums on individual Line I policies and developing multi-line policies in the retail and private channels. With regard to the positioning in terms of asset allocation, there was essentially continuity compared to the previous year. The average duration of the securities portfolio was 5.6 years. Regarding the allocation of government bonds per country, the mix was decidedly
oriented in favour of Italian bonds, with a reduction in the component of bonds issued by core countries (Europe, mainly the Federal Republic of Germany).

The determining factor of the year's results was the financial management, with income from investments, net of capital and financial costs at 685,304 thousand euro which was a clear reduction compared to the 2,313,374 thousand euro from the previous year.
The trend in the net flows from the Life business lines, determined by premiums collected net of payouts, was positive at 1,041,966 thousand euro compared to a negative balance for the previous year, of 829,461 thousand euro.

Apart from the reduction in financial income, the 2018 financial statements show a reduction in the costs paid to the sales network, despite the fact that the year's premiums collection of 9,902 million euro was up by 1% on the previous year. There was an increase in the number of live policies as of 31 December 2018, equal to 3,356,585, up by 4% on the previous year with a reduction in the average premium.
The costs of claims (claims outstanding, surrenders etc.) saw a reversal of the trend compared to the previous year; they fell during the course of the year just ended, to 9,327.6 which was down by 12% on 2017.

Below are the underwriting results divided according to Business Solvency II Line of business, as represented in the QRT S.05.01. The company only performs its underwriting activity in the Republic of Italy.

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Insurance with profit participation	6,036,185	5,078,153	-7,693,790	-9,473,520	514,174	3,243,161	-177,847	-165,743				
Index-linked and unit-linked insurance	3,559,056	4,400,929	-1,568,782	-1,117,388	-958,858	-3,555,837	-113,031	-113,977	-1,141	-460	**-340,515**	**-1,625,195**
Other life insurance	305,511	318,383	-57,967	-27,548	-85,740	-109,443	-98,286	-101,904				
Total amount	**9,900,752**	**9,797,465**	**-9,320,538**	**-10,618,457**	**-530,424**	**-422,119**	**-389,164**	**-381,625**				

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Medical expenses insurance	5	6	-	-	-	-	-1	-1		-	**312**	**-523**
Income protection insurance	850	1,018	-79	-1,187	-161	-6	-302	-353				
Total amount	**855**	**1,023**	**-79**	**-1,187**	**-161**	**-6**	**-303**	**-354**				

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs) and partially represents the company's underwriting result. This highlights an underwriting result that takes into account the "Technical Interest" in the Life segment, and other "Costs and Income" that were not included in the QRT S.05.01.

Underwriting result for the company, considering the QRT S.05.01 data:

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	9,901,608	9,798,488
Claims incurred	-9,320,617	-10,619,644
Changes in technical provisions	-530,586	-422,125
Expenses	-390,608	-382,438
Underwriting Result (QRT S.05.01)	**-340,203**	**-1,625,719**

Details of the underwriting results are given below, to provide a representation comparable with the individual IAS financial statements.

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	9,901,608	9,798,488
Claims incurred	-9,320,617	-10,619,644
Changes in technical provisions	-530,586	-422,125
Underwriting expenses	-250,724	-250,674
Claims management expenses	*-3,999*	*-4,071*
Acquisition expenses	*-246,725*	*-246,603*
Technical interest	164,194	1,535,875
Underwriting Result	**-36,125**	**41,920**

Intesa Sanpaolo Assicura S.p.A.

2018 saw an increase in total premiums, of 506.2 million euro which was an increase of 17.6% compared to the final figure for 2017 (430.5 million euro).

The main reasons for this are related to premiums for "Income protection insurance" (+22.4%), "Fire and other damage to property insurance" (+18%) and "General liability insurance" policies (+59.4%). The continued growth in the real estate and mortgages market has once again brought benefits in terms of premiums collected for the "Home and Family" policies, and financial loss products. In the Motor segment, in particular the "Viaggia con Me" travel policy achieved total premiums of 101.5 million euro compared to 89.8 million in 2017.

Claims-related costs net of recoveries and the effects of reinsurance and the change in the claims provision rose from 84.6 million euro in 2017 to 94.8 million euro, an increase on the previous year. Despite this increase in claims-related costs, 2018 showed an improvement in the ratio of claims to premiums for the period, net of the reinsurance effects. For 2018 it was 27.7% (28.3% in 2017).

Operating costs including purchase commission amounted to 159.7 million euro, an increase of approximately 13.7% on the previous year (140.4 million euro), mainly due to the increase in the commission load which is correlated to the increase in volumes. Costs of acquisition were 119.3 million, up by 10.8% in 2017, relating to the increasing volumes and the different portfolio mix, which led to the marketing of policies with higher rates of commission.

Below are the underwriting results divided according to Solvency II Line of business represented in the QRT S.05.01. The company only performs its underwriting activity in the Republic of Italy.

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Medical expenses insurance	6,738	5,850	-4,750	-4,076	-124	-42	-1,468	-1,193				
Income protection insurance	130,427	100,595	-19,304	-14,130	-1,256	-	-67,897	-59,442				
Motor vehicle liability insurance	71,618	68,592	-46,942	-43,933	-	-	-29,847	-23,220				
Other motor insurance	12,295	10,932	-5,074	-5,019	-27	-22	-3,925	-3,462				
Marine, aviation and transport insurance	18	10	-21	-4	-	-	-18	-3	-3,854	-2,431	**109,345**	**88,809**
Fire and other damage to property insurance	69,213	58,275	-10,109	-8,581	-115	-81	-37,893	-33,587				
General liability insurance	34,044	23,607	-4,337	-6,243	-2	-	-12,294	-7,929				
Credit and suretyship insurance	1,398	1,685	-355	-963	-	-33	-280	-189				
Legal expenses insurance	261	300	-11	254	-	-	155	436				
Assistance	5,990	3,390	-349	-308	-	-	-4,190	-3,170				
Miscellaneous financial loss	67,528	69,244	-3,560	-1,583	-	-	-32,337	-34,712				
Total amount	**399,530**	**342,479**	**-94,813**	**-84,587**	**-1,524**	**-179**	**-189,994**	**-166,472**				

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

Underwriting result for the company, considering the QRT S.05.01 data:

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	399,530	342,479
Claims incurred	-94,813	-84,587
Changes in technical provisions	-1,524	-179
Expenses	-193,848	-168,904
Underwriting Result (QRT S.05.01)	**109,345**	**88,809**

Details of the underwriting results are given below, to provide a representation comparable with the individual IAS financial statements.

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	399,530	342,479
Claims incurred	-94,813	-84,587
Changes in technical provisions	-1,524	-179
Underwriting expenses	-158,041	-139,962
Claims management expenses	*-14,411*	*-10,905*
Acquisition expenses	*-143,630*	*-129,056*
Underwriting Result	**145,152**	**117,751**

Fideuram Vita S.p.A.

With reference to the QRT S.05.01 annexed to this Report, which has been summarised and compared against the results for 2018, please note the following.

In 2018 net premiums for the period stood at 3,626 million euro, which was a decrease of 24.3% on the previous year; this was mainly related to unit linked policies (-35.4%).

The net costs of claims were 3,035 million, an increase of 0.2% on 2017, mainly due to the unit-linked business line.

The ratio of net premiums from unit-linked policies to total net production was 32% compared to the 92% reported in 2017. Conversely, the ratio of net premiums from profit-sharing policies rose to 68%, from 8% in 2017. This trend is mainly attributable to the effects on new business of the negative trend in the financial markets during 2018.

There was a significant decrease in the changes in Other technical provisions, compared to 2017. This was mainly due to the reduction in net premiums and the net value of the assets underlying the unit linked policies.

Costs amounted to 37.2 million euro and mainly affected the unit-linked policies.

The underwriting result was positive at 1,872 million. The balance included the total technical interest, which amounted to 1,935 million euro. Excluding this component, the balance was negative at 36.7 million euro.

Below are the figures for Fideuram Vita, separated according to area of Life business, for the underwriting results as presented in the QRT S.05.01.

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Insurance with profit participation	774,915	472,085	-342,362	-352,574	-537,471	-231,130	-8,230	-6,612				
Index-linked and unit-linked insurance	2,849,544	4,314,141	-2,692,565	-2,675,325	1,855,850	-2,191,023	-27,129	-29,724	-1,638	-1,549	**1,872,116**	**-700,490**
Other life insurance	1,387	1,370	89	170	-84	-101	-191	-219				
Total amount	**3,625,847**	**4,787,597**	**-3,034,838**	**-3,027,730**	**1,318,296**	**-2,422,253**	**-35,551**	**-36,555**				

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

Underwriting result for the company, considering the QRT S.05.01 data:

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	3,625,847	4,787,597
Claims incurred	-3,034,838	-3,027,730
Changes in technical provisions	1,318,296	-2,422,253
Expenses	-37,188	-38,190
Underwriting Result (QRT S.05.01)	**1,872,116**	**-700,577**

Details of the underwriting results are given below, to provide a representation comparable with the individual IAS financial statements.

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	3,625,847	4,787,597
Claims incurred	-3,034,838	-3,027,730
Changes in technical provisions	1,318,296	-2,422,253
Underwriting expenses	-10,631	-9,986
Claims management expenses	*-4,326*	*-3,316*
Acquisition expenses	*-6,305*	*-6,670*
Technical interest	-1,935,415	654,729
Underwriting Result	**-36,742**	**-17,645**

Intesa Sanpaolo Life D.A.C.

The main thrust of the commercial offer of Intesa Sanpaolo Life, aimed mainly at Italian customers, relates to unit linked policies.

During the year the Company's collected premiums amounted to €5.7 billion, which was down by 27.6% on the previous year. Payouts, mainly for redemptions, increased by approximately €355 million, equal to 13.3%.

Below is the underwriting result as presented in the QRT S.05.01:

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Index-linked and unit-linked insurance	5,748,427	7,941,393	-3,039,731	-2,684,067	397,230	-5,642,170	-453,377	-393,662	-	-	2,652,550	-778,506

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

(euro thousands)

	31.12.2018	31.12.2017
Net premiums	5,748,427	7,941,393
Claims incurred	-3,039,731	-2,684,067
Changes in technical provisions	397,230	-5,642,170
Expenses	-453,377	-393,662
Underwriting Result (QRT S.05.01)	**2,652,550**	**-778,506**

Details of the underwriting results are given below, to provide a representation comparable with the individual IAS financial statements

(euro thousands)

	31.12.2018	31.12.2017
Net fund margin	307,299	273,486
Acquisition expenses	-133,042	-116,383
Net deferred income	749	-2,001
Other	-118	-61
Underwriting Result	**174,888**	**155,040**

A.3 Investment results

Intesa Sanpaolo Vita Insurance Group

The financial results of the Group's investment activity are illustrated in the following table. The reference information has been presented in accordance with the IAS/IFRS.

Performances relate to the Group's total investment portfolio and thus also includes assets relating to policies in which the risk is borne by the policyholders.

(euro thousands)

Asset Class	31.12.2018	31.12.2017	% on 2018	% on 2017
Real estate investments	1,915	420	0.1%	-
Partecipations	-239	-393	-	-
Loans and receivables	1,478	-3,605	0.1%	0.1%
Financial assets avaiable-for-sale	2,268,589	2,458,020	117.4%	97.6%
Financial assets held-for-trading	-20,777	68,715	-1.1%	2.7%
Financial assets designates at fair value through profit or loss	-5,338,711	1,240,540	-276.4%	49.3%
Cash and cash equivalents	159	296	-	-
Financial liabilities hel-for-trading	15,216	-14,088	0.8%	-0.6%
Financial liabilities designated at fair value throught profit or loss	5,094,432	-1,146,575	263.7%	-45.5%
Other financial liabilities	-90,238	-85,661	-4.7%	-3.4%
Total investments	**1,931,824**	**2,517,669**	**100.0%**	**100.0%**

The closing balance of investment income from financial management, net of capital and financial charges, was 1,932 million euro, which was a 23% reduction compared to the previous year's 2,518 million euro.

With regard to the position in terms of asset allocation there was substantial continuity compared to the end of the previous year, with a gradual increase in diversification particularly in the Corporate segment, and an extension of the duration of asset portfolios linked to Group profit sharing products.

Both the Insurance Parent Company and Fideuram Vita hold investments in securitisations:

- Intesa Sanpaolo Vita has two securitised assets, which on 31 December 2018 had a market value of 3.5 million euro;
- Fideuram Vita has two securitised assets, which on 31 December 2018 had a market value of 3.8 million euro.

Intesa Sanpaolo Vita S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Vita are illustrated in the following table. The asset classes for which this data was recorded are those in the QRT S.09.01 defined in accordance with the Implementing Regulation of the European Commission 2452/2015 and subsequently amended by Regulation 2189/2017. The following information follows the national accounting standards used to prepare the individual financial statements.

Performances relate to the company's total investment portfolio and thus also include assets relating to unit linked and index linked policies.

(euro thousands)

Asset Class	31.12.2018	31.12.2017
Total investments (Shareholder return)		
Government bonds	1,302,412	1,516,879
Corporate bonds	316,680	275,029
Equity	120,679	357,382
Structured Bonds		
Derivatives	6,322	-15,575
Other investments	-	-68,254
Total investments (Shareholder return)	**1,746,093**	**2,065,461**
Total investments (Policyholder return)		
Government bonds	-3,710	-3,179
Corporate bonds	-1,362	1,128
Equity	-806,630	422,589
Structured Bonds		
Derivatives	-2,205	6,253
Other investments	-	-178,878
Total investments (Policyholder return)	**-813,907**	**247,913**
Total investments	**932,186**	**2,313,374**

The determining factor of the year's results was the financial management, with income from investments, net of capital and financial costs at 932,186 thousand euro down by 60% compared to the 2,313,374 thousand euro from the previous year. The most significant change was seen in the instruments linked to Class D investment products.
The trend in net flows in the Life segments, determined by the premiums collected net of payouts was positive at 1,041,966 thousand euro compared to a negative balance for the previous year, of 829,461 thousand euro.
The combined effect of the performance in financial management and the Life portfolio led to an increase in commitments to policyholders of 413,625 thousand euro in 2018 compared to a similar increase in the previous year (433,427 thousand euro).

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management (net of technical interest) in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

(euro thousands)

	31.12.2018	31.12.2017
Investment income and expense	1,619,092	2,313,400
Investment management expense	-56,894	-52,709
Technical interest	-164,194	-1,535,875
Investment Result	**1,398,004**	**724,817**

Intesa Sanpaolo Assicura S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Assicura are illustrated in the following table. The asset classes for which this data was recorded are those in the QRT S.09.01 defined in accordance with the Implementing Regulation of the European Commission 2452/2015 and subsequently amended by Regulation 2189/2017. The following information follows the national accounting standards used to prepare the individual financial statements.

(euro thousands)

Asset Class	31.12.2018	31.12.2017
Government bonds	-2,133	5,660
Corporate bonds	170	631
Equity	10,841	578
Investment funds Collective Investment Undertakings	-	-
Structured Bonds	-	-
Derivatives	-	-
Other investments	-	-234
Total investments	**8,878**	**6,635**

The closing balance of investment income from financial management, net of capital and financial charges, was 8.9 million which was an increase compared to the previous year's 6.6 million euro.

Intesa Sanpaolo Assicura does not hold any investments in securitisations.

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

(euro thousands)

	31.12.2018	31.12.2017
Investment income and expense	26,586	7,014
Investment management expense	-17,798	-379
Investment Result	**8,788**	**6,635**

Fideuram Vita S.p.A.

The financial results of the investment activity of Fideuram Vita are illustrated in the following table. The asset classes for which this data was recorded are those in the QRT S.09.01 defined in accordance with the Implementing Regulation of the European Commission 2452/2015 and subsequently amended by Regulation 2189/2017. The following information follows the national accounting standards used to prepare the individual financial statements.

Performances relate to the company's total investment portfolio and thus also include assets relating to unit linked and pension fund policies.

(euro thousands)

Asset Class	31.12.2018	31.12.2017
Total investments (Shareholder return)		
Government bonds	111,235	115,321
Corporate bonds	661	17,346
Equity	-2,233	4,011
Investment funds Collective Investment Undertakings	-8,494	8,413
Structured Bonds	1,298	12,096
Derivatives	-	-
Other investments	-	-
Total investments (Shareholder return)	**102,467**	**157,187**
Total investments (Policyholder return)		
Government bonds	5,167	2,762
Corporate bonds	-5,838	1,432
Equity	-19,300	47,367
Investment funds Collective Investment Undertakings	-1,463,866	975,072
Structured Bonds	-693	1,621
Derivatives	-39,399	47,873
Other investments	-	-
Total investments (Policyholderr return)	**-1,523,928**	**1,076,127**
Total investments	**-1,421,461**	**1,233,314**

The closing balance of investment income from financial management, net of capital and financial charges, was negative at 1,421 million euro. This negative result was heavily influenced by the reduction in the value of the assets underlying the unit linked policies, of -1,523 million, which counterbalanced the positive effect on the underwriting result.

Income from Class C net investments, made in relation to traditional policies and free assets is 102.5 million. The breakdown of this item is as follows:

- ordinary net income of 143.0 million;
- net earned income of 24.0 million;
- net value adjustments of -64.5 million.

On 31 December 2018 the Class C investments and derivatives recorded unrealised net gains of 221.2 million.

Net income from assets consisting of unit linked policies and pension funds, due entirely to the policyholders, was negative at 1,524 million including the net gains realised, and potential gains (inclusive of management commission).

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management (net of technical interest) in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

(euro thousands)

	31.12.2018	31.12.2017
Investment income and expense	-1,421,461	1,233,314
Investment management expense	-9,173	-6,036
Technical interest	1,935,415	-654,729
Investment Result	**504,781**	**572,549**

Intesa Sanpaolo Life D.A.C.

The company's share of the return on investments is negative at -2.262 million euro, deriving from policyholders and shareholders. The result derives from a prudent policy of investing in secure short-term liquid assets with a high credit rating.

(euro thousands)

Asset Class	31.12.2018	31.12.2017
Policyholder Investment Return	-2,265,292	490,732
Shareholder Investment Return	2,817	3,345
Total investments	**-2,262,475**	**494,077**

Intesa Sanpaolo Life does not hold any investments in securitisations.

A.4 Results of other activities

Intesa Sanpaolo Vita Insurance Group

The sources of income and costs of the Insurance Group Intesa Sanpaolo Vita not related to the underwriting and investment areas are recorded in the items Other income/costs, on the consolidated accounts.

With regard to other Group income the value was 179,821 thousand euro (171,387 thousand euro on 31 December 2017), an increase of 5% which is mainly linked to other technical income (mostly relating to management commission on unit linked policies) and exchange differences relating to investments.

Regarding other costs, the amount recorded was 557,028 thousand euro (683,792 thousand euro on 31 December 2017), a reduction of 19% relating to net provisions for risks and charges, adjustments in the value of tangible and intangible assets and exchange differences allocated to the income statement plus other technical costs. This last amount is mainly comprised of trail commission paid to the sales network.

(euro thousands)

	Income		Expense		Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other income/expenses	179,821	171,387	-557,028	-683,792	-377,207	-512,405
Extraordinary income/ expense	-	-	-	-	-	-
Other activities	**179,821**	**171,387**	**-557,028**	**-683,792**	**-377,207**	**-512,405**

Intesa Sanpaolo Vita S.p.A.

The sources of income and costs of the Intesa Sanpaolo Vita Insurance Group related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses.

(euro thousands)

	Income		Expense		Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other income/expenses	12,330	10,039	-99,690	-89,781	-87,360	-79,742
Extraordinary income/ expense	2,948	-	-1,265	-	1,683	-
Other activities	**15,278**	**10,039**	**-100,955**	**-89,781**	**-85,677**	**-79,742**

and other income components including management commission on unit linked policies and open pension funds and the related trail commission paid to the sales networks.
Below is a summary of the company's financial performance:

(euro thousands)

Overall performance	31.12.2018	31.12.2017
Underwriting performance	-36,124	41,920
Investment performance	459,909	724,817
Overhead and administrative expenses	-83,389	-79,110
Performance of other activities	-1,354	-79,742
Other P&L items	-51,119	-135,737
Taxes	-64,511	-136,768
Net result	**223,411**	**335,380**

Intesa Sanpaolo Assicura S.p.A.

The sources of income and costs of Intesa Sanpaolo Assicura related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses.

(euro thousands)

	Income		Expense		Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other income/expenses	2,988	2,969	-4,919	-3,301	-1,931	-332
Extraordinary income/ expense	1,133	579	-458	-294	675	285
Other activities	**4,121**	**3,548**	**-5,377**	**-3,595**	**-1,256**	**-47**

Below is a summary of the company's financial performance:

(euro thousands)

Overall performance	31.12.2018	31.12.2017
Underwriting performance	96,454	117,751
Investment performance	8,911	6,635
Overhead and administrative expenses	-31,397	-26,131
Performance of other activities	4,121	-47
Other technical income and expenses	2,895	-37,414
Other P&L items	4,099	1,868
Taxes	-26,623	-19,126
Net result	**58,461**	**43,535**

Fideuram Vita S.p.A.

The sources of income and costs of Fideuram Vita not related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses.

(euro thousands)

	Income		Expense		Result	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other income/expenses	708	1,194	-6,735	-8,392	-6,027	-7,198
Extraordinary income/ expense	4,579	483	-1,436	-1,487	3,143	-1,004
Other activities	**5,287**	**1,677**	**-8,171**	**-9,879**	**-2,884**	**-8,202**

Other income amounts to 0.7 million and relates to amounts recovered from other Group companies for the cost of personnel on secondment. The Other costs item amounts to 6.7 million and includes 4.1 million of interest payable on subordinated loans, 1.6 million for the amortisation of intangible assets and 0.7 million of costs paid to third parties.

The result of extraordinary operations includes net income of 3.1 million euro and mainly relates to contingent assets from the sale of proprietary real estate.

The balance for the other income components is negative by 435.2 million, mainly attributable to the share of management costs deducted from the unit linked policies, retroceded to the distributors. This item also includes the trail commission payable on certain profit-sharing policies, the management costs for the Class D investments, the interest payable in respect of a subordinated loan, and other technical items.

Below is a summary of the company's financial performance:

(euro thousands)

Overall performance	**31.12.2018**	**31.12.2017**
Underwriting performance	-36,742	-17,644
Investment performance	504,781	572,549
Overhead and administrative expenses	-17,385	-22,168
Performance of other activities	-2,884	-8,202
Other P&L items	-435,236	-452,307
Taxes	-3,115	-20,005
Net result	**9,419**	**52,224**

Intesa Sanpaolo Life D.A.C.

The sources of income and costs of Intesa Sanpaolo Life that are not related to the underwriting and investment areas are recorded in the residual items on the individual financial reports, and mainly relate to other costs and non-technical income:

(euro thousands)

	31.12.2018	**31.12.2017**
Operations expenses	-25,555	-24,420
Fund administration expenses	-6,682	-6,609
Other income and expenses	-13,195	1,794
Other P&L items	-8,151	-555
Other technical income and expenses	-1	-
Net result	**-53,584**	**-29,790**

Below is a summary of the company's financial performance:

(euro thousands)

	31.12.2018	**31.12.2017**
Underwriting performance - local report (A	174,888	155,040
Investment performance (A.3)	2,817	3,345
Other P&L items (A.4)	-53,584	-29,790
Taxes	-18,973	-17,146
Net result	**105,148**	**111,449**

A.5 Other information

There is a difference in the full consolidation area, between the consolidated accounts prepared under Article 95 of the Code of Private Insurance, and the consolidation area considered for the purposes of calculating group solvency.

Two subordinated loans were paid off in 2018:

- the first had a nominal value of €500 million expiring on 18 September 2018;
- the second had a nominal value of €30 million expiring on 30 December 2018.

B. Governance system

B.1 General information about the Governance system

Intesa Sanpaolo Vita Insurance Group

The Parent Company manages and coordinates the other companies in the Insurance Group, in line with the general guidelines set by the Board of Directors of the Parent Company which reflects the requirements of current regulations. It also adopts risk management and internal control procedures that ensure the coordinated, unitary management of the various Group companies by providing them with instructions, also regarding the implementation of IVASS provisions, such as the Regulations of the Insurance Group, the internal control directives of Intesa Sanpaolo Vita and of the Group, and the application of the provisions of the Private Insurance Code and IVASS Regulation no. 22/2016.

The regulations of the Insurance Group, which were recently updated to comply with the requirements of Article 71 para. 2 m) of Regulation 38/2018, in line with the Group's organisational structure, the directives on corporate governance and the related internal control policy, contain rules on how Intesa Sanpaolo Vita, as the Parent Company, manages and directs the other companies in the Insurance Group.

The Regulations provide for the following:

- strategic-economic control: with a view to promoting efficiency and realising the overall value of the Insurance Group, and of safeguarding its stability also in terms of the adequate availability of own funds compared to identified risks, and profitability, the Insurance Group Parent is required to put in place a Group Plan and Group Budget as part of a planning process. This includes the plans and budgets of the individual companies, following the processes coordinated by the parent company Intesa Sanpaolo;
- operational control: the aim is to standardise operations within the Insurance Group:
    - the Insurance Group Parent imposes internal regulations on the other Group companies regarding the implementation of measures issued by the Regulator in relation to the Insurance Group, and checks that these measures are complied with;
    - With reference to the monitoring and control of all risks (underwriting, reserving, market, credit, liquidity, operational, and risks of belonging to the Insurance Group, risks of non-compliance and reputational risk) the Insurance Group Parent helped to put in place and maintain a risk management system at Insurance Group level, through its internal control functions (Audit, Compliance, Risk Management, AML and Actuarial);
    - for the production of data used in the supervision of the Group, the Insurance Group Parent allocates responsibility to its Financial Reporting division;
    - for the auditing of the financial situation, the Insurance Group Parent acquires periodic reports from the subsidiaries. These are analysed and audited by the Parent Company's Management Control and Planning division.
- Group Regulatory Unit: The parent company is tasked with defining and circulating the "Group Governance Documents" (for example the policies, directives and guidelines, rules and operational instructions, which contain binding regulatory provisions. These may relate to: (i) defining the objectives, roles, duties and responsibilities of each player in the principal business management processes, thus establishing the principles of relations between the central

departments and the operational units of the Insurance Group; (ii) the types and characteristics of the regular flows of information between the Group companies and the Insurance Parent Company, which enable the Insurance Parent to fulfil its role of guidance, governance and managerial or supervisory control; (iii) specific or generic regulatory issues; (iv) temporary or permanent measures, and (v) measures intended for individual entities or business units, or for the Insurance Group as a whole;

- the Insurance Group's coordination bodies: the advisory committees of the Parent Company and its board-internal Remuneration Committee and Risks Committee;
- specific obligations of the other Group companies, through a system of pre-authorisations from the Insurance Parent Company for certain transactions such as (i) changes to the bylaws and the granting of authorities to executive bodies, (ii) mergers and demergers, (iii) the acquisition and/or transfer of businesses, of going concerns and legal relations en bloc; (iv) the acquisition, disposal and contribution of equity investments, (v) the election of the executive and supervisory bodies;
- advance notifications and periodic reports to the Insurance Group Parent, from other Group companies regarding among other things (i) findings of the Regulator and significant events, (ii) meetings of the company bodies, (iii) changes to the organisational structure, (iv) staff -related activities, (v) activities related to the collection of data for the calculation of the Solvency Capital Requirement at group level and the own funds eligible for its coverage, and for all the quantitative and qualitative reports required by the Solvency II regulations, and (vi) approvals of policies based on the application of Group or regulatory policies.

The coordinated management of relevant issues within the Insurance Group, the effective control of internal risks, and an adequate level of internal discussion and communication is assured by the management committees (Coordination, Controls Coordination and Investments Committees) and the board-internal committees (Remuneration and Risks Committees), of the Parent Company. These committees, which are established by the Board of Directors of Intesa Sanpaolo Vita, are specialized in certain subjects. The number and type of their members are defined on the basis of specific requirements.
The Insurance Parent Company informs the other Group companies of:

- the strategic guidelines and other instructions to be followed by the Subsidiaries;
- the criteria for identifying, measuring, assessing, managing and controlling risks;
- the decisions taken on authorisations or opinions requested by the Insurance Group companies on specific matters;
- the changes to its own structure as regards functions, powers and offices, if they affect Insurance Group companies;
- any information of general significance for the Insurance Group or of specific interest for each company.

Insurance Group companies are required to:

- provide the Insurance Parent Company with all data and information deemed necessary or expedient in connection with the performance of its management and coordination duties, even for the fulfilment of legal or supervisory obligations;
- send the Insurance Parent Company the agenda of board and shareholders' meetings and, on request, a copy of minutes of resolutions passed by company boards;

- request preliminary opinions or authorisations from the Insurance Parent Company, as required;
- abide by the rules, policies and controls established by the Insurance Parent Company;
- provide the Insurance Parent Company with all the information which may be useful to prepare Group policies in greater detail, guaranteeing consistency between the specific implementation of the Insurance Parent Company's instructions and the specific needs of other Group companies.

For the calculation of the Group capital requirement, the Insurance Group uses Method 1 (also known as the standard method) as provided for in Article 75 of the Directive of the European Parliament 138/2009. This calculates the solvency capital requirement based on the consolidated accounts data.

Using this method, the capital requirement is calculated as the difference between the eligible consolidated own funds and the Group capital requirement, calculated on the basis of the consolidated data.

To determine whether the consolidated requirement adequately reflects the Insurance Group risk profile, particular attention must be paid to cases in which a specific risk at Group level is not sufficiently covered by the Standard Formula, as it cannot be quantified.

The consolidated data includes:

- The proportional consolidation of the data of companies managed by a subsidiary together with the other companies not considered as such, if their liability is limited to the share of capital they hold;
- based on the adjusted net equity method (Article 13 (3) of the Delegated Acts), the proportion of own funds for subsidiaries that are credit institutions, investment firms and financial institutions, managers of alternative investment funds and UCITS management companies, pension funds and unregulated financial services companies;
- the data for all the subsidiaries in accordance with Article 13 of the Delegated Acts, other than those listed in the above points.

The above data should be considered net of infra-group operations. The consolidated Group capital requirement is calculated as the sum of four components:

- the capital requirement calculated on the basis of the consolidated data;
- the proportion of the capital requirement pertaining to each subsidiary company;
- quota the proportion of the capital requirements of the other equity investments in credit firms, investment companies, financial entities, alternative investment funds and UCITS management firms, pension funds, added to the notional capital requirements of unregulated firms providing financial services;
- of the capital requirement of the other related undertakings, including instrumental companies, other than those mentioned above.

In relation to the bases, methods and assumptions used at Group level for the solvency valuation of group assets and liabilities other than technical provisions, refer to section D of this Report.

Coordination between the executive and supervisory bodies and key functions

The control of risk management for Intesa Sanpaolo Vita and for the Insurance Group is carried out by the Risk Management Function of the Company, through a specific organisational unit that also operates for the other companies belonging to the Insurance Group, to ensure that the controls are conducted in the same way and to achieve operational synergies as well as assessments at Group level.

This function also performs risk management for Intesa Sanpaolo Assicura, under an outsourcing contract which enables operating synergies. The Risk Management function of Fideuram Vita reports to its counterpart at Intesa Sanpaolo Vita.

With regard to Intesa Sanpaolo Life D.A.C., the Risk Management function of the Parent Company: i) provides its Irish counterpart with the principles used to draw up the internal regulations, methodologies and verification methods used, to ensure that risk is managed and measured in the same way, and ii) check that these regulations are implemented, by attending the Risk & Compliance Committee, as a permanent attendee, so that it can analyse and discuss the main risk control dynamics, in view of decisions to be taken by the executive body.

Activities are regularly coordinated, partly through the use of common systems to standardise the management of financial and operational risks.

ISV's Compliance function provides transverse supervision of compliance risk at Insurance Group level, through a dedicated unit.

The dedicated unit provides Compliance activities for the subsidiary Intesa Sanpaolo Assicura under an outsourcing contract which ensures standard audit interventions and enables the formation of operational synergies, as well as Group evaluations.

In the case of Fideuram Vita S.p.A. and Intesa Sanpaolo Life D.A.C., the work of the company's Compliance function is subject to management and coordination by the Parent Company.

Details of the activities and relations between departments can be found in the ISV Compliance Guidelines, which match the Group Compliance Guidelines that define the Compliance model of the Intesa Sanpaolo Group.

The Audit function of Intesa Sanpaolo Vita S.p.A. Carries out internal audits using its own dedicated unit which also works for the other Insurance Group companies, both in relation to the role of parent company and also under outsourcing contracts, thus guaranteeing consistency of the audits undertaken, and the creation of operational synergies.

The Head of Audit periodic reports to the executive and supervisory bodies of the Parent Company, or to the bodies of each insurance company (Audit and Reporting Committee for Intesa Sanpaolo Life D.A.C.), presenting written reports on the final audits carried out during the year, any areas for attention, and any improvement actions already taken, or to be implemented. In particular:

- it reports every six months to the Board of Directors on its activities during the reference period;
- it reports to the board of statutory auditors at least every six months;
- during periodic meetings, it reports to the 231 Supervisory Body, on any interventions concerning 231 risks or requested by it.

The reports presented to the corporate bodies of Intesa Sanpaolo Vita also contain information about the control activities performed for Insurance Group companies.

The ISV Actuarial function also operates for Intesa Sanpaolo Assicura under outsourcing agreements.

The Group Companies must send the Actuarial function of the Parent Company all the information needed for the relevant control activity.

Remuneration system and pay policy

The Insurance Group companies are asked to implement the remuneration policies as defined in the Report on Remuneration of the parent company Intesa Sanpaolo, by setting out, where necessary, specific mechanisms that also take into account the sectorial regulatory and governance restrictions, which, as far as the Insurance Group is concerned, are represented by the contents of ISVAP Regulation no. 39 of 9 June 2011 and now by IVASS Regulation no. 38/2018.

The Remuneration Policies applied in 2018 were based on the following principles:

- alignment of Management and staff behaviour with the interests of shareholders, the medium and long term strategies and company objectives, within a framework of rules aimed at proper control of the current and future risks, and at maintaining an adequate level of liquidity and capitalisation;
- merit, to guarantee better matching with actual performance and the managerial quality identified;
- fairness, in order to promote proper conduct and standardise treatment in terms of remuneration;
- the external competitiveness of the annual global remuneration for each professional group in the same band;
- sustainability, to limit the costs resulting from the implementation of the policies to amounts that are compatible with the medium- and long-term strategies and the annual objectives;
- compliance with legal and regulatory, international, European and national provisions and the resulting focus on executives with strategic responsibilities, risk takers and control functions.

The pay policies are based on individual and company performance. As far as the profits principle is concerned, bonuses are awarded in relation to the achievement of subsequent results (by the banking group, company and individual performances) which are measured by specific performance indicators.

In terms of the relationship between remuneration, risks and performance, the principle of financial sustainability applies. This is a method used to finance the bonus pool, which correlates the amount of the bonus to the trend in predefined parameters. The failure to fulfil even one pre-defined condition means that access to the Intesa Sanpaolo Group bonus pool will be withheld. The principle of financial sustainability also exists at the level of each department or company within the Group, and therefore only those that exceed the entry threshold will receive the pre-defined bonus (once the Group gateway has been activated).

The pay guidelines of the Intesa Sanpaolo Group and of the companies of the Intesa Sanpaolo Vita Group have always been based on the principle of segmentation according to the role and contribution made to the corporate governance processes and to the systems and tools applied.

On 2 August 2018 IVASS issued Regulation no. 38 (the "Regulation") on the governance system. This originated from the new provisions introduced by the Solvency II Directive, the Delegated Regulation (EU) 35/2015 and the EIOPA corporate governance guidelines. With the Regulation, IVASS repealed the contents of ISVAP Regulation no. 39 of 9 June 2011, by setting out principles on remuneration

policies for insurance companies with the objective of ensuring that their pay systems reflect the principles established internationally.

In general, the Regulation reflects the contents of previous regulations on this issue, by ensuring that the insurance company:

I. adopts remuneration policies that are consistent with sound, prudent management and which do not over-incentivise risk;

II. adopts decision-making processes based on the principle of transparency, and which avoid conflicts of interest;

III. that shareholders play an active role in improving the policies and in assessing their implementation.

With the aim of increasing awareness of the remuneration of the corporate bodies, the holders of key functions and key personnel as defined in the Regulation, more detailed disclosures are required for shareholders. IVASS must be sent quantitative data on the payments made to such personnel, according to the list of information contained in Annex 3 to the Regulation.

The Insurance Group and the Intesa Sanpaolo Group of which it is a part are required to prepare remuneration policies that are defined in line with their risk management strategies and policies, the risk appetite and tolerance limits of the Insurance Group.

Remuneration policies thus play an important role in ensuring that adequate professional figures can be attracted and retained, in a competitive context; from a prudential point of view it is necessary to ensure that the insurance group companies adopt remuneration systems that reflect sound, prudent management of risks and avoid any incentives that may encourage excessive risk-taking behaviour.

The alignment of pay policies with the long-term interests of the insurance group companies helps to reinforce the protection of the interests of all stakeholders, including policyholders, and the stability of the market.

Operations with shareholders and persons of influence

The Insurance Group Companies apply and maintain a policy to manage conflicts of interest, which is prepared on the basis of the nature, size and complexity of their individual businesses.

The Group has internal procedures and regulations which are designed to identify and regulate operational situations that could give rise to potential conflicts of interest deriving from group relations, their own business relations, or those of Intesa Sanpaolo Group companies.

The Group also has its own procedure to manage related party transactions, and transactions with affiliates of the Insurance Group, and infragroup transactions; this procedure is coordinated, and reflects the regulations of the Parent Company Intesa Sanpaolo.

The procedures are periodically reviewed by the Companies, which verify that they are effective and adequate, based on changes to the organisational structures and regulatory requirements.

Self-assessment of the executive body

Article 71, para. 2 bb) of the IVASS Regulation 38/2018, in setting out the responsibilities of the executive body at Insurance Group level with a view to improving the efficiency of the operational

process as part of its strategic and organisational duties, and to assess the adequacy of the insurance companies' structure, requires the Board of Directors to assess, at least once a year, the composition and functioning of the executive body overall, and of its committees, expressing guidelines for the professional roles who should be included on the Board, and proposing any corrective actions.

Intesa Sanpaolo Vita S.p.A.

The organisational structure of Intesa Sanpaolo Vita S.p.A. is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The Company has adopted the conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of articles 2380 et seq. of the Italian Civil Code.

The Board of Directors of Intesa Sanpaolo Vita S.p.A. in office since 19 March 2018 until the approval of the financial statements to 31 December 2020 was formed of 9 members including a chair, a Vice Chair and CEO.

All the members of the Board Directors meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo Vita is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's and Group's risks.

The Board of Directors of the company is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

The Board of Directors of Intesa Sanpaolo Vita, also in the capacity as the Insurance Parent Company, within the scope of the strategic and organisational governance tasks as per Article 2381 of the Italian Civil Code, is solely responsible for the exercise of its powers with reference to:

- checking that the corporate governance system is consistent with the strategic objectives, risk appetite and risk tolerance limits, as established, and is able to capture any changes in the company risks and the interaction between them;
- the periodic setting of the risk-adjusted objectives in compliance with the goal of protecting its assets and with the guidelines of the Intesa Sanpaolo Group implemented by the Company and by the Insurance Group Companies;
- approval of the annual reporting documents (quantitative and qualitative) required by the entry into force of the Solvency II Regulation;
- approval of the Current and Forward-Looking Risk Assessment Report provided for by the Solvency II Directive;
- approval of the rules on investments of the Insurance Group, of the Framework Resolution on investments of Intesa Sanpaolo Vita, including the Investment Rules, the asset-liability management Rules and the liquidity risk management Rules;
- approval of the risk management and risk appetite policies and strategies of Intesa Sanpaolo Vita S.p.A. and of the other Group Companies, through the specific policies;
- approval of the remuneration policies;

- approval of the capital management policy;
- a periodic review of results, including the results of stress tests, and periodic examination of the underlying risk profiles of the Company and other Group Companies, which are communicated to Top Management and to the independent Risk Management function;
- gathering of information on the most significant critical aspects concerning risk management and internal control of the Company and of the Group Companies identified by the various bodies tasked with their monitoring and control;
- timely assessment of said critical aspects and initiation of the necessary corrective measures by issuing directives. In urgent cases, linked to situations that may compromise the solvency of the Company and Insurance Group and the reaching of company goals, the corrective actions are determined by the Top Management of Intesa Sanpaolo Vita, also in its capacity as Insurance Parent Company, provided that it duly informs the Board at the next meeting.

For instrumental purposes, in addition to the above powers and responsibilities, the Board of Directors of Intesa Sanpaolo Vita, also in the capacity as Insurance Parent Company:

- identifies the strategic guidelines and policy for the current and forward-looking risk assessments;
- ensures that the implementation of the Risk Appetite Framework is consistent with the approved risk appetite and tolerance threshold; periodically evaluates (at least once a year) the adequacy and effectiveness of the Risk Appetite Framework and compatibility between actual risk and risk targets;
- checks that Top Management defines the structure of internal controls in line with the selected risk appetite, that the control functions have an adequate degree of autonomy within the organisational unit, and that adequate resources are provided for proper functioning;
- has tasked the Chief Executive Officer with the determination of the organisational structure so that tasks and responsibilities are assigned clearly and appropriately and is informed of any organisational change and of the reasons that led to such change, ensuring that supervisory authorities are duly informed in the case of significant changes; is later informed of whether the expected improvements are achieved;
- ensures that adequate decision-making processes are adopted and formalised and that functions are segregated appropriately within the organisational structure;
- approves the system of delegating powers and responsibilities, making sure that it remains adequate over time, and provides for adequate contingency arrangements if it decides to reserve the delegated powers for itself;
- is informed at least on a quarterly basis by the Chief Executive Officer about actions by proxy-holders concerning the most important transactions in terms of size and characteristics;
- is informed, each quarter, about significant related party transactions carried out by Intesa Sanpaolo Vita S.p.A.;
- promotes staff compliance with the principles of moral integrity and the ethical values of the Company formalised within the Code of Ethics, and fosters an "audit culture" so that all personnel are aware of the importance and usefulness of internal audits;
- appoints and revokes:
  - the head of internal auditing (Audit),
  - the Chief Risk Officer also as the Head of the independent risk control function (Risk Management);

  - the Chief Compliance Officer also as the Head of the compliance function (Compliance), the head of AML, and Data Protection Officer;
  - the Head of the Actuarial Department;
- approves the annual plan of action for the Compliance, Risk Management, Audit and Actuarial functions;
- examines, at least once every six months, the reports on the work done by the Heads of the control functions, on the audits carried out;
- defines the main characteristics of the internal controls and risk management system, expressing its opinion on the overall adequacy based on the reports by the competent functions. These activities are carried out at least once a year;
- makes sure that shortcomings and anomalies found as a result of the controls at various levels are promptly brought to its attention in order to give directives on the adequate corrective measures;
- determines the measures to be adopted following any recommendations received, and identifies the measures to eliminate deficiencies found by the Audit function, ensuring that the necessary measures are implemented;
- ensures continuous professional development which is extended also to the members of the body itself;
- carries out, at least once a year, a review on the size, composition and operation of the administrative body as a whole, including its internal committees.

The principal role of the Chief Executive Officer is to:

- implement the decisions about the corporate governance and risk management systems, taken by the Board of Directors, and to supervise the management of the business and all the Company's affairs, ensuring that this is conducted in accordance with the general management guidelines established by the Board of Directors;
- supervise the setting of the annual and multi-year plans and budgets to be submitted to the Board of Directors;
- supervise the setting of the technical insurance policies to be submitted to the Board of Directors;
- Propose business-related growth strategies;
- present the Board of Directors with the matters for which it is responsible, and any other issues regarding the performance of the company, and formulate any proposals;
- coordinate the Company's activities;
- establish and maintain external, corporate, shareholder and industrial relations;
- define, in detail, the organisational structure of the business, the duties and responsibilities of the basic operational units as well as the decision-making processes in accordance with the instructions given by the Board of Directors.

The Board of Statutory Auditors of Intesa Sanpaolo Vita is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Intesa Sanpaolo Vita verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

The mandate of the Board in office on 31 December 2018 expired following the approval of the financial statements to 31 December 2018; the new Board of statutory auditors was appointed at the meeting of shareholders held on 25 March 2019.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Intesa Sanpaolo Vita S.p.A. is also complemented by various permanent advisory committees and by the basic functions as provided for in current regulations (legislative decree 209/2005, updated by legislative decree 74/2015): Risk Management, Compliance, Actuarial, Audit). In addition to these basic functions is the additional control function responsible for AML (Anti-Money Laundering) controls.

There are 3 managerial committees and 2 Board Committees:

Management committees:

- A Coordination Committee, which meets in two sessions (Group, and Intesa Sanpaolo Vita), usually once every two months, and whose mandate is to:
    - facilitate interaction and communication between the company departments and the Insurance Group companies at the highest level, in order to coordinate the key decisions of the Insurance Group and to monitor the economic performance of the Group;
    - discuss proposals for determining company strategies and for monitoring the company's economic trends, as well as discussing the structure of new products, monitoring their launch plan, and for defining, prioritising and verifying the progress of key projects.
- an Investments Committee which meets in four sessions (Group Investment Strategies, ALM and investments, Alternative Investments and Corporate Bond & Emerging Market Investments) usually at least once every two months, with the respective objectives of:
    - Helping to outline investment strategies for the Group that the individual companies will adopt in their own specific strategies, though operating and tactical choices discussed by their respective Investment Committees;
    - Suggesting, in conjunction with the Delegated Manager, the guidelines for tactical operations to be submitted for approval by the Board of Directors;
    - Supporting the Board of Directors in drawing up the guidelines on alternative investments and identifying the related monitoring tools;
    - Monitoring the thresholds for investments in corporate financial and industrial bonds and in emerging-markets securities, and pre-evaluating specific investment transactions.
- Controls Coordination Committee, a body with an information and advisory role that operates to consolidate the coordination and the mechanisms of inter-functional cooperation as part of the internal controls system of the Insurance Group. The Committee meets usually on a quarterly basis but it may also be called by the Audit Manager whenever it is needed.

Members of the Group session of the Coordination Committee:

- For Intesa Sanpaolo Vita S.p.A.:

- Chief Executive Officer;
- Heads of control functions;
- Heads of the first-line Organisational Units;
- Head of Organisation;
- Head of Planning and Management Control;
- The CEOs and directors general of the Group Companies.

Members of the Intesa Sanpaolo Vita session of the Coordination Committee:

- Chief Executive Officer;
- Heads of control functions;
- Heads of the first-line Organisational Units;
- Head of Organisation.

Members of the Group Investment Strategies session of the Investments Committee:

- For Intesa Sanpaolo Vita S.p.A.:

  - Chief Executive Officer;
  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of Alternative Investments;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Finance and Actuarial Area;
  - Head of Investments;
  - The CEOs and directors general of the Group Companies.

Members of the ALM Investment session of the Investments Committee:

- For Intesa Sanpaolo Vita S.p.A.:

  - Chief Executive Officer;
  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Finance and Actuarial Area;
  - Head of Investments;
  - Head of Line I and Property Investments;
  - Head of Lines III and VI Investments;
  - Head of Actuarial;

- Head of ALM;
- Head of Actuarial Function;
- Head of Alternative Investments;
- Head of Sales Area;
- Head of Business Welfare;
- Chief Executive Officer and Director-General of Intesa Sanpaolo Assicura;
- Head of the Investments Division of Eurizon Capital.

Members of the Alternative Investment session of the Investments Committee:

- For Intesa Sanpaolo Vita S.p.A.:
  - Chief Executive Officer;
  - Chief Risk Officer;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Alternative Investments;
  - Head of Credit, Loans & Private Equity;
  - Head of Finance and Actuarial Area;
  - Head of Investments;
  - Head of the Financial and Market Risks Head Office Department and Head of the CIB Credits Division of Intesa Sanpaolo.

Members of the Corporate Bond & Emerging Market Investment session of the Investment Committee:

- For Intesa Sanpaolo Vita S.p.A.:
  - Chief Executive Officer;
  - Chief Risk Officer;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Finance and Actuarial Area;
  - Head of Investments;
  - Head of Line I and Property Investments;
  - Head of Alternative Investments;
  - Head of ALM and Capital Management;
  - Head of the Financial and Market Risks Head Office Department of Intesa Sanpaolo;
  - Chief Executive Officer and Director-General of Intesa Sanpaolo Assicura S.p.A.

Members of the Controls Coordination Committee:

- Head of Audit;
- Chief Risk Officer;
- Chief Compliance Officer;
- Head of Risk Management;
- Head of GAF and Regulatory Agenda;
- Head of Organisation;
- Head of Actuarial Function;
- Financial Reporting Officer (currently the Head of the Administration, Budget and Management Control Area).

BoD Committees:

- The Remunerations Committee, formed of three non-executive members of the parent company's Board of Directors, the majority of whom must be independent (Article 2387 civil code) and from among whom the Chair will be elected, is responsible for advising the Board of Directors on the remuneration policies for the executive bodies and the Company's personnel;
- The Risks Committee, formed in July 2017 and consisting of three members, from among whom the Chair will be elected, advises the Board of Directors with the aim of improving the efficiency of its functions, and has a role of strategic supervision of the governance and management of financial, technical and operational risks.

The Committee pays particular attention to the work necessary for the Board to correctly determine the Risk Appetite Framework (RAF) and the risk governance policies, and in order to effectively fulfil its additional duties relating to risks, as provided for under current regulations. Its duties include examining, advising and proposing. It supports the Board of Directors in understanding the control of risks and the implementation of the RAF of the Company and of the Insurance Group in exercising the functions of strategic supervision regarding the governance and management of risk.

The Risks Committee also assists the Board of Directors:

- in approving proposals for risk mitigation, resulting from the Risk Assessment;
- in defining and approving the ORSA, helping to ensure that it is consistent with the RAF;
- in preparing the risk reports to be sent to the regulatory bodies.

The members of the Remuneration Committee include representatives of the Company, of the other companies in the Insurance Group or of the parent company Intesa Sanpaolo, whose presence is considered helpful in fulfilling the Committee's functions regarding each item on the agenda.

Meetings of the Remuneration Committee are held at intervals determined according to a calendar based on the work needed to carry out the committee's tasks, but at least twice a year, in order to provide advice and suggestions on any revisions to the remuneration policies, and to provide adequate information on how the policies are to be applied, to be included in the annual report to the ordinary shareholders' meeting of the Italian group companies.

The Committee usually meets on a monthly basis but it may also be called by the Chair of the Committee whenever it is needed. A schedule of the meetings based also on the schedule of the meetings of the Board of Directors is prepared at the beginning of every year.

The Company also has five control functions as required by current regulations: Risk Management, Compliance, Actuarial, Audit and AML (Anti-Money Laundering).

These organisational units are independent and play a leading role in overseeing the correct operation of the mechanisms of the company and the Insurance Group. They are called upon to ascertain that the system of rules and procedures that the Company and the Group Companies have put in place is adequate to ensure the monitoring of the identified risks and can thus protect the interests of all stakeholders.

These departments are separate, in organisational terms: their respective duties and responsibilities are described in the relevant Function Charts and further detailed in the relevant Regulations and Guidelines.

Their main tasks are detailed below:

The Audit function: is tasked with assessing the completeness, operation, effectiveness and adequacy of the Internal Controls System with regard to the nature of the activity and risk levels, and assessing the need for adjustments, also by providing support and advice to other business units.

The Audit function is independent, also hierarchically, from the operating organisational units. Those tasked with the activity are ensured - for the purpose of carrying out the relevant checks - access to all hard copy and electronic documents and to the company structures subject to audit, as well as to information for control on the correct performance of the outsourced activities. The Unit must also have organic ties with the other Core Functions tasked with internal control. The assigned structure must be appropriate to the scope, complexity of the activity and development objectives of the Company in terms of human and technological resources.

The Head of Audit presents the annual audit plan to the Board of Directors. The audit plan also takes into account any input from the Board of Directors. The Head of Audit can also include areas of investigation in the Audit plan, to guarantee the independence of the internal audit process.

The Board of Directors is regularly updated about the work done, and on any progress in corrective actions implemented by the relevant units.

The audits are concluded with a follow-up on the effectiveness of the adjustments made to the system.

Risk Management: supports Top Management in determining and implementing the Risk Management System, and contributes to the internal risk and solvency assessment based on the Risk Appetite Framework, by identifying each business risk, measuring the effects and performing all controls within its remit, and liaising with the other Core Functions to coordinate the risk management-related company departments, in compliance with the rules imposed by the supervisory bodies.

Risk Management is independent, also hierarchically, from the operational units. Risk Management, with the support of Actuarial, helps to define the risk management policy and determines the criteria and the methods for measuring risk, as well as the outcome of the assessments, which are sent to the executive body (for further details, please see the Risk Management Regulation and the Rules (ORSA):

Responsibility for the Risk Management Function lies with the Chief Risk Officer:

Compliance: is tasked with assessing the adequacy of the Compliance System through the assessment of the procedures, processes, controls and internal organisation to prevent the risks of incurring penalties, asset losses or damage to reputation or image resulting from the violation of external regulations (laws, regulations, provisions of supervisory authorities) and self-regulation provisions (e.g., bylaws, codes of conduct); this function is independent and hierarchically separate from the operational units.

The Compliance function provides advisory services to the Board of Directors, concerning compliance with directly applicable national and European legislative and regulatory provisions. It reviews the possible impact on company activities of changes in the regulatory framework and case law and identifies and assesses non-compliance risk. Compliance is directly responsible for performing all compliance risk duties, with reference to the regulatory areas of greatest importance to the supervisory authorities or for which centralised management of compliance risk is considered necessary, in accordance with industrial association guidelines and best market practices, or in the absence of a corporate function for specialist controls.

For all other regulatory areas applicable to the Group that are subject to compliance risk, for which specialist functions with the necessary expertise have been identified, the tasks assigned by the regulations to the Compliance Function are allocated to these structures; however, the Chief Compliance Officer continues to be responsible for assessing the adequacy of the Specialised Functions in managing the compliance risks, by establishing the methods for assessing and mitigating the risks, in collaboration with those functions, and verifying the suitability of the procedures for preventing compliance risk.

Responsibility for the Compliance Function lies with the Chief Compliance Officer.

The Chief Compliance Officer is appointed by the executive body with the prior approval of the relevant units of the parent company, Intesa Sanpaolo, Data Protection Officer (DPO).
The overall architecture of the privacy risk management and control system is outlined in the Guidelines of the Intesa Sanpaolo Parent Company. For the Group Companies required to appoint a local DPO, these guidelines provide a decentralised coordination and control model. This model requires each Group Company to appoint its own DPO, who reports to the parent company's DPO.
The DPO of Intesa Sanpaolo Vita S.p.A. provides management and coordination for all the companies in the Insurance Group comprising Intesa Sanpaolo Assicura S.p.A., Intesa Sanpaolo Life D.A.C. and Fideuram Vita S.p.A.
The organisational model will vary depending on the company's organisational structure. In some cases the DPO activities are outsourced, while in others, there is a local DPO function.

Within this model, the DPO of Intesa Sanpaolo Vita S.p.A.:

- carries out management and coordination activities;
- undertakes direct relations with the subsidiaries' DPO;
- issues instructions and guidelines to the subsidiaries.

The DPOs of Fideuram Vita S.p.A. and Intesa Sanpaolo Life D.A.C. report periodically to the DPO of the Parent Company.
The DPO of ISV reports to the parent company's Data Protection Officer.
The Data Protection Officer: informs and advises the data controller, and staff carrying out data processing activities; oversees compliance with Regulation (EU) no. 679/2016 ("GDPR") and the data controller's policies on data protection, including the allocation of authorities, training and guidance for data processing personnel and related control activities; if required, provides an opinion on the data protection impact assessment required by Article 35 of the GDPR, and oversees the assessment process; cooperates with the regulatory authority and acts as a point of contact for data processing

issues, including the pre-assessment required by Article 36 of the GDPR also carrying out consultations on other issues as necessary; keeps the Data Processing Register.

The Chief Compliance Officer is also responsible for the Anti-Money-Laundering (AML) function. For the AML function, the overall architecture of the AML risk management and control system is outlined in the Guidelines of the Intesa Sanpaolo Parent Company. For the Group Companies covered by legislative decree 231/2007 and exercising non-banking business, these guidelines provide a decentralised coordination and control model. The coordination and control model provides that each Group Company sets up its own AML function and appoints an AML Manager, who reports to the AML Manager of the Parent Company. AML performs all the activities needed to fulfil the duties of specialised business control in order to assess and manage the risk of money laundering and the financing of terrorism, and to assist the executive bodies and top management in fulfilling their functions as required by current regulations on the reporting of suspicious transactions.

The AML function reports to the Central AML Department of the Intesa Sanpaolo Parent Company.

Considering Intesa Sanpaolo Vita's role as Insurance Parent Company, the AML Function takes strategic Group-level decisions in relation to the management of this risk, in accordance with Chapter II Section IV of ISVAP Regulation No. 41, and also involves the corporate bodies of the Insurance Group companies, where appropriate. Therefore, in order to exercise its responsibilities, the AML Function has introduced processes that favour the maximum integration within the Insurance Group, also in order to obtain a System of Internal Control that enables the Insurance Parent Company to effectively control the risk borne by each group entity, and by the group as a whole.

The AML function of Intesa Sanpaolo Vita provides guidance on combating money laundering and terrorist financing for each subsidiary, depending on its respective business. Intesa Sanpaolo Assicura S.p.A. – which operates in the Non-life business – is not a recipient of the anti-money laundering regulations deriving from legislative decree 231/2007 as amended. Intesa Sanpaolo Vita therefore provides advisory services to this subsidiary, regarding the management of antiterrorism lists. The management of the lists themselves is the responsibility of the relevant departments of the subsidiary, according to the same terms and criteria as those applied within Intesa Sanpaolo Vita.

Fideuram Vita S.p.A. and Intesa Sanpaolo Life D.A.C., which are subject to management and coordination by the Parent Company, have their own Head of Compliance and AML and a Compliance & AML Officer, (PCF15 - Head of Compliance with responsibility for Anti-MoneyLaundering and Counter Terrorist Financing Legislation) who report to the Chief Compliance Officer of the Parent Company.

The head of the AML function of the Insurance Parent Company receives timely, comprehensive reports on the control activities carried out at the companies belonging to the insurance group, as well as on any significant event concerning the area of interest.

The Actuarial Department' main tasks are as follows:

- coordinates the calculation of Solvency II provisions;
- ensures the adequacy of the underlying methodologies and models, as well as the assumptions on which the calculation is based;
- assesses the sufficiency and quality of the data used in the calculation of technical provisions;
- compares the Best Estimates against experiential data;
- informs the Board of Directors about the reliability and adequacy of the calculation of the technical provisions;

- gives an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements;
- contributes to the effective implementation of the risk management system as per Article 30a of Italian Legislative Decree 209/2005, with specific reference to the modelling of risks underlying the calculation of capital requirements and the internal risk and solvency assessment referred to in Article 30b of Italian Legislative Decree No. 209/2005; - supervises the calculation of technical provisions in the two cases provided for by Article 36k of Italian Legislative Decree No. 209/2005;
- assessing the adequacy of the individual reserves, in accordance with IVASS provision no. 53/2016;
- assessing the cohesion between the amounts of the reserves calculated according to the valuation criteria applicable to the statutory accounts and the calculation of the Solvency II technical provisions.

The Actuarial Department of ISV, as the Parent Company, also provides guidance and coordination for the actuarial departments of the companies in the insurance group, so that these activities are consistent and coordinated within the Group as a whole.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2018.

Coordination between the executive and supervisory bodies and key functions

In accordance with the SCI Directives (Internal Controls System Directives), the core functions of Intesa Sanpaolo Vita (Audit, Risk Management, Compliance and Actuarial) are separate from the operational units and are also organisationally segregated. To guarantee their independence, they report directly to the Board of Directors on their activities.

The holders of the key functions are members of the Coordination and Risks Committees, at the company and Insurance Group sessions.

The basic and control functions are coordinated, through their involvement in the Controls Coordination Committee, and also through the exchange of information as required by the internal regulations, in compliance with Regulation 20 (Art. 5 para. 2). The auditing firm, the Board of Statutory Auditors, the 231 Supervisory Body and the Administration and Finance Governance Regulations Unit are also involved in the system of controls, in accordance with the application of the above Regulation.

The information that these functions send to the Board of Directors regarding the planned audits and outcomes is governed by the regulations and guidelines for the control functions. These reports are mainly carried out using the dashboard of critical issues and the periodic report to the Board of Directors.

Each control function performs its activities through a dedicated department.

All personnel of key company departments have adequate specialist expertise and are periodically updated by attending training courses, to allow them to carry out their controls and audits.

These core functions inform and support the Boards of directors and auditors mainly by proactively participating in the above committees and by providing reports which focus on describing the plan of action, the activities performed, and the outcomes.

In the specific case of coordination between the executive and supervisory bodies and the risk management, compliance, internal audit and actuarial functions, the procedure of direct reporting to the Board of Directors by the internal audit function, is the main system used. Also in this case, the reports focus on a description of the plan of action, the activities performed, and the outcomes.

With effect from 1 January 2017, the Actuarial function will be placed in the area that reports directly to the Board of Directors to ensure its independence in control activities.

with regard to Solvency II, the Head of the Actuarial function reports at least once a year to the Board of Directors, expressing an opinion on the adequacy of the technical provisions, the underwriting and reserving policy, and the reinsurance agreements.

Changes to the system of Governance

The directives on the internal controls system were adopted in accordance with Article 5 para. 2 d), i) and j) of ISVAP Regulation no. 20/2008, and were substituted by the "Policy on the system of internal controls of the Intesa Sanpaolo Vita Insurance Group and of Intesa Sanpaolo Vita S.p.A." after being evaluated by the Board of Directors of the Parent Company at the meeting on 8 February 2019.

The Company has not made any substantial changes to the system of Governance during the reference period, as regards the Board of Directors or the Board of statutory auditors, while changes were made to the board committees in order to strengthen the opportunities for guidance and coordination between the parent company and the other Group companies.

Remuneration system and pay policy

The remuneration system and pay policies of Intesa Sanpaolo Vita S.p.A. are in line with the principles described in the paragraph on the Insurance Group.

At the Board meeting on 3 May 2018, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders:

a. the "Report on Remuneration of Intesa Sanpaolo Vita" prepared in accordance with Article 24 of ISVAP Regulation no. 39/2011, also containing an update of the company's remuneration policies for 2018 prepared jointly with the internal control and Resources departments, and also based on (i) the guidelines and proposals formulated by the Remuneration Committee at the meeting on 2 May 2018 and (ii) the ISP Report;

b. the "Report of the Audit Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which acknowledged the completion of the process of quantification and approval of the incentive system for 2017 (estimate of financial requirement, certification of results, identification of beneficiaries, Management and heads of the Control functions), which was followed by a verification on the application of the 2017 remuneration policies to ensure they were in line with what was approved by the relevant executive bodies; the report also included an audit of the correct payment of incentives during 2017 compared to the contents of the remuneration policies of Intesa Sanpaolo Vita for the year 2016;

c. the "Report of the Compliance Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which confirmed that the updated versions of the Company's remuneration policies corresponded to the contents of the regulations, the bylaws, code of ethics and policies of the Intesa Sanpaolo Group and to the other standards of conduct applicable to the Company.

Intesa Sanpaolo Vita S.p.A., as the parent company of the Intesa Sanpaolo Vita Insurance Group, ensures that the pay policies of the other Insurance Group companies are coherent, and that they are suited to the profile of each company. It verifies that they are properly applied and also checks that all the Insurance Group companies comply with the provisions of ISVAP Regulation No. 39/2011, including companies with head offices based overseas, compatibly with the regulatory framework of the foreign country.

There are also internal regulations in force, governing the annual preparation of the remuneration policies as required by ISVAP Regulation no. 39/2011.

Operations with shareholders and persons of influence

Intesa Sanpaolo Vita has agreements in place with the majority shareholder Intesa Sanpaolo S.p.A. for the retailing of insurance products, and outsourcing contracts for services related to corporate protection, human resources, risk management, external relations, corporate affairs and equity investments.

The company has not carried out any major transactions during the year with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

Self-assessment of the executive body

To ensure the sound, prudent management of the company, in particular the effective functioning of its administrative body, the members of the Board of Directors must meet the integrity, professionalism and independence requirements as contained in the current provisions of law and regulations.

To ensure that these requirements are met, including those relating to the "interlocking prohibition" (Article 36 decree-law 201/2011, converted with amendments by law 214/2011):

- the Board of Directors in office until 19 March 2018 had, when electing its members on 16 March 2015, carried out the necessary checks and informed the regulator. Over the next two years it then carried out an annual check that these conditions were still met;
- the Board of Directors taking office after 19 March 2018 carried out the necessary checks on 29 March 2018 and informed the regulator; the subsequent annual check was carried out on 3 May 2019.

In connection with these checks all the directors accepted an obligation to keep the company regularly updated on any changes in their situations. As no notifications have been received to date, all members of the Board of Directors currently considered to meet the requirements to hold that office.

Secondly, the self-assessment of the Board and the assessment by its internal committees is generally based on a specific analysis of the board's functions, and the work it has actually done during the year. This may be based on quantitative data relating to the number, frequency and duration of its meetings, the recurrence of any topics dealt with and the quantitative information emerging from the documents prepared for examination by the board, as well as the discussions held during the meetings.

It is also necessary to consider whether there is a structured, transparent system of circulating information, and regular flows of communication to enable the board members to have full, constant visibility of all the work done by the Board of Directors.

For this purpose, during 2018 each director in office was sent three questionnaires which related, respectively, to the Board of Directors, the Risks Committee and the Remuneration Committee. The questionnaires were prepared on the basis that the individual contribution of each director and the frequency of their attendance at meetings are crucial factors with regard to the objective of taking informed, shared decisions.

The answers to the questions, which were collected in aggregate, anonymized form, have confirmed that, for 2018:

- the climate within the Board, the Risks Committee and the Remuneration Committee favoured an open, constructive debate among all members, and fostered the contribution of ideas from the diverse experiences, facilitating the adoption of broad-consensus decisions;
- the Board's decision making process was fuelled by prompt, effective communications and the minutes of all discussions and resolutions are considered to be complete and accurate.

The analysis, which was presented to the Board of Directors on 25 March 2019, indicated that the overall framework is positive and once again for 2018 the assessment of the composition, functioning and size of the Board of Directors, the Risks Committee and the Remuneration Committee was considered to be adequate.

Intesa Sanpaolo Assicura S.p.A.

The organisational structure of Intesa Sanpaolo Assicura S.p.A. is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The Company has adopted the conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of articles 2380 et seq. of the Italian Civil Code.

The Board of Directors of Intesa Sanpaolo Assicura S.p.A. in office since 14 March 2018 until the approval of the financial statements to 31 December 2020 was formed of 7 members including a chair, a Vice Chair and CEO, who also holds the office of Director-General.

All the members of the Board of Directors and the director-general meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo Assicura S.p.A. is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors of the company is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

The Board of Directors of Intesa Sanpaolo Assicura operates (at company not group level) with the same powers and responsibilities as the corresponding body within the parent company.

The principal role of the Chief Executive Officer and Director-General is to:

- Supervise the management of the company and all the affairs of the Company, representing it before the Market, Institutions and Regulators, conducting relations with the other Intesa Sanpaolo Group Companies;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, pricing and personnel coordination policies, assuring service quality and business development.

The mandate of the Board in office on 31 December 2018 expired following the approval of the financial statements to 31 December 2018; the new Board of statutory auditors was appointed at the meeting of shareholders held on 18 March 2019.

The Board of Statutory Auditors of Intesa Sanpaolo Assicura is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Intesa Sanpaolo Assicura verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Intesa Sanpaolo Assicura also includes 3 advisory committees:

- The Management Committee, whose objective is to discuss proposals for determining company strategies and for monitoring the company's economic trends, as well as discussing the structure of new products, monitoring their launch plan, and for defining, prioritising and verifying the progress of key projects;
- The Investments Committee, whose aim is to discuss the investment strategies and financial policies that were defined in the Group Investment Strategies session of the parent company's Investments Committee. It suggests, in conjunction with the Delegated Manager, the guidelines for tactical operations to be submitted for approval by the Board of Directors.
- The Risks Committee, which is responsible for supporting senior management in defining the Company's risk profiles and the related economic capital levels, monitoring the risk profiles on the basis of data reported by the relevant departments and supporting senior management in establishing any corrective strategies and sharing the financial, operational and technical assumptions for the Solvency II processes.

Members of the Management Committee:

- for Intesa Sanpaolo Assicura S.p.A.:
    - Chief Executive Officer and Director-General;
    - Heads of the first-line Organisational Units;
    - Data Protection Officer.
- for Intesa Sanpaolo Vita S.p.A.:
    - Head of Audit;
    - Chief Compliance Officer;

- Chief Risk Officer;
- Head of Actuarial Function;
- Head of the Administration, Budget and Management Control Area;
- Head of the Operations and Organisation Area;
- Head of Organisation;
- Head of Planning and Management Control of Intesa Sanpaolo Assicura;
- Head of Personnel and Change Management.

Members of the Investments Committee:

- for Intesa Sanpaolo Assicura S.p.A.:

  -Chief Executive Officer and Director-General;

- for Intesa Sanpaolo Vita S.p.A.:

  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Finance and Actuarial Area;
  - Head of Investments;
  - Head of Line I and Property Investments;
  - Head of ALM and Capital Management;
  - Head of Actuarial Function;
  - Head of Alternative Investments.

Members of the Risks Committee:

- for Intesa Sanpaolo Assicura S.p.A.:

  - Chief Executive Officer and Director-General;
  - Head of Complaints and Litigation;
  - Head of Motor policies;
  - Head of Actuarial;
  - Head of RE/CPI policies and digital channels;
  - Head of SME and corporate development policies;
  - Head of Operations
  - Data Protection Officer.

- for Intesa Sanpaolo Vita S.p.A.:

- Chief Risk Officer;
- Chief Compliance Officer;
- Head of Audit;
- Head of Risk Management;
- Head of Investments;
- Head of the Administration, Budget and Management Control Area;
- Head of Finance and Actuarial Area;
- Head of Actuarial Function.

The CEO and Director-General also attend the Group sessions of the following committees of the Parent Company: Coordination Committee – Group session, Investments Committee - Group Investment Strategies session, ALM and Investments session, Corporate Bond & Emerging Markets session and the parent company's board committees.

The Company has outsourced to Intesa Sanpaolo Vita S.p.A., as parent company, the activities of the basic functions. Please see the contents of the paragraph on the parent company.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2018.

Coordination between the executive and supervisory bodies and key functions

In accordance with the directives on the internal control system, the basic control functions of Intesa Sanpaolo Assicura S.p.A. (Audit, Risk Management, Compliance, AML and Actuarial) are organisationally segregated.

The work of the basic functions of Intesa Sanpaolo Assicura is outsourced by the parent company, with the same rules that apply internally.

Changes to the system of governance

During 2018 there were no substantial changes to the governance system, apart from various amendments to the rules of the advisory committees, which were done in order to strengthen the opportunities for guidance and coordination between the parent company and the other group companies.

Remuneration system and pay policy

The remuneration system and pay policies of Intesa Sanpaolo Assicura are in line with the principles described in the paragraph on the Insurance Group.

At the Board meeting on 3 May 2018, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders:

a. the "Report on Remuneration of Intesa Sanpaolo Vita" prepared in accordance with Article 24 of ISVAP Regulation no. 39/2011, also containing an update of the company's remuneration policies for 2018 prepared jointly with the internal control and Resources departments, and also

based on (i) the guidelines and proposals formulated by the Remuneration Committee at the meeting on 6 April 2017 and (ii) the ISP Report.

b. the "Report of the Audit Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which acknowledged the completion of the process of quantification and approval of the incentive system for 2016 (estimate of financial requirement, certification of results, identification of beneficiaries, Management and heads of the Control functions), which was followed by a verification on the application of the 2016 remuneration policies to ensure they were in line with what was approved by the relevant executive bodies; the report also included an audit of the correct payment of incentives during 2017 compared to the contents of the remuneration policies of Intesa Sanpaolo S.p.A. for the year 2016;

c. the "Report of the Compliance Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which confirmed that the updated versions of the Company's remuneration policies corresponded to the contents of the regulations, the bylaws, code of ethics and policies of the Intesa Sanpaolo Group and to the other standards of conduct applicable to the Company.

Operations with shareholders and persons of influence

Intesa Sanpaolo Assicura S.p.A. currently has outsourcing contracts with the majority shareholder Intesa Sanpaolo Vita S.p.A. for services relating to Purchasing (purchasing of goods and services), Legal & Corporate, Administration, Management Control and Fiscal, Sales, Coordination, Personnel Development and Administration, Personnel Security, Finance-Investments and Securities Portfolio Management, Complaints Management, Digital Insurance, Organisation, Reinsurance, General and Support Services, CPI and CQS Portfolio Management, Solvency II Reserve Calculation, and the activities of the control functions as already described.

The company has not carried out any major transactions during the year with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

Self-assessment of the executive body

To ensure the sound, prudent management of the company, in particular the effective functioning of its administrative body, the members of the Board of Directors must meet the integrity, professionalism and independence requirements as contained in the current provisions of law and regulations.

To ensure that these requirements are met, including those relating to the interlocking prohibition (Article 36 of decree-law 201/2011, converted with amendments by law 214/2011):

- the Board of Directors in office until 14 March 2018 had, when electing its members on 16 March 2015, carried out the necessary checks and informed the regulator. Over the next two years it then carried out an annual check that these conditions were still met;
- The Board of Directors in office since 14 March 2018 carried out the necessary checks on 29 March 2018, and these were then renewed, on an annual basis, at the board meeting of 18 March 2019; the regulator was notified of both sets of checks.

In connection with these checks all the directors accepted an obligation to keep the company regularly updated on any changes in their situations. As no notifications have been received to date,

all members of the Board of Directors currently considered to meet the requirements to hold that office.

Secondly, the self-assessment of the Board and the assessment by its internal committees is generally based on a specific analysis of the board's functions, and the work it has actually done during the year. This may be based on quantitative data relating to the number, frequency and duration of its meetings, the recurrence of any topics dealt with and the quantitative information emerging from the documents prepared for examination by the board, as well as the discussions held during the meetings.

It is also necessary to consider whether there is a structured, transparent system of circulating information, and regular flows of communication to enable the board members to have full, constant visibility of all the work done by the Board of Directors.

For this purpose, during 2018 each director in office was sent a questionnaire prepared on the basis that the individual contribution of each director and the frequency of their attendance at meetings are crucial factors with regard to the objective of taking informed, shared decisions.

The answers to the questions, which were collected in aggregate, anonymized form, have confirmed that, for 2018:

- the climate within the Board favoured an open, constructive debate among all members, and fostered the contribution of ideas from the diverse experiences, facilitating the adoption of broad-consensus decisions;
- the Board's decision making process was fuelled by prompt, effective communications and the minutes of all discussions and resolutions are considered to be complete and accurate.

The analysis, which was presented to the Board of Directors on 18 March 2019, indicated that the overall framework is positive and once again for 2018 the assessment of the composition, functioning and size of the Board of Directors was considered to be adequate.

Fideuram Vita S.p.A.

The organisational structure of Fideuram Vita S.p.A. is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The Company has adopted the conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of articles 2380 et seq. of the Italian Civil Code.

The Board of Directors of Fideuram Vita S.p.A. in office on 31 December 2018 was formed of 9 members, and its mandate ended with approval of the financial statements to 31 December 2018.

The new Board of Directors was appointed at the shareholders' meeting on 15 March 2019 and will remain in office until approval of the financial statements to 31 December 2021; it is formed of 8 members from among whom the Chair, a Vice Chair and CEO are appointed. The CEO also holds the position of director general.

All the members of the Board of Directors and the director-general meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific

operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors of Fideuram Vita S.p.A. operates (at company not group level) with the same powers and responsibilities as the corresponding body within the parent company.

It has no internal committees. The Board of Directors has delegated part of its powers to the Chief Executive Officer and the General Director, and determines their powers.

The principal role of the Chief Executive Officer and Director-General is to:

- Supervise the management of the company and all the affairs of the Company, representing it before the Market, Institutions and Regulators, conducting relations with the other Intesa Sanpaolo Group Companies;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, pricing and personnel coordination policies, assuring service quality and business development.

The Board of Statutory Auditors of Fideuram Vita is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Fideuram Vita verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

The mandate of the Board in office on 31 December 2018 expired following the approval of the financial statements to 31 December 2018; The new Board of Statutory Auditors was appointed at the shareholders' meeting on 15 March 2019 and will remain in office until approval of the financial statements to 31 December 2021.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Fideuram Vita S.p.A. also includes the following advisory committees:

- the Management Committee, which is tasked with sharing the proposals to determine the company strategies and monitoring economic trends of the Company, as well sharing the structure of new products and oversight of their rollout plan and determining the main project initiatives, setting their priorities and analysing their main trends;
- the Investments Committee which provides an opinion on the structuring and definition of investment and financial policies, formulating proposals on the operational guidelines to be approved by the Board of Directors;
- the Risks Committee, which is responsible for supporting senior management in defining the Company's risk profiles and the related economic capital levels, monitoring the risk profiles on the basis of data reported by the relevant departments and supporting senior management in establishing any corrective strategies;
- the AML Committee, which assists the AML Manager, without affecting the independence of the AML manager in exercising their role, in checking that the processes and procedures aimed at combating money laundering, the financing of terrorism and embargo management are properly implemented.

Members of the Management Committee:

- Chief Executive Officer and Director-General;
- Sales, Actuarial and Portfolio Manager;
- Administration, Governance and Support Manager.

The Committee sessions are also attended by the heads of the control functions, the Head of Customer Relations and the Head of Planning and Control, as permanent attendees.

The Management Committee is chaired by the CEO and director-general, and meets at least once every two months.

Members of the Investments Committee:

- Chief Executive Officer and Director-General;
- Head of Risk Management;
- Administration, Governance and Support Manager;
- Sales, Actuarial and Portfolio Manager;
- Planning and Control Manager;
- Head of Actuarial Function;
- Head of Finance and Treasury of Intesa Sanpaolo Private Banking;
- Head of Managed Products of Fideuram Investimenti;
- Head of ALM Strategic and Capital Management of the Insurance Division.

The Investments Committee is chaired by the CEO and director-general, and meets at least once every three months.

Members of the Risks Committee:

- Chief Executive Officer and Director-General;
- Head of Audit of Intesa Sanpaolo Vita S.p.A.;
- Head of Risk Management;
- Head of Compliance and AML;
- Head of Actuarial Function;
- Sales, Actuarial and Portfolio Manager;
- Administration, Governance and Support Manager;
- Chief Risk Officer of Intesa Sanpaolo Vita S.p.A..

The Risks Committee is chaired by the CEO and director-general, and meets at least once every three months.

Members of the AML Committee:

- Chief Executive Officer and Director-General;

- Head of Compliance and AML;
- Head of Risk Management;
- Sales, Actuarial and Portfolio Manager;
- Head of Customer Management;
- Head of Customer Relations;
- Head of Information Systems and IT Outsourcing Control;
- Head of Accounting and Treasury;
- Head of Anti Money Laundering;
- Chief Compliance Officer of Intesa Sanpaolo Vita S.p.A..

The AML Committee is chaired by the CEO and director-general, and meets at least once every three months.

The CEO and director-general of Fideuram Vita S.p.A. also attend the following committee meetings of the Parent Company:

- Coordination Committee – Group session;
- Investments Committee - Group Investment Strategies session.

With regard to the control functions required under current regulations, they are all organisationally segregated; their respective duties and responsibilities are described in the relevant Function Charts and further detailed in the relevant Regulations and Guidelines.
Their main tasks are detailed below:

Risk Management supports Top Management in determining and implementing the Risk Management System, and contributes to the internal risk and solvency assessment based on the Risk Appetite Framework, by identifying each business risk, measuring the effects and performing all controls within its remit, and liaising with the other Core Functions to coordinate the risk management-related company departments, in compliance with the rules imposed by the supervisory bodies.
Risk Management is independent, also hierarchically speaking, from the operational units. Within the organisation it reports directly to the Board of Directors.
Risk Management contributes, with the support of the Actuarial Function, to defining the risk management policy and determines the criteria and methods for measuring risk, as well as the outcome of the assessments, which are sent to the Board of Directors.
Risk Management reports to the Chief Risk Officer of Intesa Sanpaolo Vita S.p.A..

Compliance and AML is independent, also hierarchically speaking, from the operational units. Within the organisation it reports directly to the Board of Directors.
Compliance and AML reports to the Chief Compliance Officer of Intesa Sanpaolo Vita S.p.A..
This function is divided into two level 2 teams, who work on Compliance and AML control, respectively.

The Compliance team is responsible for:

- assessing the adequacy of the Compliance System by evaluating the procedures, processes, controls and internal organisation to prevent the risks of incurring penalties, asset losses or damage to reputation or image resulting from the violation of external regulations (laws,

regulations, provisions of supervisory authorities) and self-regulation provisions (e.g., bylaws, codes of conduct);

- advising the Board of Directors on compliance with legislation, regulations and directly applicable European directives;
- evaluating the potential impact of changes in the regulatory framework or developments in case law, and identifying and evaluating the compliance risk.

The Anti Money Laundering unit is responsible for all matters pertaining to the fight against money laundering, the financing of terrorism and the management of embargoes. It works in accordance with the Group instructions.
The Head of AML (who is also the head of Compliance and AML) periodically submits an action plan to the administrative body specifying the work to be done with regard to the risk of money laundering and terrorism financing and draws up a report on the adequacy and effectiveness of monitoring adopted by the company for managing the relevant risks.

Audit operations have been outsourced to the parent company; the Head of Audit reports to the Board of Directors of Fideuram Vita S.p.A. (See the roles and responsibilities in the paragraph on the Parent Company).
The Head of Audit presents the annual audit plan to the Board of Directors. The audit plan also takes into account any input from the Board of Directors. The Head of Audit can also include areas of investigation in the Audit plan, to guarantee the independence of the internal audit process.
The Board of Directors is regularly updated about the work done, and on any progress in corrective actions implemented by the relevant units.
The Actuarial function is independent, also hierarchically speaking, from the operational units. Within the organisation it reports directly to the Board of Directors.
The Actuarial function is responsible for:

- coordinating and supervising activities related to calculation of the Solvency II technical provisions, ensuring that the methods, models and underlying assumptions are adequate;
- assessing the sufficiency, quality and reliability of the data used to calculate the Solvency II Technical Provisions, by monitoring and verifying the existence of adequate internal procedures to guarantee the appropriateness, completeness and accuracy of the data;
- adopting the most appropriate actuarial methods to evaluate the congruency of the Solvency II Technical Provisions, ensuring that they are periodically compared against experiential data and making adjustments as necessary;
- providing adequate information to the executive body in relation to the reliability and adequacy of the Solvency II Technical Provisions calculation;
- giving an opinion on the overall underwriting policy and on the adequacy of reinsurance agreements.
- contributing - together with the other control functions - to the effective application of the risk management system, with specific reference to the modelling of risks underlying the calculation of solvency capital requirements and the internal risk and solvency assessment;
- evaluates the adequacy of the technical provisions for the statutory financial statements;
- assesses the cohesion between the reserves calculated according to the valuation criteria applicable to the statutory accounts and the calculation of the Solvency II technical provisions.

The Actuarial function reports to its counterpart at Intesa Sanpaolo Vita S.p.A..

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2018.

Coordination between the executive and supervisory bodies and key functions

In accordance with the directives on the internal control system, the basic control functions of Fideuram Vita S.p.A. (Audit, Risk Management, Compliance, AML and Actuarial) are organisationally segregated.

The basic and control functions are coordinated through the exchange of information as required by the internal regulations in compliance with Regulation 20 (Art. 5 para. 2). The auditing firm, the Board of Statutory Auditors, the 231 Supervisory Body and the Administration and Finance Governance Regulations Unit are also within the scope of application of this regulation.

The information that these functions send to the Board of Directors regarding the planned audits and outcomes is governed by the regulations and guidelines for the control functions. These reports are mainly carried out using the dashboard of critical issues and the periodic report to the Board of Directors.

Changes to the system of governance

During 2018 the following changes were made to the company's governance system:

- on 4 May 2018 the Board of Directors appointed the Head of Compliance and AML as the Data Protection Officer of Fideuram Vita S.p.A., in accordance with Regulation (EU) No. 2016/679 (GDPR);
- on 10 April 2018 the organisational changes made in pursuit of the objectives of simplifying and improving efficiency within the level I function "Technical and Actuarial Management and Network Development" were brought to the attention of the Board of Directors (on 1 January 2019 this function was renamed "Sales, Actuarial and Portfolio"). The level II unit working on Network Development has been reinforced, and the teams working on underwriting and liquidation processes have been restructured. The staff working for the manager of the level I function now include a new team working on technical data and service control;
- from 4 May 2018, the "Corporate Administration" and "Personnel Security and Management of Environmental Requirements" activities have been outsourced to the parent company. Personnel Management was outsourced from 1 August 2018. On 1 December 2018 the level I call centre services were assigned to a new provider, and have been included as an essential, key activity.

The company did not make any substantial changes to its governance system during the period.

Remuneration system and pay policy

The remuneration system and pay policies of Fideuram Vita are in line with the principles described in the paragraph on the Insurance Group.

At the Board meeting on 4 May 2018, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders:

a. the "Report on Remuneration of Fideuram Vita" prepared in accordance with Article 24 of ISVAP Regulation no. 39/2011, also containing an update of the company's remuneration policies for 2018 prepared jointly with the internal control and Resources departments, and also based on (i) the guidelines and proposals formulated by the Remuneration Committee at the meeting on 2 May 2018 and (ii) the ISP Report;

b. the "Report of the Audit Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which acknowledged the completion of the process of quantification and approval of the incentive system for 2017 (estimate of financial requirement, certification of results, identification of beneficiaries, Management and heads of the Control functions), which was followed by a verification on the application of the 2017 remuneration policies to ensure they were in line with what was approved by the relevant executive bodies; the report also included an audit of the correct payment of incentives during 2016 compared to the contents of the remuneration policies of Fideuram Vita S.p.A. for the year 2015;

c. the "Report of the Compliance Department" prepared in accordance with Article 23 para. 1 b) of ISVAP Regulation no. 39/2011, which confirmed that the updated versions of the Company's remuneration policies corresponded to the contents of the regulations, the bylaws, code of ethics and policies of the Intesa Sanpaolo Group and to the other standards of conduct applicable to the Company.

Operations with shareholders and persons of influence

Fideuram Vita has agreements in place with the shareholder Intesa Sanpaolo Private Banking, for the retailing of insurance products, and outsourcing contracts with Intesa Sanpaolo S.p.A. for services related to corporate protection, human resources, risk management, external relations and corporate affairs.

On 27 September 2018 the Board of Directors authorised the company's exercise of the option to form the VAT Group, formulated by the shareholder Intesa Sanpaolo S.p.A., with effect from the financial year 2019. The Company accepted this operation in a letter dated 4 October 2018. The company did not carry out any major transactions during the year with any persons that exercise a considerable influence or with the members of the executive, management or supervisory bodies.

Self-assessment of the executive body

To ensure the sound, prudent management of the company, in particular the effective functioning of its administrative body, the members of the Board of Directors must meet the integrity, professionalism and independence requirements as contained in the current provisions of law and regulations.

To ensure that these requirements are met, including those relating to the interlocking prohibition (Article 36 of decree-law 201/2011, converted with amendments by law 214/2011):

- the Board of Directors in office until 15 March 2019 had, when electing its members, carried out the necessary checks and informed the regulator. Over the next two years it then carried out an annual check that these conditions were still met;
- the Board of Directors in office since 15 March 2019 carried out the necessary checks, on that date; the regulator was notified of this.

In connection with these checks all the directors accepted an obligation to keep the company regularly updated on any changes in their situations. As no notifications have been received to date,

all members of the Board of Directors currently considered to meet the requirements to hold that office.

Secondly, the self-assessment of the Board and the assessment by its internal committees is generally based on a specific analysis of the board's functions, and the work it has actually done during the year. This may be based on quantitative data relating to the number, frequency and duration of its meetings, the recurrence of any topics dealt with and the quantitative information emerging from the documents prepared for examination by the board, as well as the discussions held during the meetings.

It is also necessary to consider whether there is a structured, transparent system of circulating information, and regular flows of communication to enable the board members to have full, constant visibility of all the work done by the Board of Directors.

For this purpose, during 2018 each director in office was sent a questionnaire prepared on the basis that the individual contribution of each director and the frequency of their attendance at meetings are crucial factors with regard to the objective of taking informed, shared decisions.

The answers to the questions, which were collected in aggregate, anonymized form, have confirmed that, for 2018:

- the climate within the Board favoured an open, constructive debate among all members, and fostered the contribution of ideas from the diverse experiences, facilitating the adoption of broad-consensus decisions;
- the Board's decision making process was fuelled by prompt, effective communications and the minutes of all discussions and resolutions are considered to be complete and accurate.

The analysis, which was presented to the Board of Directors on 15 March 2019, indicated that the overall framework is positive and once again for 2018 the assessment of the composition, functioning and size of the Board of Directors was considered to be adequate.

Intesa Sanpaolo Life D.A.C.

The organisational structure of Intesa Sanpaolo Life D.A.C. is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The insurance company is an Irish law company (New Companies Act 2014) and is licensed and regulated by the Central Bank of Ireland.

On 31 December 2018 the Board of Directors of Intesa Sanpaolo Life D.A.C. was formed of seven members (one executive director, three independent non-executive directors and three group non-executive directors).

All the members of the Board of Directors meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo Life D.A.C. is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors of the company is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

In fulfilling its mandate the Board of Directors is assisted by various committees, each of which has its own roles and responsibilities which are reviewed at least once a year. In any case, the Board of Directors is kept fully updated on the work of each committee, in reports which allow it to maintain appropriate supervision. Each committee is chaired by an independent, non-executive director appointed by the Board of Directors.

The Board of Directors of Intesa Sanpaolo Life D.A.C. has formed the following internal committees:

- Audit & Reporting (Audit & Reporting Committee): this committee has a preparatory, advisory role, assisting the Board of Directors with the process of financial reporting, the accuracy and integrity of the company's financial statements; It supervises the internal control systems and activities in relation to events that expose the company to significant risks and exercises its duty to make recommendations to the Board on the options available to it regarding the external auditors (hiring auditors, determining their fees, supervising their work and terminating the contract if necessary). It also supervises the financial reporting process, provides analysis to the Board of Directors, monitors the work of the company's internal audit function, and receives reports. The Audit & Reporting committee has its own operations committee, named the IT & CyberCommittee, tasked with preparing, monitoring and proposing mitigation solutions in the ICT security environment;
- Investment & Product Committee: it proposes the policies for managing investment risk and investments in derivatives, to the Board of Directors and ensures that the investments, both those of the company and those relating to unit linked and index-linked policies, are managed in accordance with these policies. The Investments and Products Committee has set up another two operational committees: an Operational Investments Committee which is responsible for implementing the policies of the Board of Directors and the strategy relating to investments by the company, as well as a Products Committee which has to implement the product governance policies authorised by the Board of Directors and by the Investment & Product Committee in accordance with the European regulations on product governance, and the regulations of the local regulator;
- Risk & Compliance Committee: advises the Board of Directors on the efficiency of the strategies and policies, the degree of risk appetite and tolerance which is appropriate in view of the future strategy and financial positioning of the company. The Committee also supervises compliance with the applicable regulations, the company's AML programme, and compliance with data protection laws.

The Remuneration Committee of the Parent Company also evaluates the remuneration of the CEOs of the group companies, both Italian and foreign, thus including Intesa Sanpaolo Life D.A.C., and checks that the remuneration policies adopted by the insurance group companies are cohesive. The appointment of the key personnel of the company, and the members of the board of directors, is delegated to the committees of the Intesa Sanpaolo Group and of the Insurance Group.

The Board of Directors has put in place an efficient Risk Management system which is supervised by the Head of Risk Management (CRO). The Head of Risk Management (CRO) is an employee of the company who reports directly to the Board of Directors. Assisted by a Risk Management team, the CRO ensures that the risk management system is an integral part of the company's strategy and decision-making processes. The key responsibilities include assisting the Board of Directors in relation to:

- preparation of the risks register;

- maintaining the definition of the risk appetite;
- elaborating appropriate risk management policies;
- management of the ORSA process;
- risk monitoring and reporting;
- calculation of the Solvency Capital Requirement and the Minimum Capital Requirement.

The Head of Risk Management (CRO) attends the meetings of the Risk & Compliance Committee. The CRO also attends, as permanent attendee, the meetings of the Investment & Product Committee and the Audit & Reporting Committee.

The main activities of the Head of Risk Management (CRO) are summarised in this function's Terms of Reference.

The Compliance function plays a fundamental role in ensuring that the company complies with the regulatory and legal requirements specific to Ireland, and in general, that it complies with the laws in countries in which it invests its policies in order to ensure that the business objectives are reached in accordance with all legal requirements. The Compliance is part of the second line of defence of the company's governance and control model.

The Head of Actuarial Function performs their duties in accordance with the Solvency II regulations. The Head of Actuarial Function produces a report at least once a year for the Board of Directors (the Actuarial Function Report which includes the Actuarial Report on Technical Provisions). The report summarises all the main activities done by Actuarial, including, where necessary, identifying any shortcomings in the governance system. It also provides recommendations on how these deficiencies can be resolved. The main activities of Actuarial are summarised in the function's Terms of Reference (they correspond to the provisions of the Domestic Actuarial Regime) and include an assessment of the adequacy of the models and data used to calculate the Technical Provisions (Actuarial Report on Technical Provisions), and provide an opinion on the underwriting, reinsurance and ORSA process of the company.

In addition, the Head of Actuarial gives an annual Actuarial Opinion on Technical Provisions to the Central Bank of Ireland, which contains an opinion about the adequacy of the technical provisions according to Solvency II.

During 2018, the Actuarial Function was insourced in accordance with the terms of the derogation received from the Central Bank of Ireland. The head of the Actuarial Function is supervised directly by the Board of Directors in order to guarantee independence in control activities. The roles and responsibilities are in line with the structure in force at the Parent Company and correspond to the specific requirements of the Local Regulator.

Internal Audit holds the critical role of the third line of defence in implementing the three lines of the governance and control model.

Audit operations have been outsourced to the parent company. The company guarantees an efficient, independent Audit function through the supervision of the Board of Directors, especially through the directions indicated by the Audit and Reporting Committee. The Audit manager is a permanent attendee at the meetings of the Audit and Reporting Committee, and regularly meets its Chair (an independent non-executive director), at separate meetings. The Audit manager presents the annual audit plan to the Board of Directors. The audit plan also takes into account any input from the Board of Directors. The Head of Audit can also include areas of investigation in the Audit plan, to guarantee the independence of the internal audit process.

The Audit & Reporting Committee and the Board of Directors are regularly updated on the work done and on the progress of any corrective actions implement by the relevant units.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2018.

Coordination between the executive and supervisory bodies and key functions

In accordance with the directives on the internal control system, the basic control functions of Intesa Sanpaolo Life D.A.C. (Audit, Risk Management, Compliance, AML and Actuarial) are organisationally segregated.

These core functions provide information and support to the management and control bodies by periodically reporting to the Board of Directors, using the same procedures as those applied by the parent company.

Changes to the system of governance

The company did not make any substantial changes to its governance system during the period, apart from internalising the Actuarial Function during 2018.

Remuneration system and pay policy

The remuneration system and pay policies of Intesa Sanpaolo Life D.A.C. are in line with the principles described in the paragraph on the Insurance Group.

Operations with shareholders and persons of influence

The company has not carried out any major transactions during the year 2018 with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

Self-assessment of the executive body

The 2018 assessment of the Board of Directors was done by the Chair in February 2019 and was presented to the Board in April 2019. Overall the assessment was positive, with minor aspects for improvement, in the governance plan.

B.2 Competence and integrity requirements

Intesa Sanpaolo Vita Insurance Group

During 2018 the "Rules on identifying and assessing fitness for office" were applied. They were drafted at Insurance Group level as required by ISVAP Regulation no. 20/2008, containing provisions on the conditions and criteria for evaluating the fitness for office:

- of individuals in roles of administration, management and control;
- of the heads of the business units performing control functions such as: Audit, Risk Management, Compliance, AML (Anti-Money Laundering) and Actuarial, and, in cases where these activities are outsourced, the people responsible for controlling the outsourced operations, as well as the Chief Risk Officer and Chief Compliance Officer, if appointed.

For all of these roles, the Rules provide for specific criteria of integrity, professionalism and independence to be submitted for assessment by the Board of Directors at the time of appointment and subsequently at least once a year.

At the Board meeting on 8 February 2019 Intesa Sanpaolo Vita S.p.A., in accordance with Article 71 para. 2 p) of IVASS Regulation no. 38/2018, adopted the "Policy for identifying and assessing possession of requirements for fitness for office", as the ultimate Italian parent company.
This policy, in replacing the previous "Rules on identifying and assessing requirements for fitness for office" prepared in accordance with ISVAP Regulation no. 20/2008, governs the terms and conditions under which the Company carries out its assessment of fitness for office:

- of individuals in roles of administration, management and control;
- of the managers and staff of Key Functions (Audit, Risk Management, Compliance, Actuarial) of the Company;
- of the Data Protection Officer (DPO);
- of the Retail managers, where appointed;
- of any other key personnel, who may be appointed.

For all of these roles, the Policy provides for specific criteria of integrity, professionalism and independence to be submitted for assessment by the Board of Directors at the time of appointment and subsequently at least once a year.

The Group Companies implemented this document during the course of their board meetings.

Intesa Sanpaolo Vita S.p.A.

See above.

Intesa Sanpaolo Assicura S.p.A.

During 2018 the "Rules on identifying and assessing fitness for office" were applied drafted at Insurance Group level as required by ISVAP Regulation no. 20/2008, were applied.

At the board meeting on 11 February 2019 Intesa Sanpaolo Assicura S.p.A. adopted its "Policy for identifying and assessing possession of the criteria for fitness for office", prepared in accordance with Article 5 para. 2n) of IVASS Regulation no. 38/2018 (the "Rules"), after implementing the same Policy issued by the ultimate Italian parent company in accordance with Article 71 para. 2 p) of the same regulation.

Refer to the details of the paragraph on the Insurance Group.

Fideuram Vita S.p.A.

2018 saw the application of the Rules on the assessing of criteria for fitness for office that Fideuram Vita S.p.A. adopted from Intesa Sanpaolo Vita S.p.A., as the parent of the Insurance Group.

Early in 2019, Fideuram Vita S.p.A. implemented the "Policy on for identifying and assessing possession of the criteria for fitness for office" of Intesa Sanpaolo Vita S.p.A. as the parent of the Insurance Group, and it adopted its own policy in this area.

These policies are issued and reviewed at least once a year.

Refer to the details of the paragraph on the Insurance Group.

Intesa Sanpaolo Life D.A.C.

The rules on assessing the criteria for fitness for office are prepared in accordance with the instructions contained in the code of corporate governance, and with the same document issued by Intesa Sanpaolo Vita S.p.A., parent of the Insurance Group, which has been adopted by the Board of Directors of Intesa Sanpaolo Life D.A.C..

These rules conform to the Fitness and Probity Standards of the Central Bank of Ireland. The policy is reviewed and approved by the Board of Directors at least once a year.

According to the Central Bank of Ireland, the specific expertise required for key functions depends on the role, but will traditionally relate to some or all of the following areas:

- the insurance and financial market;
- strategy and business models;
- governance systems;
- actuarial and financial analysis;
- the regulatory framework and legal requirements.

The Central Bank of Ireland requires due diligence on all persons within the company who hold key positions, and reserves the power to check and approve their appointments.

Under Irish law, due diligence is intended to demonstrate that persons in key positions:

- are competent and capable;
- are honest and conduct themselves in an ethical, honourable way;
- are financially stable.

CBI has approved the appointments of all the managers of key functions.

For further details refer to the paragraph on the Insurance Group.

B.3 Risk Management System, including the internal assessment of risk and solvency

Intesa Sanpaolo Vita Insurance Group

Risk management process, and role of the risk management function

The system of risk management and control for the whole of the Insurance Group conforms to the requirements of supervisory insurance regulations and is consistent with the corresponding regulations on the control system, of the parent company Intesa Sanpaolo, which define the reference principles and responsibilities of the corporate bodies, and those of the audit functions which help to ensure that the system of internal controls operates correctly. The process of managing the risks of the Intesa Sanpaolo Vita Group is governed in line with the self-assessment of risk profile and risk appetite (Risk Appetite Framework or RAF). The Level 1 documentation referred to above is complemented by the Operational Rules and Guidelines concerning the management of all the risks to which the Group is exposed.

Intesa Sanpaolo Life adopted them as a reference for the definition of its own company guidelines in this area, in accordance with applicable regulations, reporting any incompatibility between the Guidelines and regulations in the country where it does business.

There are three main phases within the Group's risk management process:

1. Identification of risks (Risk Assessment);
2. Analysis and Management of the individual risks to which the Company and Group are exposed;
3. Assessment and monitoring/Reporting.

The first major phase gives top management an immediate overview of the risk exposure, which can guide their decision making processes and help to define the priority actions, also in terms of strategic planning. There are 5 phases, which are carried out at least once a year (or when specific events occur):

- Stage 1: - Identification: this comprises all the risk identification activities in the business areas, with the support of the risk owners;
- Stage 2 - Collection of Information: includes all the activities related to gathering/collecting the information and updating the risks;
- Stage 3 - Assessment: this comprises all the activities required to process information/assess the exposure to risk;
- Stage 4 - Validation: this comprises the validation of the analysis;
- Stage 5 - Reporting: this comprises the internal reporting on the risk exposure.

Once the risks have been identified, the Insurance Group obtains documents for each specific risk to determine procedures for managing each one, together with the operational tolerance limits. An assessment is also done on the hard to quantify risks considered to be significant for the Group, and mitigation actions to manage these risks may be proposed.

On conclusion of the risk assessment process, the Group manages each risk by following the conditions and tolerance limits stated in the Rules, which constitute the risk management framework.

The final phase involves monitoring and quantification of the risks.

The monitoring process provides for the constant application of stress tests. The stress tests consist of a set of techniques used by the companies to:

- measure their vulnerability to extraordinary yet plausible events;
- allow Top Management to understand the relationship between the risk assumed and the risk appetite, as well as the adequacy of the available capital.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned, also considering solvency at Group level.

In addition to this activity, there is a structured information gathering process, which is necessary to calculate the indicators and parameters defined for the size of the risk according to the Risk Appetite Framework, which is intended to control the Limits and Early Warnings.

The risk management process is an integral part of the organisation and decision making processes of the Insurance Group and of each company, as it is prepared in accordance with the internal risk assessment and solvency process, and with the Risk Appetite Framework.

With regard to the roles and responsibilities of the Risk Management function, see the contents of paragraph B.1 of this report.

Internal risk and solvency assessment

The new prudential regulations which entered into force on 1 January 2016 are based on three pillars. They require companies in the second pillar to perform a self-assessment of risks, both current and forward-looking, in order to determine a governance system which allows the effective and efficient management and control of risks, by tasking the Supervisory Body with the assessment, through the Supervisory Review Process, of the reliability and consistency of the results and by adopting, where needed, the appropriate corrective measures. The main objective of ORSA is to ensure that the companies adopt processes to assess all the current and forward-looking risks of their business and determine the corresponding hedging capital in line with the strategic and Risk Appetite objectives.

The internal risk and solvency assessment is carried out through the ORSA process, which has been adopted by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

1. defining the Risk Appetite Framework: the parent company first defines all the standards to guide the Insurance Group in taking on risks and monitoring them in order to ensure an excellent service for customers and to create value for all stakeholders;
2. defining the methodologies for risk and capital measurement: the methods used to measure risks are defined and proposed, along with the risk and capital measurement and control models and systems needed to address unexpected losses. The proposed methodologies are consistent and comply with the requirements set out by current supervisory regulations.

The detailed phases are as follows:

1. Identification and monitoring of risks: in order to evaluate the risk profile, the companies of the Intesa Sanpaolo Vita Group must identify all the risks to which the individual company and the entire Insurance Group is or may be exposed. This identification is aimed at:

    - building an effective risk management system to support the achievement of the company goals while protecting policyholders;
    - determining the risk capital both for regulatory and internal purposes and to assess capital adequacy;
    - performing the internal assessment of the risk profile with regard to that underlying the standard formula.

2. Self-assessment: the objective of this phase is to assess the regulatory capital requirement and the economic capital considering all the relevant risks to which Intesa Sanpaolo Vita and the Insurance Group companies are exposed and taking into account the strategic and business objectives. Unlike the Pillar 1 requirements, the assessment includes also any material risks not considered in Pillar I and requests a forward-looking internal assessment of risk and solvency.
3. Capital adequacy assessment: the objective of this phase is to assess the capital adequacy in terms of own funds at individual and consolidated level compared to the level of risk assumed. The phase to determine the available own funds and to compare it with the economic capital is broken down in the following sub-phases:

    - determination of available own funds;
    - assessment of capital adequacy.

4. Preparation and approval of the ORSA Report: the parent company documents the findings of the ORSA process for all Insurance Group companies in a single report. The "Consolidated internal risk and solvency assessment document" is a consolidated document (supervisory report on the internal risk and solvency assessment) covering the internal risks and solvency assessment carried out at group level and at the level of some of the group subsidiaries on the same date and in the same reporting period;
5. Independent review of the ORSA process: the ORSA process is included in the audit scope and is periodically audited by the Audit function. The results of the audits are submitted to the Board of Directors in the periodic reports and used by it for the process assessment and challenge activity.

In relation to the measurable risks, the Standard formula parameters proposed in the Solvency II regulations are currently considered to be adequate for this purpose, except for the operational risks. However, controls are in place for all risks.

Intesa Sanpaolo Assicura S.p.A. has decided to follow a route that will lead to a request for the adoption of specific volatility criteria for calculating the capital requirement, with particular reference to the submodules of the pricing and formation of reserves risks, for non-life and health insurance. The use of specific criteria will further strengthen the governance and risk control of the Company, within the framework of the ambitious four-year growth plan.

The companies have also put in place controls to cover all business risks, including forward-looking, and with a view to safeguarding of assets.

The internal risk assessment is prepared annually and is examined and approved by the Board of Directors of the Insurance Parent Company.

The assessment of the capital requirement during the period of the analysis is measured by considering the forward-looking exposure to a potentially broader risk perimeter than Pillar I, the stress tests and the impacts in terms of value and capital used in commercial strategies. Furthermore, the following is taken into account:

- any scheduled issue of capital;
- the maturity, including contractual maturity and any other earlier repayment or redemption opportunity, of the own-fund items;
- the effects that any issue, redemption or repayment or other measurement changes of an own-fund item can have under the applicable capital management system;
- the extent to which the company is based on own-fund items subject to provisional measures;
- application of the dividend distribution policy and how it affects own funds.

The multi-year capital management plan is defined in line with the strategic objectives of the Insurance Group and in coordination with the Strategic ALM and Capital Management Department, which liaises with the Capital & Liquidity Management and Recovery Plan Unit of the parent company Intesa Sanpaolo.

The capital requirement is assessed for the Insurance Group and on an individual basis, taking into account the risk tolerance thresholds identified in the RAF and the forward-looking risk and solvency assessment according to ORSA standards and strategic planning.

During the year the following are periodically monitored:

- the cohesion between the strategic plan, the performance of the business and the profitability of the Companies and at Insurance Group level;
- the cohesion of the assumptions underlying the capital management plan and the related actions, compared to the ordinary performance at Insurance Group level;
- the maintaining of management solvency levels and of the capital management plan based on the sensitivity and stress tests.

Intesa Sanpaolo Vita S.p.A.

Risk management process, and role of the risk management function

The process of managing the risks of the Intesa Sanpaolo Vita is governed in line with the self-assessment of risk profile and risk appetite (Risk Appetite Framework or RAF). The Level 1 documentation referred to above is complemented by the Operational Rules and Guidelines concerning the management of all the risks to which the Company is exposed.

There are three main phases within the risk management process:

1. Identification of risks (risk assessment);
2. Analysis and Management of the individual risks to which the Company and Group are exposed;
3. Assessment and Monitoring/Reporting.

The first major phase gives top management an immediate overview of the risk exposure, which can guide their decision making processes and help to define the priority actions, also in terms of strategic planning.

There are 5 phases of the risk assessment process, which are carried out at least once a year (or when specific events occur):

a) Data collection: this comprises all the risk identification activities in the business areas, with the support of the risk owners;

b) Survey: includes all the activities related to gathering/collecting the information and updating the risks;

c) Assessment: this comprises all the activities required to process information/assess the exposure to risk;

d) Validation: this comprises the validation of the analysis;

e) Reporting: this comprises the internal reporting on the risk exposure.

The risk assessment process also includes the hard to quantify risks considered significant for the Company.

On conclusion of the risk assessment process, the Group manages each risk by following the conditions and tolerance limits stated in the Rules, which constitute the risk management framework.

The final phase involves monitoring and quantification of the risks.

The monitoring process provides for the constant application of stress tests. The stress tests consist of a set of techniques used by the Company to:

- measure their vulnerability to extraordinary yet plausible events;
- allow senior management to understand the relation between the risk taken on and its risk appetite, in addition to the adequacy of the available capital.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned, also considering solvency at Insurance Group level.

In addition to this activity, there is a structured information gathering process, which is necessary to calculate the indicators and parameters defined for the size of the risk according to the Risk Appetite Framework, which is intended to control the Limits and Early Warnings.

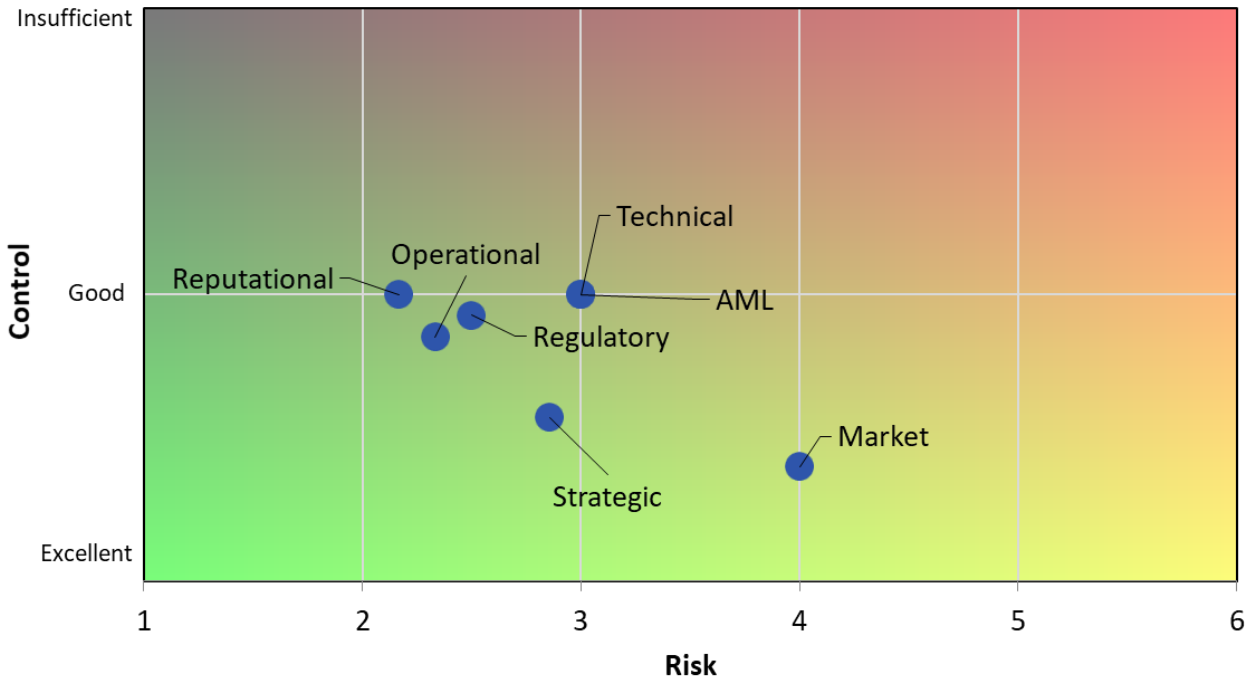
Significant risks and other material risks

Intesa Sanpaolo Vita defines the risks to which it is exposed using an impact/control concept and risk map.

The assessment methodology is based on calculating the inherent risk as a combination of the factors of probability and impact of the risk occurring.

The combination of the inherent risk and the level of efficiency of the risk control (poor, good, excellent) produces the "Residual Risk".

The graph below summarises the findings in terms of the inherent risk/control, in the main categories of risk that were analysed



In terms of inherent risk, the assessment has confirmed that the Company is most exposed to market risk, but it does have a high level of risk control.

Compared to last year, there have been no substantial changes in the assessment of inherent risk in terms of risk micro-clusters. The most significant change relates to the increase in the inherent risk regarding strategic risk, to which there has been a proportional increase in the level of control.

The entry into force of new regulations affecting the Company (such as IDD, PRIIPs, GDPR) has required the introduction of specific mitigation actions to strengthen the overall level of control.

For all the mapped risks, the controls in place on the date of the assessment have been identified and formalised. Additional mitigation actions have been identified, mainly relating to the following areas:

- Reinforcement of AML area;
- Greater process automation (also in terms of regulatory compliance e.g. IDD and PRIIPs);
- Development of new systems designed to automate certain key processes;
- Reinforcement of control of SII Data Quality;
- Reinforcement of the complaints management process;
- Reinforcement of GDPR controls;
- Reinforcement of the framework of level I and level II controls;
- Reinforcement of the supplier rating and control process;
- Fine tuning of internal policies.

A deadline has been set for all the mitigation actions, and the risk management function will monitor the progress at least every six months as defined in the Rules.

With reference to both Cyber Risk and the GDPR, the Intesa Sanpaolo Vita Insurance Group has increasingly focused attention on improving its information system regarding governance, and also by implementing a technology conversion project, introducing changes to the technological infrastructure and working on applications, with specific projects to manage cyber security and data protection issues.

Within the Risk Appetite Framework the Insurance Group has imposed early-warning thresholds on the main risk factors. The main limits relate to the following risks:

- Solvency: The levels of solvency ratio and the levels of individual risk types, in relation to the Own Funds;
- Liquidity: the level of highly liquid securities, cash flow matching and the insurance liquidity coverage ratio;
- Investments;
- Operational risks: the level of operational losses.

The "prudent person" principle

Depending on the nature, scope and complexity of the risks of its business, the Company will set investment policies for all its assets, in line with the prudent person principle.

Financial portfolio management must be aimed at the following:

- the general criteria of prudence and promoting quality of assets;
- profitability assessment, adequately taking into consideration all related market, credit, concentration and liquidity risks;
- Enhancement of risk diversification factors;
- An asset allocation objective that adequately reflects the timeframe of the liability and the economic returns hoped for by the Company.

The Rules on the company's investments are consistent with its strategy and risk policies, and take into account the risk appetite, risk tolerance and the possibility of identifying, measuring, monitoring and managing the risks involved with each type of asset.

The Rules on investments are adopted by taking into account that the assets covering the technical provisions are adequate considering the nature of the risks and the obligations, and the duration of the liabilities, in the best interests of all policyholders, customers, beneficiaries and anyone entitled to insurance benefits.

The investment policy defines the composition of the medium-to-long-term investment portfolio, indicating the security, quality, liquidity, profitability and availability level for the entire asset portfolio.

With regard to details of how the company meets its obligation to invest all assets in accordance with the "prudent person" principle, it should be noted that asset investment activities are not done in consideration of the direct, immediate obligations towards the insured parties and therefore they are not subject to the limitations included in the rules on separate management. At the same time, they need to respond to the objectives of enhancing profitability of capital.

The setting of operational limits for this type of activity is based on the principle that, with a view to the prudent management of assets and the solvency of the company, the share of assets needed to cover the economic capital needs to be invested in highly solvent, highly liquid assets, and only a surplus can be directed towards higher-risk investments.

The use of derivatives must be consistent with the principles of sound and prudent management, with a view to mitigating risks. It must take place in alignment with the Company's financial situation and operating performance.

Assessing the appropriateness of credit ratings

In order to measure the credit rating of assets in the company's portfolios, apart from the ratings given by the main rating agencies (Standard & Poor's, Moody's and Fitch Ratings), priority is given to an internal assessment done by the company itself in accordance with the internal models of the parent company Intesa Sanpaolo S.p.A..

This internal assessment is done for all issuers towards whom there is a significant exposure.

The process of defining internal ratings is described in more detail in the Investment Rules.

Assessments of credit rating are used where required by the Solvency II Regulations (i.e. spread and counterparty risks). The Company carries out formal checks on all flows of information regarding credit ratings received from external bodies. The Risk Management operating system also involves a process of user authorisation, following each rating update received from an external body.

The outsourcing agreements with rating agencies providing the company with credit ratings do not contain any limitations on the reporting of external rating information or on the ECAI selected in the quantitative reporting models.

Considerations on the extrapolation of the risk-free rate and volatility adjustment

The company has fulfilled the regulatory requirements regarding application of the volatility adjustment:

- by defining the scope of application of the VA;
- by preparing a liquidity plan;
- by conducting a quantitative analysis to support the use of the VA;
- by assessing the extrapolation of the risk-free rate.

With reference to the extrapolation of the risk-free rate, with and without the volatility adjustment mentioned in Article 44, 2a) of Directive 2009/138/EC, please note that the rates curve published by EIOPA has been used.

Risk-free interest rate 31.12.2018		
T	NO VA	VA
1	-0.3%	-0.1%
2	0.3%	0.0%
3	-0.2%	0.1%
4	-0.1%	0.2%
5	0.1%	0.3%
6	0.2%	0.5%
7	0.4%	0.6%
8	0.5%	0.7%
9	0.6%	0.9%
10	0.7%	1.0%
11	0.8%	1.1%
12	0.9%	1.2%
13	1.0%	1.2%
14	1.1%	1.3%
15	1.1%	1.4%
16	1.1%	1.4%
17	1.2%	1.4%
18	1.2%	1.4%
19	1.2%	1.5%
20	1.3%	1.5%
21	1.3%	1.6%
22	1.4%	1.6%
23	1.4%	1.7%
24	1.5%	1.7%
25	1.6%	1.8%
26	1.6%	1.8%
27	1.7%	1.9%
28	1.7%	2.0%
29	1.8%	2.0%
30	1.9%	2.1%

The table below shows the impact of zeroing the VA, which is indicated in terms of a change in own funds and in terms of the solvency ratio, in order to verify any non-compliance with the threshold of 100%, as a result of the zeroing.

(euro millions)

	No VA	VA
Eligible Own Funds	5,661.7	6,135.3
Solvency Capital Requirement	3,248.8	2,768.2
Solvency ratio	174%	222%

The Solvency Ratio without the application of the VA remains above the minimum threshold and limits provided for in the Risk Appetite Framework.

Internal solvency risk assessment

The main objective of ORSA is to ensure that the companies adopt processes to assess all the current and forward-looking risks of their business and determine the corresponding hedging capital in line with the strategic and RAF objectives.

In detail, the Company, by executing the ORSA process, aims to:

- assess, at least on a yearly basis, the risk profile both in the short and long term in line with the time horizon considered for strategic planning (including the capital management plan). This assessment comprises the Pillar 2 risks;
- assess the significance of the deviation between the risk profile and assumptions underlying the calculation of the regulatory capital;
- assess the overall solvency needs considering the planning time horizon, ensuring compliance at all times with requirements in terms of the regulatory capital and RAF;
- make available the ORSA results to Top Management in order to allow their use in the operating and strategic decision-making processes (e.g. capital management, planning, budgeting, product development, investments, etc.).

The risk management process is an integral part of the organisation and decision making processes of the company, as it is prepared in accordance with the ORSA process, and with the Risk Appetite Framework.

The internal solvency risk assessment is carried out through the ORSA process, which has been adopted by Intesa Sanpaolo Vita S.p.A. And by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

1. defining the Risk Appetite Framework: Intesa Sanpaolo Vita first sets out above all the standards to guide the Insurance Group in taking on risks and monitoring them in order to ensure a continuous and excellent service toward customers and to create value for all stakeholders;
2. defining the methodologies for risk and capital measurement: the methods used to measure risks are defined and proposed, along with the risk and capital measurement and control models and systems needed to address unexpected losses. The proposed methodologies are consistent and comply with the requirements set out by current supervisory regulations.

The detailed phases are as follows:

1. Identification and monitoring of risks: to assess the individual and Group risk profile, Intesa Sanpaolo Vita must identify all the risks to which the individual company and the entire Insurance Group is or may be exposed. This identification is aimed at:

    - building an effective risk management system to support the achievement of the company goals while protecting policyholders;
    - determining the risk capital both for regulatory and internal purposes and to assess capital adequacy;
    - performing the internal assessment of the risk profile with regard to that underlying the standard formula.

2. Self-assessment: the objective of this phase is to assess the regulatory capital requirement and the economic capital considering all the relevant risks to which Intesa Sanpaolo Vita and the Insurance Group companies are exposed, and taking into account the strategic and business objectives. Unlike the Pillar 1 requirements, the assessment includes also any material risks not considered in Pillar I and requires a forward-looking internal assessment of risk and solvency.
3. Capital adequacy assessment: the objective of this phase is to assess the capital adequacy in terms of own funds at individual and consolidated level compared to the level of risk assumed. The phase to determine the available own funds and to compare it with the economic capital is broken down in the following sub-phases:

    - determination of available own funds;
    - assessment of capital adequacy.

4. Preparation and approval of the ORSA Report: Intesa Sanpaolo Vita S.p.A. documents the findings of the ORSA process for all Insurance Group companies in a single report. The "Single internal risk and solvency assessment document" is a consolidated document (supervisory report on the internal risk and solvency assessment) covering the internal risks and solvency assessment carried out at group level and at the level of some group subsidiaries at the same date and in the reporting period.
5. Independent review of the ORSA process: the ORSA process is included in the audit scope, and is periodically audited by the Audit function. The results of the audits are submitted to the Board of Directors in the periodic reports, and used by it for the process assessment and challenge activity.

In relation to the measurable risks, the Standard formula parameters proposed in the Solvency II regulations are currently considered to be adequate for this purpose, except for the operational risks. However, controls are in place for all risks. The company has also put in place controls to cover all business risks, including forward-looking, and with a view to safeguarding of assets.

The internal risk assessment is prepared annually, and is examined and approved by the Board of Directors of the Company.

For the assessment of solvency using the standard formula and in the internal risk assessment, the Company assures the quality of the data used in the calculation processes.

To guarantee the quality of data the Company has set up a data quality management framework in accordance with the Solvency II requirements. The framework is designed to ensure ongoing compliance with the data quality requirements contained in the European standards on the appropriateness, completeness and accuracy of information. European regulations require that Companies adopt processes and procedures aimed at ensuring that the data used to calculate provisions comply with these standards.

The Company aims to ensure an adequate level of oversight of the entire data production/transformation process starting from when the data is produced through to its transformation and inclusion in the reporting systems. For this purpose, the Company implements a monitoring and diagnosis system to recognise and resolve any irregularities through appropriate corrective actions.

The Data Governance system is established to ensure compliance with the following requirements:

- Governability: the data, the aggregation and perimeter definition procedures, and the extraction, recording, transformation and loading procedures of the data in archives are documented and classified to ensure traceability and monitoring;
- Usability: accessibility of information by users is ensured through adequate instruments for the activities carried out;
- Integrity and confidentiality: data must be protected against unauthorised access in order to protect their accuracy, completeness and absence of tampering in compliance with applicable internal and external regulations;
- Availability: availability of data, when required by company processes, and availability of the resources needed for the purpose is ensured in compliance with the provisions in the document "Group Business Continuity Guidelines";
- Conservation and archiving of data: specific data conservation procedures are provided for each data category ensuring the availability of the information in compliance with current regulations and any specific requirements expressed by users;
- Adaptability: the data are generated and aggregated to provide adequately address the internal and external information needs and the development of the company.

In compliance with the regulatory provisions, data quality must be assessed according to the following dimensions (or "quality standards"):

- Accuracy: the data must be input without errors and omissions in a consistent and timely manner in time for the purposes for which it is processed. By way of example, the controls on the structure of the information flow (presence of the primary key and mandatory data, presence of duplicate records, etc.) and on the requirements of timeliness in the provision of data can be considered accuracy controls;
- Completeness: the data must have sufficient granularity and historical depth for the purposes for which it is processed. For example, the assessment of completeness requires the implementation of periodic procedures to ascertain that no data have been excluded. From a technical point of view, to ensure the completeness of the individual data flow, mechanisms are to be put in place to prevent deliberate or accidental causes, such as abnormal interruptions of IT procedures, from resulting in the production of incomplete data;
- Appropriateness: the data must be directly related to the purposes for which it is processed. For example, the assessment of appropriateness requires procedures for the periodic review of compliance of the data with company needs including performance controls, comparisons with benchmarks or balancing of data with certified sources.

The Data Quality process (or Data Quality Management) is aimed at pursuing the objectives of accuracy, completeness and appropriateness of data as set out by European and Italian regulations. It involves the following four main phases:

1. Definition of data;
2. Assessment of data quality;
3. Identification and resolution of irregularities;
4. Monitoring and reporting.

Internal risk and solvency assessment

Refer to the paragraph on the Insurance Group.

Intesa Sanpaolo Assicura S.p.A.

Risk management process, and role of the risk management function

The process of managing the risks of the Intesa Sanpaolo Assicura S.p.A. is governed in line with the self-assessment of risk profile and risk appetite (Risk Appetite Framework or RAF). The Level 1 documentation referred to above is complemented by the Operational Rules and Guidelines concerning the management of all the risks to which the Company is exposed.

There are three main phases within the risk management process:

- Identification of risks -risk assessment;
- Analysis and Management of the individual risks to which the Company and Group are exposed;
- Assessment and monitoring/Reporting.

The first major phase gives top management an immediate overview of the risk exposure, which can guide their decision making processes and help to define the priority actions, also in terms of strategic planning.

There are 5 phases of the risk assessment process, which are carried out at least once a year (or when specific events occur):

a. Data collection: this comprises all the risk identification activities in the business areas, with the support of the risk owners;
b. Survey: includes all the activities related to gathering/collecting the information and updating the risks;
c. Assessment: this comprises all the activities required to process information/assess the exposure to risk;
d. Validation: this comprises the validation of the analysis;
e. Reporting: this comprises the internal reporting on the risk exposure.

The risk assessment process also includes the hard to quantify risks considered significant for the Company.

On conclusion of the risk assessment process, the Group manages each risk by following the conditions and tolerance limits stated in the Rules, which constitute the risk management framework.

The final phase involves monitoring and quantification of the risks.

The monitoring process provides for the constant application of stress tests. The stress tests consist of a set of techniques used by the Company to:

- measure their vulnerability to extraordinary yet plausible events;
- allow senior management to understand the relation between the risk taken on and its risk appetite, in addition to the adequacy of the available capital.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned, also considering solvency at Insurance Group level.

In addition to this activity, there is a structured information gathering process, which is necessary to calculate the indicators and parameters defined for the size of the risk according to the Risk Appetite Framework, which is intended to control the Limits and Early Warnings.

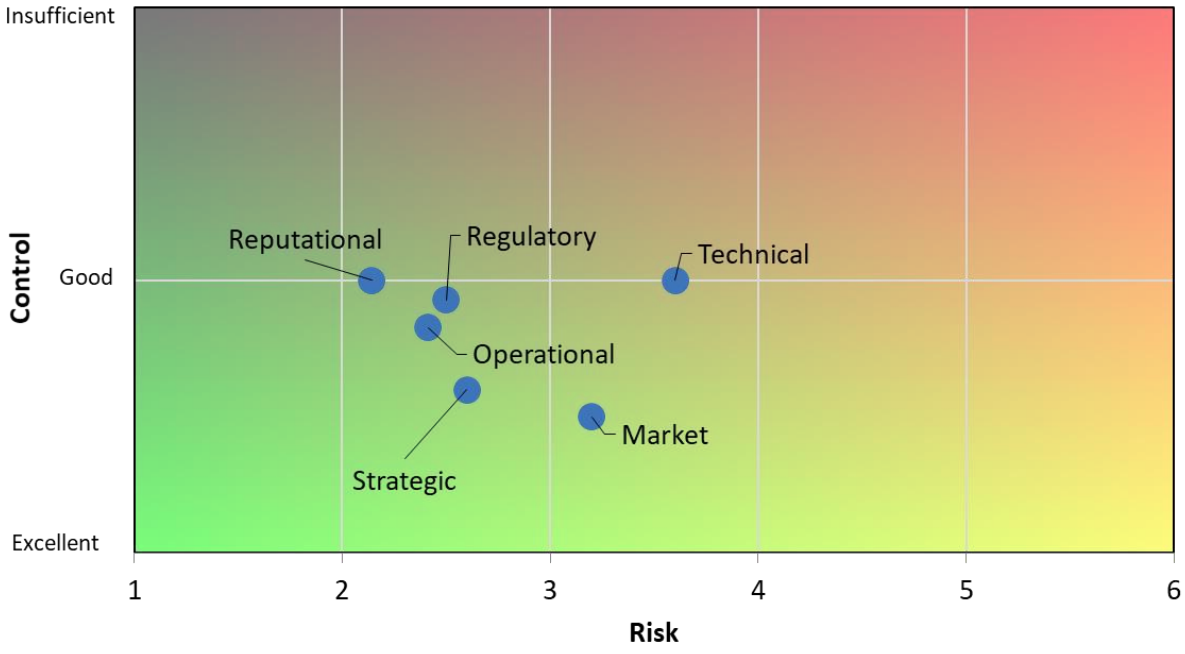
Significant risks and other material risks

Intesa Sanpaolo Assicura S.p.A. defines the risks to which it is exposed using an impact/control concept and risk map.

The assessment methodology is based on calculating the inherent risk as a combination of the factors of probability and impact of the risk occurring.

The combination of the inherent risk and the level of efficiency of the risk control (poor, good, excellent) produces the "Residual Risk".

The graph below summarises the findings in terms of the inherent risk/control, in the main categories of risk that were analysed.



In terms of inherent risk, the assessment has confirmed that the Company is most exposed to market risk, but it does have a high level of risk control.

Compared to last year, there have been no substantial changes in the assessment of inherent risk in terms of risk micro clusters. The most significant change relates to the increase in the inherent risk regarding strategic risk, to which there has been a proportional increase in the level of control.

The entry into force of new regulations affecting the Company (such as IDD, PRIIPs, GDPR) has required the introduction of specific mitigation actions to strengthen the overall level of control.

For all the mapped risks, the controls in place on the date of the assessment have been identified and formalised. Additional mitigation actions have been identified, mainly relating to the following areas:

- Greater process automation (also in terms of regulatory compliance e.g. IDD and PRIIPs);
- Development of new systems designed to automate certain key processes;
- Reinforcement of control of SII Data Quality;
- Reinforcement of the complaints management process;
- More robust antifraud checks;
- Reinforcement of GDPR controls;
- Consolidation of checks on the settlement process;
- Reinforcement of the framework of level I and level II controls;
- implementation of the system for testing the pricing of motor policies;
- reinforcement of the supplier rating and control process;
- fine-tuning of the internal policies.

A deadline has been set for all the mitigation actions, and the risk management function will monitor the progress at least every six months as defined in the Rules.

With reference to both Cyber Risk and the GDPR, the Intesa Sanpaolo Vita Insurance Group has increasingly focused attention on improving its information system regarding governance, and also by implementing a technology conversion project, introducing changes to the technological infrastructure and working on applications, with specific projects to manage cyber security and data protection issues.

Within the Risk Appetite Framework the Insurance Group has imposed early-warning thresholds on the main risk factors. The main limits relate to the following risks:

- Solvency: the levels of solvency ratio and the levels of individual risk types, in relation to the Own Funds;
- Liquidity: the level of highly liquid securities, cash flow matching and the insurance liquidity coverage ratio;
- investments;
- operational risk: the level of operational losses.

The "prudent person" principle

Depending on the nature, scope and complexity of the risks of its business, the Company will set investment policies for all its assets, in line with the prudent person principle.

Financial portfolio management must be aimed at the following:

- the general criteria of prudence and promoting quality of assets;
- profitability assessment, adequately taking into consideration all related market, credit, concentration and liquidity risks;

- Enhancement of risk diversification factors;
- An asset allocation objective that adequately reflects the timeframe of the liability and the economic returns hoped for by the Company.

The Rules on the company's investments are consistent with its strategy and risk policies, and take into account the risk appetite, risk tolerance and the possibility of identifying, measuring, monitoring and managing the risks involved with each type of activity.

The use of derivatives must be consistent with the principles of sound and prudent management, with a view to mitigating risks. It must take place in alignment with the Company's financial situation and operating performance, and strictly adhere to the provisions of IVASS Regulation No. 24/2016.

Assessing the appropriateness of credit ratings

In order to measure the credit rating of assets in the company's portfolios, apart from the ratings given by the main rating agencies (Standard & Poor's, Moody's and Fitch Ratings), priority is given to an internal assessment done by the company itself in accordance with the internal models of the parent company Intesa Sanpaolo S.p.A..

This internal assessment is done for all issuers towards whom there is a significant exposure.

The process of defining internal ratings is described in more detail in the Investment Rules.

Assessments of credit rating are used where required by the Solvency II Regulations (i.e. spread and counterparty risks). The Company carries out formal checks on all flows of information regarding credit ratings received from external bodies. The Risk Management operating system also involves a process of user authorisation, following each rating update received from an external body.

The outsourcing agreements with rating agencies providing the company with credit ratings do not contain any limitations on the reporting of external rating information or on the ECAI selected in the quantitative reporting models.

Considerations on the extrapolation of the risk-free rate and volatility adjustment

The Company does not apply the volatility adjustment to the calculation of insurance liabilities.

Below is the valuation regarding the extrapolation of the risk free rate without the volatility adjustment mentioned in Article 44, para. 2a, of Directive 2009/138/EC. The curve corresponds to the EIOPA curve.

Risk-free interest rate 31.12.2018	
T	NO VA
1	-0.3%
2	0.3%
3	-0.2%
4	-0.1%
5	0.1%
6	0.2%
7	0.4%
8	0.5%
9	0.6%
10	0.7%
11	0.8%
12	0.9%
13	1.0%
14	1.1%
15	1.1%
16	1.1%
17	1.2%
18	1.2%
19	1.2%
20	1.3%
21	1.3%
22	1.4%
23	1.4%
24	1.5%
25	1.6%
26	1.6%
27	1.7%
28	1.7%
29	1.8%
30	1.9%

Internal solvency risk assessment

The main objective of ORSA is to ensure that the companies adopt processes to assess all the current and forward-looking risks of their business and determine the corresponding hedging capital in line with the strategic and RAF objectives. In detail, the Company, by executing the ORSA process, aims to:

- assess, at least on a yearly basis, the risk profile both in the short and long term in line with the time horizon considered for strategic planning (including the capital management plan). This assessment comprises the so-called Pillar 2 risks;
- assess the significance of the deviation between the risk profile and assumptions underlying the calculation of the regulatory capital;
- assess the overall solvency needs considering the planning time horizon, ensuring compliance at all times with requirements in terms of the regulatory capital and RAF;

- make the results of ORSA available to senior management, so they may be used in operating and strategic decision-making processes (e.g. capital management, planning, budget process, product development, investments, etc).

The risk management process is an integral part of the organisation and decision making processes of the company, as it is prepared in accordance with the ORSA process, and with the Risk Appetite Framework.

The internal solvency risk assessment is carried out through the ORSA process, which has been adopted by Intesa Sanpaolo Vita S.p.A. and by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

1. defining the Risk Appetite Framework: Intesa Sanpaolo Assicura S.p.A. follows the general principles defined by the parent company for the acceptance and monitoring of risks, in order to ensure a continuous and excellent service toward customers and to create value for all stakeholders;
2. defining the methodologies for risk and capital measurement: the methods used to measure risks are defined and proposed, along with the risk and capital measurement and control models and systems needed to address unexpected losses. The proposed methodologies are consistent and comply with the requirements set out by current supervisory regulations.

The detailed phases are as follows:

1. Identification and monitoring of risks: to assess the individual and Group risk profile, Intesa Sanpaolo Vita must identify all the risks to which the individual company and the entire Insurance Group is or may be exposed. This identification is aimed at:

    - building an effective risk management system to support the achievement of the company goals while protecting policyholders;
    - determining the risk capital both for regulatory and internal purposes and to assess capital adequacy;
    - performing the internal assessment of the risk profile with regard to that underlying the standard formula.

2. Self-Assessment: the objective of this phase is to assess the regulatory capital requirement and the economic capital considering all the relevant risks to which Intesa Sanpaolo Assicura S.p.A. and the Insurance Group companies are exposed, and taking into account the strategic and business objectives. Unlike the Pillar 1 requirements, the assessment includes also any material risks not considered in Pillar I and requires a forward-looking internal assessment of risk and solvency.
3. Capital adequacy assessment: the objective of this phase is to assess the capital adequacy in terms of own funds at individual and consolidated level compared to the level of risk assumed. The phase to determine the available own funds and to compare it with the economic capital is broken down in the following subphases:

    - determination of available own funds;
    - assessment of capital adequacy.

4. preparation and approval of the ORSA Report: Intesa Sanpaolo Assicura S.p.A. contributes to the results of the ORSA process which are contained in a single report. The "Single internal risk and solvency assessment document" is a consolidated document (supervisory report on the internal risk and solvency assessment) covering the internal risks and solvency assessment carried out at group level and at the level of some group subsidiaries at the same date and in the reporting period;
5. Independent review of the ORSA process: the ORSA process is included in the audit and is periodically audited by Audit. The results of the audits are submitted to the Board of Directors in the periodic reports, and used by it for the process assessment and challenge activity.

Regarding the assessment of whether the standard formula represents its risk profile, in agreement with the regulators the Company has decided to use specific parameters to calculate the capital requirement for the pricing and reserving risk, for non-life and health insurance.

In relation to the other risk types, the Formula Standard parameters proposed in the Solvency II regulations are currently considered to be adequate for this purpose, except for the operational risks. However, controls are in place for all risks. The company has also put in place controls to cover all business risks, including forward-looking, and with a view to safeguarding of assets.

The internal risk assessment is prepared annually, and is examined and approved by the Board of Directors of the Company.

For the assessment of solvency using the standard formula and in the internal risk assessment, the Company assures the quality of the data used in the calculation processes.

To guarantee the quality of data the Company has set up a data quality management framework in accordance with the Solvency II requirements. The framework is designed to ensure ongoing compliance with the data quality requirements contained in the European standards on the appropriateness, completeness and accuracy of information. European regulations require that Companies adopt processes and procedures aimed at ensuring that the data used to calculate provisions comply with these standards.

The Company aims to ensure an adequate level of oversight of the entire data production/transformation process starting from when the data is produced through to its transformation and inclusion in the reporting systems. For this purpose, the Company implements a monitoring and diagnosis system to recognise and resolve any irregularities through appropriate corrective actions.

The Data Governance system is established to ensure compliance with the following requirements:

- governability: the data, the aggregation and perimeter definition procedures, and the extraction, recording, transformation and loading procedures of the data in archives are documented and classified to ensure traceability and monitoring;
- usability: accessibility of information by users is ensured through adequate instruments for the activities carried out;
- integrity and confidentiality: data must be protected against unauthorised access in order to protect their accuracy, completeness and absence of tampering in compliance with applicable internal and external regulations;
- availability: availability of data, when required by company processes, and availability of the resources needed for the purpose is ensured in compliance with the provisions in the document "Group Business Continuity Guidelines";

- conservation and archiving of data: specific data conservation procedures are provided for each data category ensuring the availability of the information in compliance with current regulations and any specific requirements expressed by users;
- adaptability: the data are generated and aggregated to provide adequately address the internal and external information needs and the development of the company.

In compliance with the regulatory provisions, data quality must be assessed according to the following dimensions (or "quality standards"):

- accuracy: the data must be input without errors and omissions in a consistent and timely manner in time for the purposes for which it is processed. By way of example, the controls on the structure of the information flow (presence of the primary key and mandatory data, presence of duplicate records, etc.) and on the requirements of timeliness in the provision of data can be considered accuracy controls;
- completeness: the data must have sufficient granularity and historical depth for the purposes for which it is processed. For example, the assessment of completeness requires the implementation of periodic procedures to ascertain that no data have been excluded. From a technical point of view, to ensure the completeness of the individual data flow, mechanisms are to be put in place to prevent deliberate or accidental causes, such as abnormal interruptions of IT procedures, from resulting in the production of incomplete data;
- appropriateness: the data must be directly related to the purposes for which it is processed. For example, the assessment of appropriateness requires procedures for the periodic review of compliance of the data with company needs including performance controls, comparisons with benchmarks or balancing of data with certified sources.

The Data Quality process (or Data Quality Management) is aimed at pursuing the objectives of accuracy, completeness and appropriateness of data as set out by European and Italian regulations. It involves the following four main phases:

- definition of data;
- assessment of data quality;
- identification and resolution of irregularities;
- monitoring and reporting.

Internal risk and solvency assessment

The internal risk management process for Intesa Sanpaolo Assicura is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group

Fideuram Vita S.p.A.

Risk management process, and role of the risk management function

The risk management process for Fideuram Vita is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group.

Internal risk and solvency assessment

The internal risk and solvency process for Fideuram Vita is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group.

Intesa Sanpaolo Life D.A.C.

Risk management process, and role of the risk management function

The risk management process for Fideuram Vita is conducted in accordance with the Group process. Refer to the paragraph on the Insurance Group.

Internal risk and solvency assessment

The internal risk management process for Intesa Sanpaolo Life D.A.C. is conducted in accordance with the Group process. Refer to the paragraph on the Insurance Group. In addition to the Group reports, Intesa Sanpaolo Life D.A.C. provides an annual ORSA report at company level. This is based on the reports prepared by the Insurance Group, investigates the specific risks of the Irish company and includes the analysis required by the regulations and the country guidelines.

B.4 Internal controls system

Intesa Sanpaolo Vita Insurance Group

The Internal Controls System of the Intesa Sanpaolo Vita Insurance Group involves all the company structures and every member of staff, each within his/her own field of competence and responsibility, in order to ensure constant and effective monitoring of risks.
Top Management of Intesa Sanpaolo Vita, including with reference to the role of the Insurance Parent Company, ensures that staff are made aware of their own role and responsibilities so as to be effectively engaged in controls understood to be an integral part of their activity. For this purpose, it ensures that the system of authorities is formalised and is known by staff, as well as the procedures governing the allocation of tasks, the operational processes and the reporting channels. It also verifies the exercise of the powers assigned to legal representatives in the course of major transactions in terms of dimensions and characteristics they conducted with the powers granted to them.
The Group's Internal Controls System is structured on multiple levels.

- **Level I Control** - line controls: consist in the checks carried out both by those who perform a given activity and by those who are responsible for supervision, generally within the same organizational unit. These are the checks carried out by the production units themselves or embedded in the automated procedures or those carried out as part of the back-office activity. These are an essential part of the Internal Controls System and require the development and rooting of a "culture of control" which is the only one that can ensure the achievement of company goals. The operational and business departments are directly responsible for the risk management process; during the course of their daily operations, these units – in cooperation with the level II functions and, where applicable, the Organisation function – must identify, measure, evaluate, monitor, control, mitigate and communicate the risks arising from ordinary business operations, in accordance with the risk management process. The organizational units must comply with the operational limits imposed upon them by the risk objectives and by the procedures for risk management governed in the relevant internal documentation. These controls must be provided for and described in the procedure and set out in the mapping of the processes.

- **Level II Control** - risk monitoring: these are specific activities assigned to bodies other than the organisational units; their aim is to ensure inter alia:

  - correct implementation of the risk management process;
  - the conformity of the company's operations to the regulations, including the self-governance rules, and helping to set the methods for measuring risks, checking compliance with the limits assigned to the different organizational units and checking consistency of the activities with objectives and risk levels set by the competent company bodies. Specifically, this level includes controls on the risks identified in the risk map resulting from the Risk Assessment process (for example: Underwriting risks, credit risks, asset-related and investment risks, operational risks and reputational risks and compliance risks. This group of checks comprises activities carried out by functions such as: Risk Management, Actuarial, AML and Compliance. The Actuarial function is tasked with the control and supervision of the calculations of the Solvency II technical provisions and assesses the activities carried out by the actuarial units. Specifically, the determination, control and validation of the measures subject to assessment are carried out by specific Organisational Units.

- **Level III Controls** - internal audit ("Audit"): activities to assess whether the Internal Controls System (including the level I and level II controls) are complete, functional and adequate. These activities are identified as controls aimed at identifying violations of procedures and regulations and at periodically assessing whether the organisational structure is complete, adequate and reliable. Some organisational units, as in the case of the Specialist Functions defined in the Integrated Internal Controls System Regulation of Intesa Sanpaolo, may identify, in the course of their activities, risks and/or shortcomings deemed to be significant for the solvency and/or reputation of the company and Insurance Group by carrying out specific control tasks. In order to set up an integrated and cohesive controls system, the organisational units carry out their functions considering not only the actual corporate situation of the Parent Company, but also the Group's overall operating activity and the risks to which it is exposed. They monitor any risks identified in compliance with the rules approved by the administrative body on specific risks (e.g., underwriting and reserving, liquidity etc.). If critical aspects are identified, they are reported to the control functions and Top Management according to the procedures and conditions for the preparation of systematic reports.

In addition to the Level 1, 2 and 3 controls mentioned above, in relation to the core business, the following activities are also the subject of specific risk observing:

- Retail monitoring;
- Planning and management control;
- Monitoring of Asset Liability Management (ALM);
- Administrative and financial governance
- Monitoring of outsourced activities;
- Handling of complaints;
- Controls on personal data protection;
- Controls on workplace safety and environmental issues;
- Review of adequacy of the organisational structure;
- Data quality;
- Technical and actuarial controls;
- product monitoring;
- IT Security and Business Continuity.

The Group encourages a favourable control environment, which is a set of behaviours and actions that testify to the importance attached to internal control by the company organisation - this is a prerequisite for its effectiveness and is based on:

- Integrity and ethical values;
- Control activity and segregation of tasks;
- Timely and reliable financial reporting to stakeholders and availability of all the information necessary to evaluate the trend in the company's business, as produced by the standard accounting and management processes and by the ancillary information systems that ensure

compliance with data quality standards, which require accuracy, completeness, timeliness, cohesion, transparency and relevance.

This information is brought to the attention of the Board of Directors periodically, with varying levels of detail, in the form of financial and income schedules that summarise management performance. All the information to be disclosed externally is assessed and authorised in advance by the Unit tasked with producing it. Specifically, financial information must be assessed by those in charge of drawing up accounting documents.
This system ensures the continuous integrity, completeness and correctness of the stored data and of the represented information also for the purpose of enabling a reconstruction of the activity, and the identification of the persons in charge, while ensuring that recorded information can be checked easily.

Implementation of the compliance audit function

For details of the implementation of the compliance audit function, refer to the following paragraphs in relation to the individual Group companies.

At insurance Group level, the organisational model will vary depending on the company's organisational structure. in some cases the Compliance of Intesa Sanpaolo Vita S.p.A. conducts its outsourcing operations under specific contracts (i.e. Intesa Sanpaolo Assicura S.p.A.), in other cases there is a Local Compliance function (i.e. Intesa Sanpaolo Life D.A.C. and Fideuram Vita S.p.A.).

The Compliance team of the Chief Compliance Officer of Intesa Sanpaolo Vita provides direction and coordination by maintaining direct relations with the Compliance functions of the subsidiaries and affiliates, and by issuing instructions to the Subsidiaries, also for the purposes of carrying out the instructions issued by the Regulator.

Each company in the Insurance Group implements the Guidelines and rules issued by the parent company in relation to Compliance, adapting them where necessary to the specific context and provisions of local laws.

Intesa Sanpaolo Vita S.p.A.

Internal control system

Refer to the paragraph on the Insurance Group.

Implementation of the compliance audit function

Intesa Sanpaolo Vita recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.

Intesa Sanpaolo Vita's compliance guidelines were adopted by the Board of Directors of the company. They identify not only the general principles that apply to the Insurance Group but also the roles, responsibilities, duties, operational processes, methods and reporting procedures regarding the management of compliance risk.

The Chief Compliance Officer, who is responsible for coordinating the AML and Compliance functions, reports directly to the Board of Directors, in the same way as the organisational model for the control functions of the parent company Intesa Sanpaolo.

The CCO teams, and the Compliance function in particular, are responsible for carrying out a risk-based assessment of the adequacy of the procedures, processes, policies and internal organisation, in order to prevent compliance risks.

The methodology used to manage compliance risk, which is also defined at Insurance Group level, provides for the need to grade the duties of the compliance function in accordance with the regulations requiring specialised forms of control, based on the various regulatory areas involved in the company's business.

The Compliance function still has the ultimate responsibility for defining the methods used to assess compliance risk, to identify the right procedures to prevent and manage this risk, and to check that they are adequate.

For each regulatory area, the annual Compliance Risk Assessment (CRA) is prepared in order to measure the Compliance risk: the aggregate evaluation of the risks and controls leads to the formation of a ranking of regulatory areas, which is used to define and prioritise the assessments.

With regard to the compliance risk, the Compliance function continuously identifies the regulations applicable to the company and assesses the adequacy of the controls on the Compliance risk (which are identified in the various regulatory areas within its remit), by planning activities in advance, and by performing specific activities in sensitive areas.

The Compliance function also proposes organisational and procedural proposals aimed at adapting the controls on the Compliance risk, and continuously assesses the adequacy of procedures awaiting issue.

The Compliance unit also performs a clearing of policies before they are marketed, checking that the pre-contract and contractual documentation, commercial manuals and advertising material reflects the indications of the regulations.

The participation of the Compliance function in company projects is particularly important in terms of the prior management of compliance risk, and of providing special support and advice.

In terms of the reporting activity, the corporate bodies receive periodic reports on the adequacy of the compliance controls. The reports are prepared by the compliance unit and each year, they identify and assess the compliance risks and plan the management interventions. Every six months, they contain a description of the work carried out, any critical issues found, and the remedies identified.

The company bodies are also promptly informed of any compliance issues or violations considered to be particularly important.

Intesa Sanpaolo Assicura S.p.A.

Internal control system

The Board of Directors is responsible for the company's internal control and risk management system and checks that top management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Top Management of Intesa Sanpaolo Assicura guarantees that personnel are made aware of their roles and responsibilities. For this purpose, it ensures that the system of authorities is formalised and is known by staff, as well as the procedures governing the allocation of tasks, the operational processes and the reporting channels.

The internal control system for Intesa Sanpaolo Assicura is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group

Implementation of the compliance audit function

The Compliance unit of Intesa Sanpaolo Vita S.p.A. performs compliance work on behalf of Intesa Sanpaolo Assicura S.p.A. under an outsourcing contract.
During 2017, the Compliance guidelines of Intesa Sanpaolo Vita S.p.A. were updated and implemented by the Board of Directors of Intesa Sanpaolo Assicura S.p.A.. Compliance guidelines were also drawn up specifically for Intesa Sanpaolo Assicura S.p.A., and approved by the company's Board of Directors. They set out the general principles that apply to the insurance group and identify the roles, responsibilities, duties, operational processes, working methods and reporting methods regarding management of the compliance risk.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita S.p.A..

Fideuram Vita S.p.A.

Internal control system

The Board of Directors is responsible for the company's internal control and risk management system and checks that top management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Top Management of Fideuram Vita guarantees that the personnel are made are aware of their roles and responsibilities. For this purpose, it ensures that the system of authorities is formalised and is known by staff, as well as the procedures governing the allocation of tasks, the operational processes and the reporting channels.

The internal control system for Fideuram Vita is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group

Implementation of the compliance audit function

Fideuram Vita recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.
The Compliance policy of Fideuram Vita S.p.A., is prepared in accordance with the same document issued by Intesa Sanpaolo Vita S.p.A., parent company of the Insurance Group and which was implemented by the Board of Directors on 15 March 2019.
The purpose of the Guidelines is to provide a comprehensive reference model for the control of regulatory compliance, by outlining all the roles and responsibilities of the company departments involved in Compliance activities.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita as the compliance audit process is implemented in the same way.

Intesa Sanpaolo Life D.A.C.

Internal control system

The Board of Directors is responsible for the company's internal control and risk management system and checks that top management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Top Management of Intesa Sanpaolo Life D.A.C. guarantees that personnel are made aware of their roles and responsibilities. For this purpose, it ensures that the system of authorities is formalised and is known by staff, as well as the procedures governing the allocation of tasks, the operational processes and the reporting channels.

The internal control system for Intesa Sanpaolo Life D.A.C. is conducted in accordance with the Group process. Refer to the details of the paragraph on the Insurance Group

Implementation of the compliance audit function

Intesa Sanpaolo Life D.A.C. recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.
The Compliance policy of Intesa Sanpaolo Life D.A.C. is prepared in accordance with the same document of Intesa Sanpaolo Vita S.p.A., parent company of the Insurance Group and is adopted by the Board of Directors.
The purpose of the policy is to provide a comprehensive reference model for the control of regulatory compliance, by outlining all the roles and responsibilities of the company departments involved in Compliance activities.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita as the compliance audit process is implemented in the same way.

B.5 Internal audit function

Intesa Sanpaolo Vita Insurance Group

The mission assigned to the Audit Function (the "Function") is to "Ensure a constant, independent and impartial assessment activity on the adequacy and efficiency of the internal controls system and its suitability to ensure the effectiveness and efficiency of business processes, the protection of corporate assets and of the Insurance Group, the reliability and integrity of financial and management information, compliance of the activity with current regulations, directives and company procedures.
Assure the regular assessment and monitoring of the additional components of the group's corporate governance system.
Provide advice to the Group's corporate functions, including through participation in projects in order to create added value and improve the effectiveness of control processes, risk and compliance management, and governance.
Oversee the system of internal controls and the other elements of the group's corporate governance system, by providing governance and guidance for the relevant Audit departments.
Support the company governance and ensure Top Management, company bodies and competent institutions (IVASS, Bank of Italy, etc.) receive timely and systematic disclosures on the state of the controls system, on the results of the activities carried out and on the progress of corrective actions.

Internal auditing is done by the Audit function of Intesa Sanpaolo Vita S.p.A. as the ultimate Italian parent company, it reports to the Chief Audit Officer of the parent company Intesa Sanpaolo.

The Audit Manager coordinates the Controls Coordination Committee, a body with an information and advisory role that operates to consolidate the coordination and the mechanisms of inter-functional cooperation as part of the internal controls system of the Insurance Group.
Refer to the information given below in relation to Intesa Sanpaolo Vita S.p.A. as the Parent Company's Audit Function operates for the whole of the Insurance Group under specific outsourcing agreements.

Intesa Sanpaolo Vita S.p.A.

The Audit function of Intesa Sanpaolo Vita S.p.A. carries out internal audits using its own dedicated unit which also works for the other Insurance Group companies, both in relation to the role of parent company and also under outsourcing contracts, thus guaranteeing consistency of the audits undertaken, and the creation of operational synergies.

The mission assigned to the Audit Function is to ensure a constant, independent and impartial assessment of the adequacy and efficiency of the internal controls system, and make sure that it guarantees the effectiveness and efficiency of business processes, the protection of assets and of the Insurance Group and the reliability and integrity of financial and management information, while ensuring that all activities comply with current regulations, directives and company procedures.
The Audit function provides support and advice to other company functions, participating in projects to create added value, improve the effectiveness of the control processes and maintain their adequacy to the development of structures and internal processes. The function also supports the company governance and provides Top Management, company bodies and institutions such as IVASS and the Bank of Italy with timely and systematic disclosures on the state of the controls system, the results of the activities and on the progress of corrective actions.
The Head of Audit produces an annual action plan for the Board of Directors.

The annual plan takes into account the level of attention required from the various processes and business units, depending on this level. The Manager is tasked with assigning processes and/or entities the corresponding level of attention based on elements that are as objective as possible. Planning is therefore based on the analysis and assessment of the potential risks carried out through risk assessment methods, the processing of indicators relating to the operations of the Company to identify potentially abnormal transactions and/or situations or through a comparative examination of the information and findings continuously collected from the Organisational Units.
The results of audit activities are presented in audit reports, prepared according to a standard format to ensure that all the work done is transparent and effective. The recipients of the audit reports are the Organisational Units of the Company, specifically the audited units, and Top Management.
The submission of the report is the start of a process that sheds light on the causes of any irregularities and identifies, schedules and implements corrective actions. The Head of Audit will meet with the management of the audited unit in an exit meeting, as well as the other business units who were involved in identifying and elaborating all the corrective actions. At the end of the meeting a draft plan for the development of corrective actions to be submitted to the Board of Directors is formalised and the latter is tasked with determining the measures to be taken. The actions will then be used by the Audit function to update their reports, the dashboard (which contains all the audit points highlighted during the activity, and the actions planned to remedy them), and for the follow-up actions.
Checks on the corrective actions proposed by the Audit Function during its interventions are carried out quarterly. The follow-up activity consists of a written report containing a summary of the measures taken to eliminate any unresolved findings. The report will identify the reasons for any delay in implementing corrective measures by the stated deadline.

With regard to the audit reporting activities, the Head of Audit will report:

- quarterly to the Board of Directors on the results and recommendations of the audits carried out in the period;
- at least every six months, to the Board of Statutory Auditors (at least every three months to the Audit & Reporting Committee of Intesa Sanpaolo Life D.A.C.) on the activity carried out in the reference period, submitting the results of the audits carried out in the period, any identified difference and the improvement actions adopted or to be adopted;
- every six months to the Board of Directors on the activity carried out in the period, providing written results of its audits, identifying discrepancies and highlighting the improvement actions adopted or to be adopted;
- urgently to the Board of Directors and Board of Statutory Auditors (Audit & Reporting Committee for Intesa Sanpaolo Life D.A.C.) on any particularly serious situations, breaches or deficiencies;
- during periodic meetings, it reports to the 231 Supervisory Body, in the event of interventions concerning 231 risks;
- every year, it reports to the administrative body, Top Management and the supervisory body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the confidentiality of reports of suspicious transactions;
- the parent company Intesa Sanpaolo, by sending documents according to the procedures and timing set out in the operational guide;
- reports to the other control functions by sending extracts of reports on its audit activities, and a Dashboard at least every six months;

- if there is a need to inform IVASS in response to tangible evidence of serious violations that could significantly prejudice the sound and prudent management of the Company, the Audit function will implement the provisions of internal procedures, informing the Chair of the Board of Directors and the Chair of the Board of Statutory Auditors.

The Audit Function has links with all other control functions of the Company and of the Insurance Group entities; it will exchange information either through specific meetings and by sending documentation and reports, attending discussion groups with the supervisory functions, or by sitting on committees.
The Audit function will agree with the Board of Statutory Auditors (Audit & Reporting Committee for Intesa Sanpaolo Life D.A.C.) on an independent form of collaboration designed to ensure that all relevant information about the results of the audits is promptly transmitted, to guarantee continuous updates on the supervision of the internal controls system.
Considering the responsibilities assigned to the 231 Supervisory Body by the Board of Directors and the professional contents of the activities that characterise it, the Body, in carrying out its monitoring and control tasks, is supported by the Audit Manager.
The function also maintains relations with the auditing firm and the managers of the open pension funds.

Independence and objectivity

The Audit function will report directly to the company's Board of Directors and is independent from the operational units. The company's audit function reports in functional but not hierarchical terms to the head of the Audit function of the Insurance Group.
The Head of the Audit Function will discuss the mission of internal auditing and the mandatory elements of the Internal Professional Practices Framework with senior management and the Board of Directors.

The internal audit policy describes how the company's audit function maintains the required independence.

The Audit function has the following characteristics:

- an organisational structure that guarantees its independence and autonomy so that its objective judgement is not compromised;
- free access to all company structures and to the documentation related to the audited business area, including information instrumental to the assessment of the adequacy of the controls on the outsourced company functions;
- organic links with all the centres in charge of internal control functions; quantitatively and qualitatively adequate human and technological resources to continuously carry out checks, analyses and other tasks necessary to fulfil its mandate;
- quantitatively and qualitatively adequate human and technological resources to continuously carry out checks, analyses and other tasks necessary to fulfil its mandate;
- sufficient knowledge to assess the risks of fraud and the way in which these are managed by the organisation, however it is not necessary for the Department to have the knowledge of those whose primary responsibility is the invest identification and investigation of fraud.

The independent action of the Audit function is also ensured by the Head who:

- has specific expertise and professionalism and meets the eligibility requirements for the position to carry out the activity, as governed by the Rules adopted pursuant to article 5(2)(l) of ISVAP Regulation No. 20/2008;
- is appointed or revoked by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- has no hierarchical and functional relations with the audited areas;
- reports its activity directly to the Board of Directors and to the Board of Statutory Auditors;
- confirms to the Board of Directors, at least on an annual basis, the organizational independence of the internal audit activity;
- informs the Board of Directors of any interference in determining the scope or objective of internal audits, in carrying out the work, in disclosing the results and discussing the implications;
- if independence and objectivity has been compromised or appears to be compromised, it will inform the relevant parties of the circumstances of these influences;
- If there are any breaches of the code of ethics or standards that may affect the scope or work done during the internal audit activity, it will disclose any non-conformities and their impact, to senior management and to the Board of Directors.

The Audit function is staffed by people with the necessary skills, abilities and knowledge to conduct their work competently and professionally.
According to the current regulations (IVASS Regulation 38/2018 Art. 25), Audit personnel have been included in the company's policy on fitness for office and their requirements in terms of integrity, professionalism and independence need to be assessed. Therefore, each year, the Board of Directors will assess whether the Audit team meets these requirements.

Intesa Sanpaolo Assicura S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Assicura, under an outsourcing contract.

With reference to the above, and the decision made by the Board of Directors on 15 October 2015, the Chair of the board of statutory auditors held the role of person responsible for checking the outsourced activities, in 2018.

Refer to the information given in the paragraph on Intesa Sanpaolo S.p.A.

Independence and objectivity

The company's audit operations have been outsourced to the parent company, through its Audit function, under an outsourcing contract. Refer to the paragraph on Intesa Sanpaolo Vita S.p.A.

Fideuram Vita S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Fideuram Vita, under an outsourcing contract.

With reference to the above, and the decision made by the Board of Directors on 15 October 2015, the Chair of the board of statutory auditors held the role of person responsible for checking the outsourced activities, in 2018.

Refer to the information in the paragraph on Intesa Sanpaolo Vita S.p.A..

Independence and objectivity

The company's audit operations have been outsourced to the parent company, through its Audit function, under an outsourcing contract. Refer to the paragraph on Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Life D.A.C.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Life D.A.C., under an outsourcing contract. The executive body of Intesa Sanpaolo Life D.A.C. has appointed the Chief Executive Officer (CEO) as the person responsible for checking the outsourced services.

Refer to the information given in the paragraph on Intesa Sanpaolo S.p.A., in accordance with the applicable regulations.

Independence and objectivity

The company's audit operations have been outsourced to the parent company, through its Audit function, under an outsourcing contract. Refer to the paragraph on Intesa Sanpaolo Vita S.p.A.

B.6 Actuarial Function

Intesa Sanpaolo Vita Insurance Group

The activities of the Actuarial function are carried out in accordance with the provisions of Article 272 of Delegated Regulation (EU) 2015/3 and Article 48 of the Solvency II Directive (2009/138/EC).
Apart from performing its duties for the company, the Actuarial function of Intesa Sanpaolo Vita has introduced a series of controls, in its capacity as the Actuarial function of the parent company of the Intesa Sanpaolo Vita Insurance Group.
The Group Companies must send the Actuarial function of the Parent Company all the information needed for the relevant control activity.
In performing its tasks of coordination and guidance, the Actuarial function of Intesa Sanpaolo Vita verifies the contents of the documents prepared by the Actuarial functions of each company and the completeness of the audits carried out with reference to the following areas:

- Solvency II Technical Provisions;
- Underwriting policies and reinsurance agreements;
- Contribution to the risk management system and to the internal risk and solvency assessment.

Intesa Sanpaolo Vita S.p.A.

The Actuarial function of ISV is in the area that reports directly to the Board of Directors to ensure its independence in control activities.

In particular, the Head of the Actuarial function:

- is responsible for the fulfilment of the function's duties;
- must meet the requirements of competence, integrity and experience (in the same way as the other members of the key functions);
- with regard to Solvency II, the Head of the Actuarial function reports at least once a year to the Board of Directors, expressing an opinion on the adequacy of the technical provisions, the underwriting and reserving policy, and the reinsurance agreements. Specifically, the opinion on the technical provisions included in the Solvency Report will consist of an analysis of their adequacy and reliability both in terms of process and numerical results. This opinion can be accompanied, if necessary, by a series of recommendations and indications relating to potential improvement areas;
- liaises with the other control functions, organisational units and committees by exchanging information with the respective heads and contact persons as provided for by the relevant internal regulations;
- determination of the action plan, at least on an annual basis, to submit to the Board of Directors.

The Head of the Actuarial function is provided free access to the information needed to carry out his/her responsibilities to the extent allowed by law.
The company's Actuarial function also performs a series of duties as part of the audits on the adequacy of the technical provisions, as provided for in IVASS Provision no. 53/2016. In particular, the head of the Actuarial function prepares and signs the technical report on the provisions of the direct Italian portfolio which the Company intends to include in the financial statements. In the report, the

Actuarial function describes in detail the procedures and assessments carried out with reference to the basic techniques used to calculate the technical provisions. It specifically highlights any implicit valuations and the reasons for them, confirms the accuracy of the procedures, reports on the audits of the procedures used to calculate the provisions and for the correct recording of the portfolio, and gives an opinion on the sufficiency of all the technical provisions.

The Head of Actuarial and the company representative sign the report on the current and foreseeable performance, as required by paragraph 32 of Annex 14 to the ISVAP Regulation no. 22/2008.

Intesa Sanpaolo Assicura S.p.A.

The ISV Actuarial function, in addition to carrying out its tasks for the Company, also covers a similar role for the parent company Intesa Sanpaolo Assicura under a specific outsourcing agreement.

Refer to the information given in relation to roles and responsibilities in the paragraph on Intesa Sanpaolo Vita.

With reference to the direct Italian portfolio reserves, which the company intends to recognise in the company's statutory accounts, the Head of Actuarial signs the report on technical provisions only for the following lines: Third-party Motor (Land-based) (Line 10) and Third-party marine, lake and river craft (Line 12). In addition to the work done for Intesa Sanpaolo Vita S.p.A., in connection with civil liability insurance for motorised vehicles, the Head of Actuarial will prepare a report whenever there is a change in the pricing or discount rates, describing the work done and the reasons underlying the company's decisions, as required by Article 11 of IVASS Reg no. 37 of 2018. Together with the legal representative of Intesa Sanpaolo Assicura S.p.A., they will also sign the annual CARD claims report as required by IVASS provision no. 43/2016.

Fideuram Vita S.p.A.

The Actuarial function is in the area that reports directly to the Board of Directors to ensure its independence in control activities.

The roles and responsibilities are in line with the structure in force at the Parent Company. Refer to the information given in the paragraph on Intesa Sanpaolo Vita.

Intesa Sanpaolo Life D.A.C.

In 2018 the Company internalised the Actuarial Function and the Head of Actuarial Function reports directly to the Board of Directors to ensure independence in control activities.
The roles and responsibilities are in line with the structure in force at the Parent Company and correspond to the specific requirements of the Local Regulator.

B.7 Outsourcing

Intesa Sanpaolo Vita Insurance Group

Activities may be outsourced due to the need to achieve cost savings (for example services that would require investments and overheads if they were performed internally can be done by a specialised firm that can rely on economies of scale); specialised companies with best practices in a specific business such as financial management may also be used; the need to concentrate efforts on the core business, looking outside for non-characteristic activities (e.g. mail management services outsourcing).

Intesa Sanpaolo Vita S.p.A. keeps up-to-date guidelines on the outsourcing of the insurance group. These guidelines define the principles used to regulate the decision-making process, the responsibilities, duties and controls applicable to the outsourcing of services within the Intesa Sanpaolo Vita Group, the Intesa Sanpaolo Group, and to other third parties, thus strengthening the control of the risks related to the decision to outsource.
The Guidelines:

- establish that the Insurance Group Companies may, if appropriate, outsource some of the activities or processes within their production cycle based on the need to achieve economies of scale and of purpose;
- regulate the criteria for identifying which services should be outsourced, based on the possibility of obtaining intragroup or external suppliers (in reference to the Intesa Sanpaolo Group) based on the guidelines of the Regulator and of the Parent Company;
- regulate the criteria for choosing service providers based on ethical, documentary and technical criteria, and their financial status.

Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services; The decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.
All the outsourced services, and relations with outsourcers themselves are governed by service agreements, which define the object and terms of the services, the rights, obligations, responsibilities, penalties, duration of the agreements, renewal, termination conditions and any reciprocal commitments related to termination, the Service Level Agreement, the parameters used to monitor service levels, and the process used to determine payment.
The outsourcing guidelines regulate the audits and evaluations that the business units receiving the outsourced services must perform, and define the reports that need to be produced for Top Management, the Board of Directors and the Regulator, as well as any reports to the 231 Supervisory Body.

Intesa Sanpaolo Assicura S.p.A.

While the guidelines on Group outsourcing were applied in 2018, early in 2019 Intesa Sanpaolo Assicura S.p.A. adopted the Group outsourcing policies as well as its own policies regarding the outsourcing of services, particularly essential services; the decision to opt for the horizontal

outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

Fideuram Vita S.p.A.

While in 2018 the guidelines on Group outsourcing were applied, early in 2019 Fideuram Vita S.p.A. adopted the "Policy on outsourcing and selection of suppliers of the Insurance Group" and adopted its own policy in this regard which is mainly addressed to the companies of the Intesa Sanpaolo Group and of the Insurance Group for the outsourcing of services, particularly essential services; the decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life D.A.C. adopted the Outsourcing Risk Policy in 2012. It defines the governance, due diligence processes, approval and monitoring processes followed by the company in accordance with the requirements of the Central Bank of Ireland and European regulations (Solvency II).
Intesa Sanpaolo Life D.A.C. has also adopted the Group outsourcing guidelines.
The Corporate Governance Office is responsible for maintaining and updating the policy at least once a year as defined in the policy itself.
The Policy sets out the roles and responsibilities within the company, detailing the internal supplier selection process, the processes for preparing contracts and monitoring supply performance, in accordance with the internal contractual system and regulations.
The Policy indicates the requirements that the company needs to assess before entering into a new outsourcing contract:

- Defining the process and obligations to report to the Central Bank of Ireland in the case of a critical outsourcer;
- Defining the Fitness and Probity standards to be considered;
- Listing the criteria to be included in the selection process.

B.8 Adequacy of the system of governance

The Board of Directors receives regular updates about the assessment of the internal control and risk management system, from the key functions, as part of their periodic reports. The report presented during 2018 by these functions did not highlight any areas of concern in the internal control or risk management system that would affect the proper functioning of the company or of the Group.

B.9 Other information

Intesa Sanpaolo Vita Insurance Group

During the first quarter of 2019 the companies made additional organisational changes in order to gradually strengthen the supervision of the control process, corporations and the business support operations.

With reference to the changes affecting many of the units in the Insurance Group, please note that:

- the Risks Committee, which is a board committee of the ultimate Italian parent company, became the Internal Controls and Risk Committee with effect from 3 May 2019, further expanding the sphere of its activity, and also gaining responsibility for the Group companies;
- The Administration, Planning and Management Control Area of the Italian parent company has set up the following second-line units (which include functions previously done within the Insurance division of the parent company Intesa Sanpaolo):
    - Planning and Control Intesa Sanpaolo Vita;
    - Planning and Control Intesa Sanpaolo Assicura;
    - Cost Management;
    - Studies, Data office and Analytics;
- On 11 February 2019 the Board of Directors of the ultimate Italian parent company, implementing the provisions of Article 88 of IVASS Regulation no. 38/2018, authorised the setting up of the Basic Functions of Audit, Compliance, Risk Management and the Actuarial function of the Intesa Sanpaolo Vita Group, by giving the same functions within Intesa Sanpaolo Vita S.p.A. the status of Basic Function of both Intesa Sanpaolo Vita S.p.A. and of the Intesa Sanpaolo Vita Insurance Group.

In approaching full compliance with Regulation 38 during the first part of 2019, the Board of Directors of the ultimate Italian parent company authorised the adoption of governance rules for the ISV Group, instructing the Group companies to approve their own governance documents in line with those of the ultimate Italian parent company within the 30th June 2019.

Intesa Sanpaolo Vita

During the first quarter of 2019 the companies made additional organisational changes in order to gradually strengthen the supervision of the control process, corporations and the business support operations.

The CEO's team now has a Business Welfare unit, whose task is to develop the commercial operations for supplementary pensions, for the commercial businesses.

For the following line functions:

- Within the second-line unit ALM, renamed ALM and Capital Management, specialised third-line units were set up within Finance and Actuarial:
    - ALM

    - Capital Management;
    - Analysis of Innovative Financial solutions.

- The Sales Area has been reorganised, with the introduction of the Retail Monitoring unit which is responsible for complying with the requirements of IVASS Regulation no. 40/2018:

    - the corresponding functions have been grouped within the second-line units Products & Marketing; specialised third-line units have been set up within it:

        - Life & Pension Policy Development;
        - Marketing.

    - The second-line unit Network Relations and Business Welfare, renamed Network Relations, has lost the objectives that have gone to the newly formed Business Welfare unit reporting to the CEO, with the others being reallocated to 2 specialised third-line units:

        - Local Bank Relations
        - ISPB and Extracaptive Relations.

    - Within the Administration, Planning and Management Control Area, the following second-line units have been set up (which include functions previously done within the Insurance division of the parent company Intesa Sanpaolo):

        - Planning and Control Intesa Sanpaolo Vita;
        - Planning and Control Intesa Sanpaolo Assicura;
        - Cost Management;
        - Studies, Data Office and Analytics.

During 2019, the Company, as the Group's top line Italian parent company, is adapting its governance system. This process will be completed by the end of 2019 and the relevant decisions will be taken by 30 June 2019. The first formal action was taken at the start of 2019, when the "reinforced" governance structure was chosen for Intesa Sanpaolo Vita S.p.A., as the ultimate Italian parent company of the Intesa Sanpaolo Vita Insurance Group for the purposes of implementing IVASS Regulation no. 38/2018, as defined in the IVASS Letter to the Market of 5 July. For the purposes of this self-assessment the Company is now dealing with the implications for the governance model in relation to the Basic Functions, the Chair of the Board of Directors, the Board Committees and the remuneration of directors and key personnel, as well as the implications for the governance system at the level of the Insurance Group.

As a result of this self-assessment, the Company is proceeding to manage the effects on the model of governance which, for Intesa Sanpaolo Vita S.p.A, provide for:

- that the Chairman of the administrative body has a non-executive role and does not perform management functions;
- the establishment of an internal committee for internal control and risks composed of non-executive directors, the majority of whom are independent pursuant to art. 2387 cod. civ., to whom to entrust advisory and propositional functions in the field of risk monitoring;

- the establishment of an internal committee for Remuneration composed of non-executive directors, the majority of whom are independent pursuant to art. 2387 cod. civ. for an effective definition and monitoring of remuneration policies;
- the confirmation of the Audit, Compliance, Risk Management and Actuarial Function control functions, now defined as Fundamental Functions, separated from an organizational point of view and directly responding to the Board of Directors, whose ownership is assigned to distinct subjects, adequately competent and suitable for office not coinciding with members of the Board of Directors;
- with regard to the remuneration of directors and relevant personnel:

    - that the variable component envisages a quota of at least 50% consisting of shares or instruments connected to them (or, where appropriate, other non-monetary instruments) or instruments that reflect the ability to create long-term value, the assets and income prospects; in order to align the incentives with the long-term interests of the company, the premiums in shares or related instruments or, in any case, the financial instruments in question must be subject to an adequate conservation policy (as such, subject to a sale ban or maintenance period that are adequate, identified and formalized in the remuneration policy, where the criteria used to identify the adequacy of this period must also be highlighted.
    - that, in order to align incentives with the Company's long-term interests:

        - the variable component is subject, for at least 40%, to deferred payment systems and the deferral is defined for a period of time not less than 3-5 years;
        - if the variable component represents a particularly large amount of total remuneration, the percentage to be deferred is not less than 60% and is deferred for at least 5 years.

Intesa Sanpaolo Assicura

There have been further organisational changes since 31 December 2018, and they are effective as of the date of this report.

A second-line unit has been set up, named Customer Claims Unit, whose mission is to oversee the ancillary claims management operations (for example, the network of agents and technology providers the company uses to ensure outstanding levels of claims management services). Along with this, the services previously allocated to the Technical and Operational Controls Unit have been restructured, with the mission of providing technical support and managing relations with the settlement outsourcers, checking the accuracy of the reserves run-off, monitoring late claims and the IBNR reserve; The front-line unit Claims and Litigation has also been given responsibility for monitoring the quality of the liquidation activities done by the internal units and outsourcers, and for identifying the work needed to remedy any technical or procedural irregularities.

In accordance with IVASS Regulation no. 41 the Retail Manager has now been appointed, with the task of overseeing and organising the work of retail staff.

The related Regulations were updated to reflect any organisational changes that affect the members of the Managerial Committees.

The Analytics Management and Retail Monitoring operations were outsourced to Intesa Sanpaolo Vita S.p.A. from 31 December.

As a result of this self-assessment, the Company is proceeding to manage the effects on the model of governance that for Intesa Sanpaolo Assicura S.p.A. includes:

- that the Chairman of the administrative body has a non-executive role and does not perform management functions;
- that, instead of setting up an internal committee for internal control and risks (having entrusted this function to the Committee for internal control and risks also set up at the level of the Insurance Group at the USCI as suitable for adequately monitoring the risk profile specific to Intesa Sanpaolo Assicura SpA), the Board of Directors appoints one of its members, appropriately competent in the matter and without delegated powers, to monitor the activities, the adequacy and the correct functioning of the risk management system, in order to report the related results to the Board of Directors itself which is ultimately responsible;
- that a Remuneration Committee is not set up, as the Company may avail itself of the one set up within the scope of the USCI Board of Directors with responsibilities also for the Insurance Group;
- with reference to the Fundamental Functions, while continuing to outsource the activities of the fundamental functions to the USI, as a Group company with a corporate governance system at or above that of Intesa Sanpaolo Assicura S.p.A. and adequate to carry out the activities delegated by all outsourcing companies:
    - that they are set up as a specific organizational unit, distinctly assigning to each unit only one of the four functions according to the required specializations;
    - that in any case the separation of the fundamental functions from the operating functions is guaranteed, in order to ensure their independence, autonomy and objectivity of judgment.
- with reference to the holders of the fundamental functions, that there are separate adequately competent and suitable subjects for the office, not coinciding with a member of the administrative body;
- with regard to the remuneration of directors and relevant personnel:
    - that the variable component envisages a quota of at least 50% consisting of shares or instruments connected to them (or, where appropriate, other non-monetary instruments) or instruments that reflect the ability to create long-term value, the assets and income prospects; in order to align the incentives with the long-term interests of the company, the premiums in shares or related instruments or, in any case, the financial instruments in question must be subject to an adequate conservation policy (as such, subject to a sale ban or maintenance period that is adequate, identified and formalized in the remuneration policy, where the criteria used to identify the adequacy of this period must also be highlighted;
    - that, in order to align incentives with the Company's long-term interests:
        - the variable component is subject, for at least 40%, to deferred payment systems and the deferral is defined for a period of time not less than 3-5 years;
        - if the variable component represents a particularly large amount of total remuneration, the percentage to be deferred is not less than 60% and is deferred for at least 5 years.

Fideuram Vita

The Company highlights the additional organizational changes that occurred after December 31, 2018 and in force on the date of preparation of this report.

In particular, it should be noted that starting January 1, 2019:

- the "Technical Management, Actuarial and Network Development" level I function has been renamed "Commercial, Actuarial and Portfolio";
- purposes of the provisions of IVASS Regulation n. 40/2018 on the subject of insurance and reinsurance distribution, a unit called "Distribution Monitoring" was set up as a staff member for the Commercial, Actuarial and Portfolio Level function, whose duties and responsibilities were defined as: implementation of policies regarding organization, management and control of distribution; provide for their revision; to draw up an annual report to be submitted for approval by the Board.

At the beginning of 2019, the first formal act of adaptation to IVASS Regulation n. 38/2018 on the basis of the IVASS guidelines on the application of the proportionality principle in the corporate governance system of insurance and reinsurance companies and groups, envisaged by the letter to the market dated 5 July 2018.
The Board of Directors has established that, regardless of the occurrence of further qualitative parameters, already with the application of the mere quantitative parameter the Company falls under the "reinforced, even if with the specificities and the simplifications that the Letter to the market of IVASS del 5 July 2018 allows for membership of a Group. In particular, the Intesa Sanpaolo Vita Group provides for the application of the principle of proportionality in the corporate governance system that for subsidiaries there is the possibility of benefiting from the controls set up within the Insurance Group, without necessarily having to replicate them at the level of a single company.

As a result of this self-assessment, the Company is proceeding to manage the repercussions on the model of governance that Fideuram Vita foresees:

- that the Chairman of the administrative body has a non-executive role and does not perform management functions;
- that, instead of setting up an internal committee for internal control and risks (having entrusted this function to the Committee for internal control and risks also set up at the level of the Insurance Group at the USCI as suitable for adequately monitoring the risk profile specific to Fideuram Vita), the Board of Directors appoints one of its members, appropriately competent in the matter and without delegated powers, to monitor the activities, the adequacy and the correct functioning of the risk management system, in order to report the related results Board of Directors itself which is ultimately responsible;
- that a Remuneration Committee is not set up, as the Company may avail itself of the one set up within the scope of the USCI Board of Directors with responsibilities also for the Insurance Group;
- referring to the Fundamental:
    - that the Audit, Compliance, Risk Management and Actuarial Functions are established, where not already present, in the form of specific and distinct organizational units according to the required specializations;
    - that in any case the separation of the fundamental functions from the operating functions is guaranteed, in order to ensure their independence, autonomy and objectivity of judgment;

- that the related activities are outsourced to the USCI, as a Group company with a corporate governance system at or above that of Fideuram Vita S.p.A. and adequate to carry out the activities delegated by all outsourcing companies;
- with reference to the holders of the fundamental functions, that there are separate adequately competent and suitable subjects for the assignment, not coinciding with a member of the administrative body;
- with regard to the remuneration of directors and relevant person:
    - that the variable component envisages a quota of at least 50% consisting of shares or instruments connected to them (or, where appropriate, other non-monetary instruments) or instruments that reflect the ability to create long-term value, the assets and income prospects; in order to align the incentives with the long-term interests of the company, the premiums in shares or related instruments or, in any case, the financial instruments in question must be subject to an adequate conservation policy (as such, subject to a sale ban or maintenance period that is adequate, identified and formalized in the remuneration policy, where the criteria used to identify the adequacy of this period must also be highlighted;
    - that, in order to align incentives with the Company's long-term interests:
        - the variable component is subject, for at least 40%, to deferred payment systems and the deferral is defined for a period of time not less than 3-5 years;
        - if the variable component represents a particularly large amount of total remuneration, the percentage to be deferred is not less than 60% and is deferred for at least 5 years.

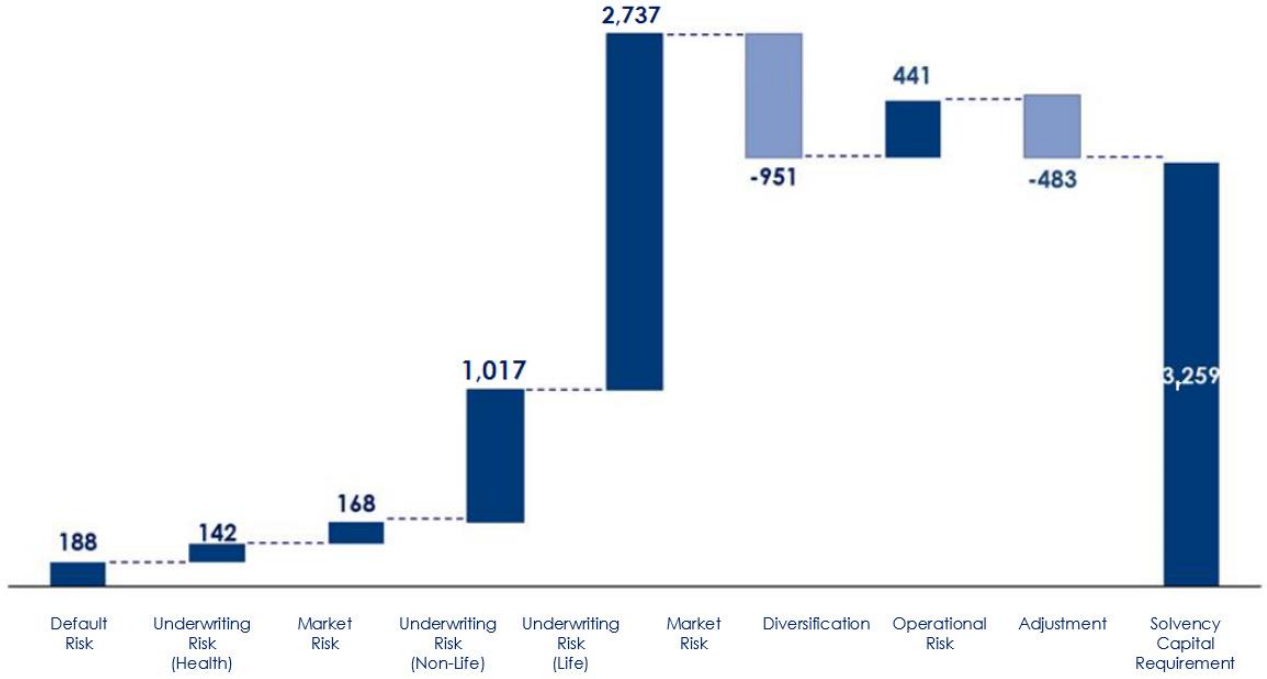
C. Risk profile

Below is the composition of the Grid's capital requirement divided by major risk type.

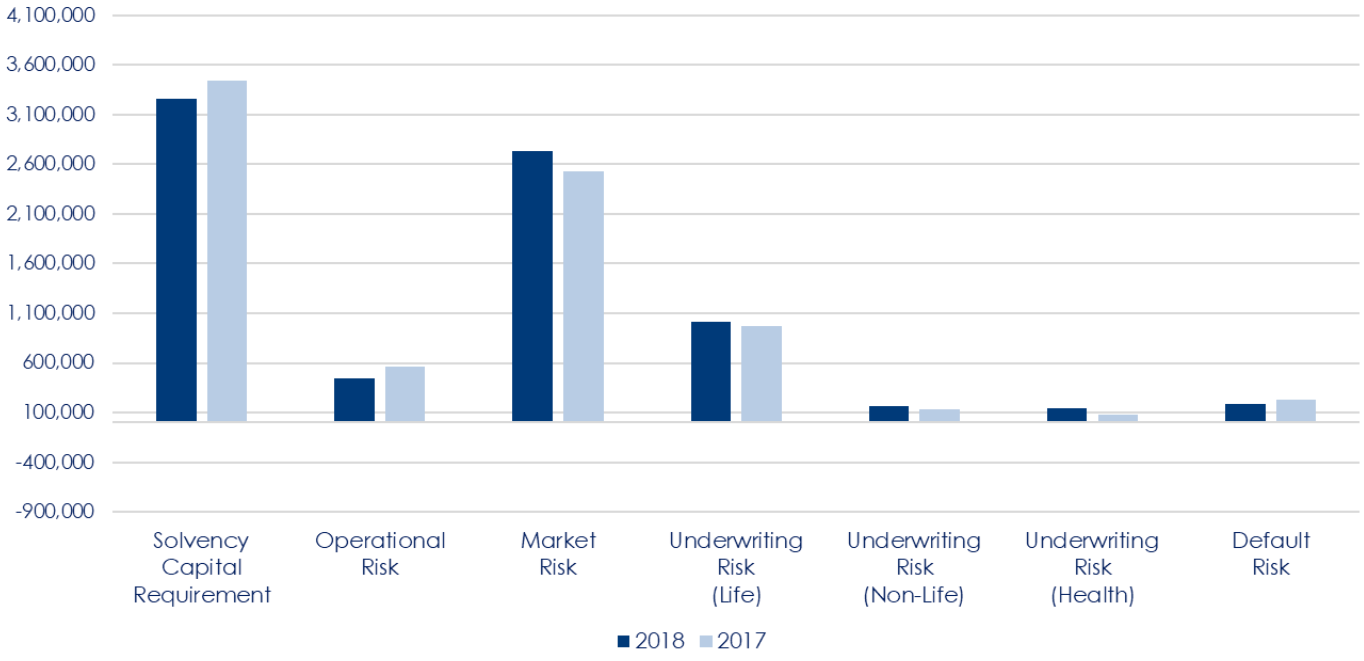
(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**3,258,903**	**3,440,164**	**-181,262**	**-5.3%**
Deferred Tax Adjustment	-482,756	-186,434	-296,322	158.9%
Solvency Capital Requirement before Adjustment	3,741,659	3,626,598	115,061	3.2%
Operational Risk	**440,846**	**563,146**	**-122,301**	**-21.7%**
Basic Solvency Capital Requirement	**3,300,813**	**3,063,452**	**237,362**	**7.7%**
Diversification	-951,156	-876,498	-74,658	8.5%
Market Risk	**2,736,943**	**2,529,700**	**207,243**	**8.2%**
Interest Rate Risk	321,709	393,132	-71,423	-18.2%
Equity Risk	774,246	944,681	-170,434	-18.0%
Property Risk	68,808	44,518	24,290	54.6%
Spread Risk	1,585,176	1,205,959	379,217	31.4%
Concentration Risk	206,237	183,125	23,112	12.6%
Currency Risk	687,051	614,923	72,128	11.7%
Diversification	-906,283	-856,637	-49,646	5.8%
Underwriting Risk (Life)	**1,017,265**	**967,524**	**49,741**	**5.1%**
Mortality Risk	128,634	118,576	10,058	8.5%
Longevity Risk	134,249	116,063	18,186	15.7%
Disability Risk	-	-	-	-
Expenses Risk	186,290	187,444	-1,154	-0.6%
Revision Risk	-	-	-	-
Lapse Risk	832,740	790,942	41,797	5.3%
Cat Risk	70,212	63,083	7,129	11.3%
Diversification	-334,859	-308,585	-26,274	8.5%
Underwriting Risk (Non-Life)	**167,726**	**133,490**	**34,237**	**25.6%**
Premium & reserve Risk	148,763	116,758	32,005	27.4%
Lapse Risk	42,841	24,610	18,232	74.1%
Cat Risk	37,304	37,395	-91	-0.2%
Diversification	-61,182	-45,273	-15,909	35.1%
Underwriting Risk (Health)	**141,985**	**81,795**	**60,190**	**73.6%**
Cat Risk	*796*	5,981	-5,185	-86.7%
Mass Accident Risk	*453*	*414*	*40*	9.6%
Concentration Risk	*414*	*407*	6	*1.5%*
Pandemic Risk	*507*	*5,952*	*-5,446*	*-91.5%*
Diversification	*-578*	*-793*	*215*	*-27.1%*
Non- SLT Risk	141,784	80,095	61,689	77.0%
Reserve Risk	*140,126*	*79,548*	*60,578*	*76.2%*
Lapse Risk	*21,615*	*9,339*	*12,276*	*131.4%*
Diversification	*-19,957*	*-8,793*	*-11,165*	*127.0%*
Diversification	-595	-4,280	3,686	-86.1%
Default Risk	**188,050**	**227,441**	**-39,391**	**-17.3%**

Composition of the solvency capital requirement (in millions of euro)



Comparison of the solvency capital requirement (in thousands of euro)



The table and graph show a reduction of 5% in the SCR, compared to the valuation on 31 December 2017, i.e. 181 million euro. There has been an increase in market risk and underwriting risk and a reduction in credit risk. During the year, the insurance group also put in place a recoverability plan.

With sufficient future profits generated by new business, this will enable the calculation of the adjustment to the SCR ("LAC DT") based on the figurative deferred tax assets generated by a loss equal to the SCR. In the previous solvency valuations that adjustment was limited - as there was no tax recoverability plan - to the total net deferred tax liabilities recognised in the solvency report ("MVBS").

C.1 Underwriting risk

Intesa Sanpaolo Vita Insurance Group

C.1.1 Exposures and their measurement

The Intesa Sanpaolo Vita Insurance Group defines the underwriting risk as the risk of loss or adverse change to the value of the insurance liabilities due to inadequate price setting assumptions (price setting risk), or the assumptions used in establishing the technical provisions.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2018 the value of the technical risks of the Life business, according to the Standard Formula, was 1,017 million euro. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and demographic risks. With regard to the absorption of capital by the technical risks of the Non-life business this amounts to 168 million euro while Health technical risks amounts to 142 million euro. The main risks of this type to which the Group is exposed are the underwriting risks.

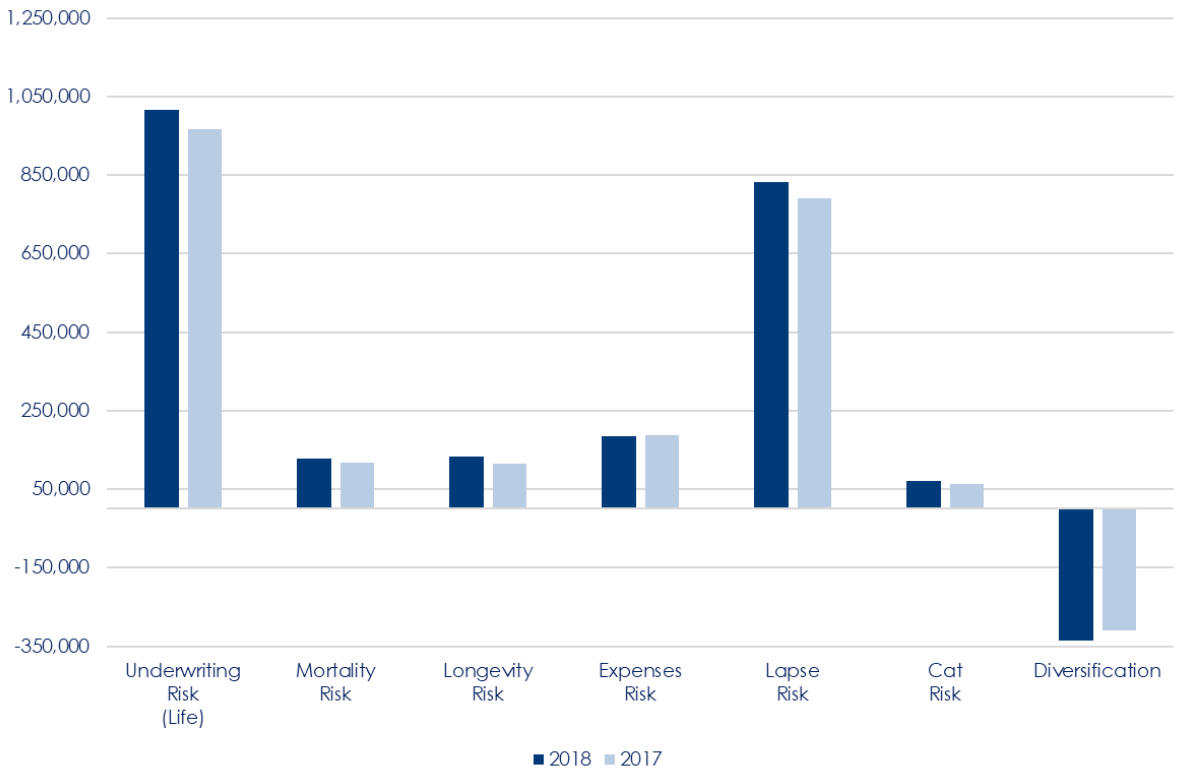
The tables below show a breakdown of the submodules of the Group's technical risks:

(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk (Life)	**1,017,265**	**967,524**
Mortality Risk	128,634	118,576
Longevity Risk	134,249	116,063
Disability Risk	-	-
Expenses Risk	186,290	187,444
Revision Risk	-	-
Lapse Risk	832,740	790,942
Cat Risk	70,212	63,083
Diversification	-334,859	-308,585

Compared to the previous valuation on 31 December 2017, the subscription risk (Life) rose by 5.1% for a total of approximately 50 million euro. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Life (in thousands of euro)

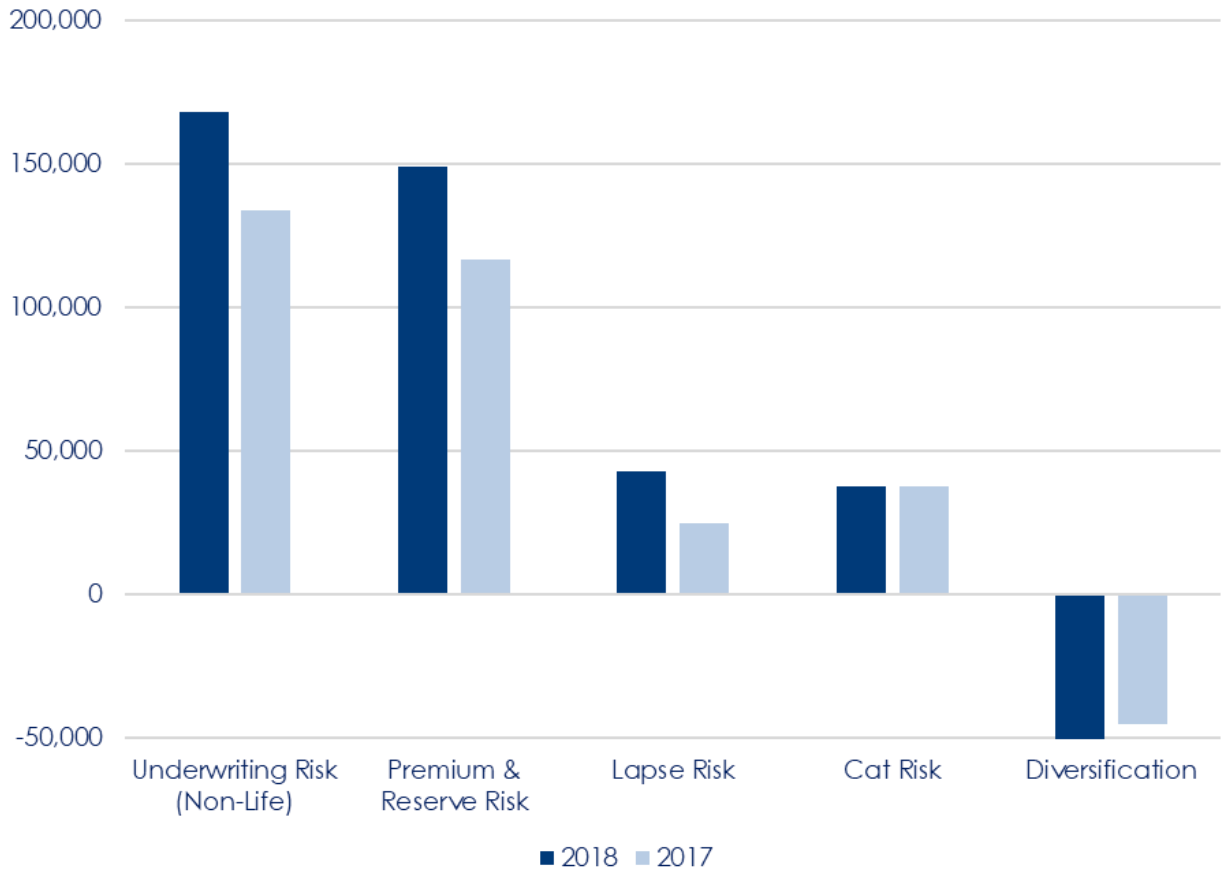


(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk (Non-Life)	**167,726**	**133,490**
Premium & Reserve Risk	148,763	116,758
Lapse Risk	42,841	24,610
Cat Risk	37,304	37,395
Diversification	-61,182	-45,273

Compared to the previous valuation on 31 December 2017, the subscription risk (Non-life) rose by 26% for a total of approximately 34 million euro. The increase in the SCR for the underwriting risk is mainly due to the increase in the volumes of issues and future premiums. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Non-life insurance (in thousands of euro)

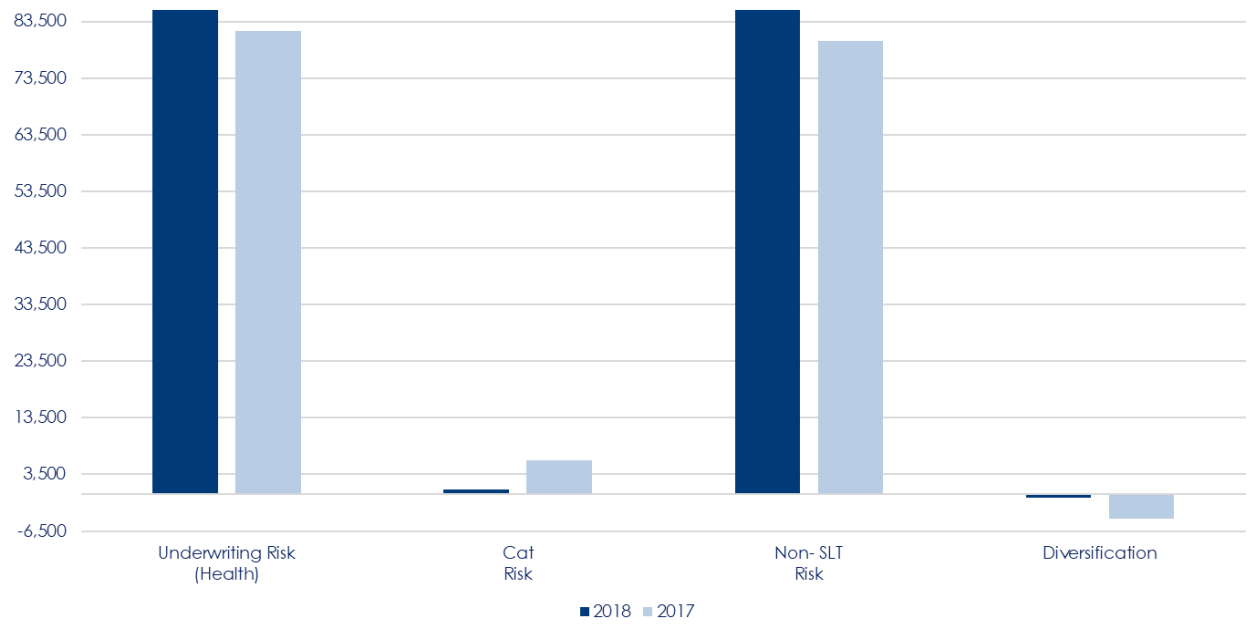


(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk (Health)	**141,985**	**81,795**
Cat Risk	*796*	5,981
Mass Accident Risk	*453*	*414*
Concentration Risk	*414*	*407*
Pandemic Risk	*507*	*5,952*
Diversification	*-578*	*-793*
Non- SLT Risk	141,784	80,095
Reserve Risk	*140,126*	*79,548*
Lapse Risk	*21,615*	*9,339*
Diversification	*-19,957*	*-8,793*
Diversification	-595	-4,280

SLT refers to "Similar to Life Techniques" and therefore "Non-SLT" refers to all policies that are similar to non-life policies. Compared to the previous valuation on 31 December 2017, the subscription risk (Health) rose by 74% for a total of approximately 60 million euro. The increase in the SCR for the underwriting risk is mainly due to the increase in the volumes of issues and future premiums. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Health insurance (in thousands of euro)



The diversification effect between the various sub-lines is 33% for the underwriting risk (Life), for the Non-life underwriting risks it is 36%, while for the Health underwriting risk it is 0.4%.

With regard to measurement methods, specific monitoring processes are put in place within the Group's risk management framework, which incorporates a regular stress test activity for Underwriting risks.

The stress tests are represented by a set of techniques used by the Group to:

- measure their vulnerability to extraordinary yet plausible events;
- allow Top Management to understand the relationship between the risk assumed and its risk appetite, as well as the adequacy of the available capital.

The stress testing activity involves hypothesising a joint shock of selected risks and the related calculation of loss. The Risk Management function of the Insurance Group Parent together with the Risk Management functions assess the impact on the capital availability of each insurance company of the Insurance Group and the Group as a whole, and the related impact in terms of the regulatory and economic capital requirement.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned.

Depending on the nature, scope and complexity of the risks of the company's business, the Group companies define investment policies for the entire portfolio, based on the principle of a reasonable person, as already described in paragraph B.3 "System of risk management, including the internal assessment of risk and solvency".

Below are the figures for the Group companies' exposures to Technical risks, in terms of use of capital. The figures are also compared against those for 31 December 2017.

C.1.2 Concentration of risks

The Intesa Sanpaolo Vita Insurance Group has a risks concentration policy that defines the concentrations considered to be significant, together with the calculation methods in order to mitigate the risk that they could have negative effects on the solvency and financial situation of the Insurance Group.

The objective of the policy is to define a risk concentration policy that would be consistent with the risks management strategy and policy and with the investment policies.

Risk concentrations are identified by assessing the impact they may have on the company's capital and solvency, in the wake of adverse scenarios on the main risk factors whether they be financial or technical.

The criteria used to identify them are based, in accordance with IVASS Regulation No. 30/2016, on the percentage they have compared to the total group technical provisions, or compared to the group technical requirements depending on their nature.

For the life, non-life and health businesses existing on the last year end date, the capital requirement is calculated together with the catastrophe risk (CAT) net of any reinsurance. That value is compared to the capital requirements of the ISV Group, calculated for the last annual report.

For the Underwriting risk, the Group has set the concentration threshold for the capital requirement associated with the Natural Disaster risk at 5%, Underwriting risk taking into account the standard operations and limits on operativity as provided for in the Framework Decision on Investments. This has been calculated as the ratio between the capital requirements for the company's catastrophe module, and the Group Solvency Capital Requirement.

There were no significant concentrations as of the reporting date of 31 December 2018.

C.1.3 Sensitivity analysis

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

In its self-assessment, the Intesa Sanpaolo Vita Insurance Group carries out stress tests by combining the underwriting and market risks in order to appreciate the collective impacts on solvency and business stability, and this is also more realistic (for example it is unlikely for a stressor of underwriting risks to occur separately from a stressor on the financial or economic risks).

Based on the results to 31 December 2018, a stress test exercise was carried out, which covers the Group's main market and technical risk factors.
The stress test was characterised by:

- Variable financial shocks:
    - an increase in the spread of non-core euro zone government bonds;
    - an increase in the spread of corporate Eurozone issuers;
    - a shock on the equities market.
    - a reduction in interest rates.
    - recalculation of the Volatility Adjustment.
- Variable technical shocks for the Life companies:

- an increase in surrenders, if there was a mass redemption of non-pension policies in the Line III portfolio.

- Variable technical shocks for the Non-Life companies:

  - an increase in the technical provisions if there was an increase in the claims on policies from the following segments: Income Protection, Motor Vehicle Liability, Fire and Other Damage to Property and Miscellaneous Financial Loss. The increase in claim levels would be quantified based on the volatility of claim levels in each stressed segment.

The stress test was conducted in accordance with the IVASS letter to the market of 28 February 2019.

For Intesa Sanpaolo Life, in addition to the above-mentioned stress tests, additional sensitivity tests were carried out, both joint and stand-alone, on the main risks facing the company, which are not already covered by the scenarios mentioned in this document.

The analysis of the stress tests, which are characterised by the joint occurrence of a series of worst-case scenarios, showed that there was adequate solvency even if such scenarios did occur.

Intesa Sanpaolo Vita S.p.A.

C.1.1 Exposures and their measurement

On 31 December 2018 the value of the technical risks of the Life business, according to the Standard Formula, was 663 million euro. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and demographic risks.

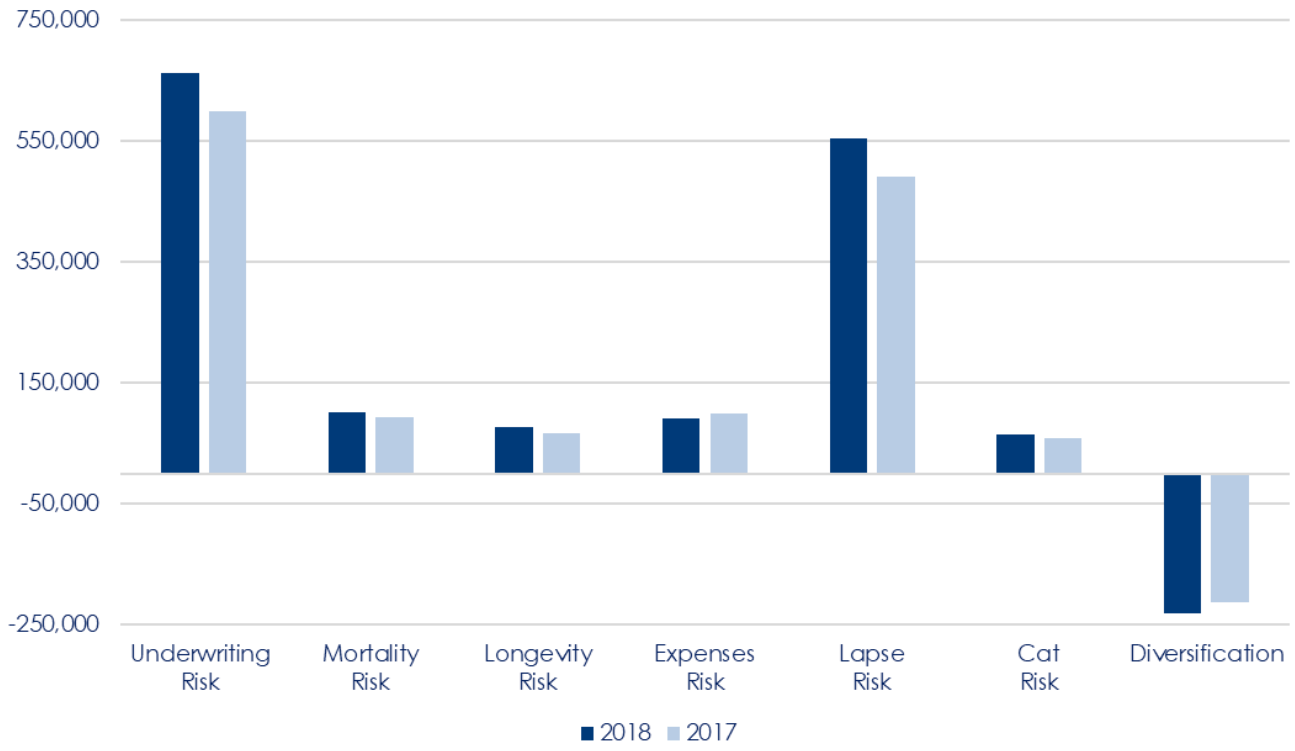
(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk	**662,569**	**598,721**
Mortality Risk	102,401	92,691
Longevity Risk	77,878	67,791
Expenses Risk	91,402	100,208
Lapse Risk	555,450	490,708
Cat Risk	65,678	59,199
Diversification	-230,240	-211,876

The effect of diversification among the various sub-lines was 35% of the underwriting risk, in line with the figure for 31/12/2017.

Compared to the previous valuation on 31 December 2017, the underwriting risk rose by 11% for a total of approximately 64 million euro. The main difference compared to the previous valuation is due to the increase in the surrender risk (+65 million). Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk (in thousands of euro)



C.1.2 Risk mitigation techniques

On the valuation date, the company did not consider underwriting risk mitigation techniques in the calculation of the solvency requirements under the Solvency II regulations. Outward reinsurance is residual, and there are no collateral guarantees.
The risk containment strategies designed to reduce the volatility of income statement results and the resulting technical balance of the portfolio.

For the Life business lines, the aim is to protect the portfolio through reinsurance agreements, in order to mitigate any peak exposures and to protect against the risks of catastrophe that could affect multiple people in the same event.
At the time of its formation, Intesa Sanpaolo Vita received fully paid-up share capital that is sufficient to cover the normal risks of its underwriting without any need for substantial recourse to proportional reinsurance agreements.
The responsibility for reinsurance strategies lies with the Financial Reporting area of ISV, while the annual reinsurance plan must be shared with Risk Management and the Actuarial function.

On 31 December 2018 the company did make use of optional reinsurance.

Intesa Sanpaolo Assicura S.p.A.

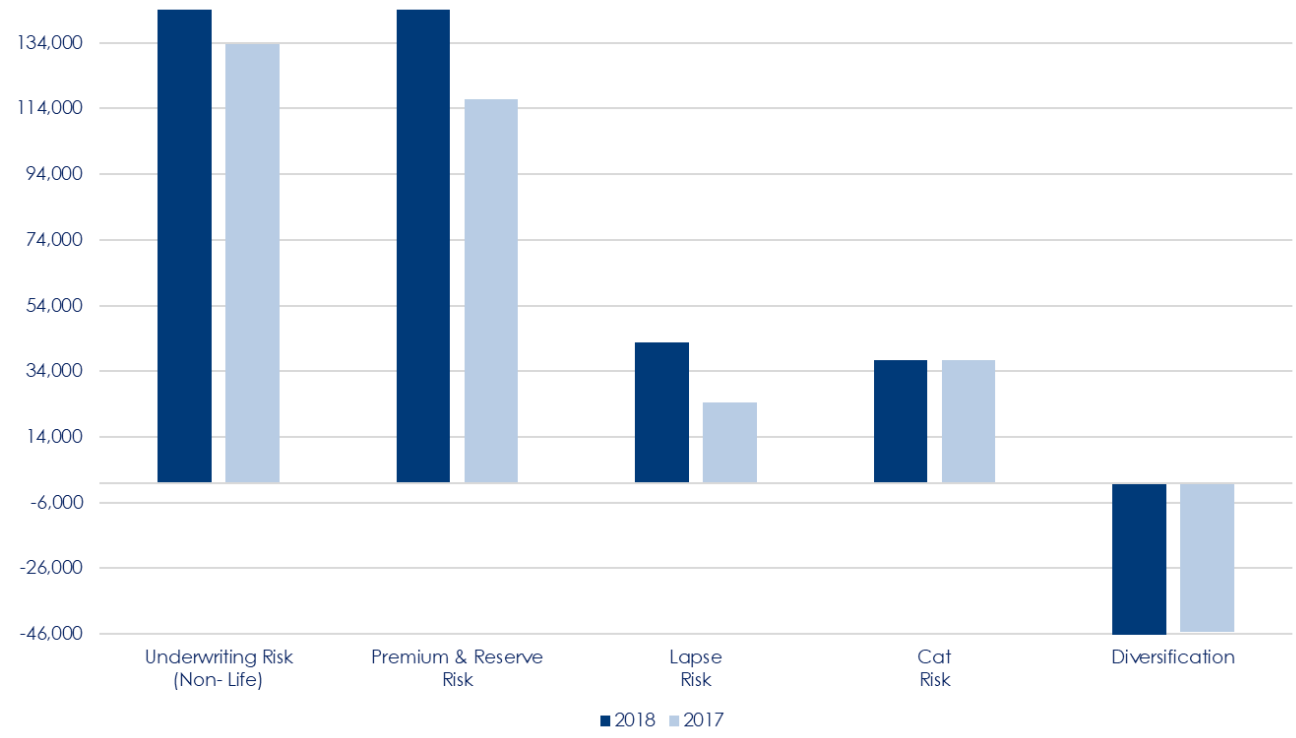
C.1.1 Exposures and their measurement

On 31 December 2018 the valuation according to the standard formula, of the technical risks for the Non-life business was 168 million euro, while for the technical risks of the Health business it was 142 million euro. The main risks of this type to which the Company is exposed, are the pricing and reserving risks.

(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk (Non- Life)	**167,726**	**133,490**
Premium & Reserve Risk	148,763	116,758
Lapse Risk	42,841	24,610
Cat Risk	37,304	37,395
Diversification	-61,182	-45,273

Underwriting Risk - Non-life insurance (in thousands of euro)



Meanwhile in the Health business, the company is exposed to the following risks:

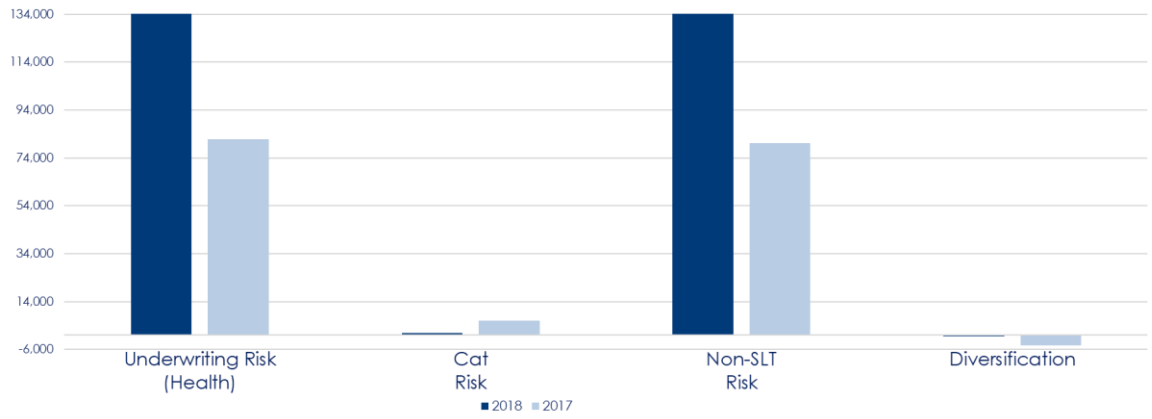
(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk (Health)	**141,985**	**81,795**
Cat Risk	*796*	*5,981*
Mass Accident Risk	*453*	*414*
Concentration Risk	*414*	*407*
Pandemic risk	*507*	*5,952*
Diversification	*-578*	*-793*
Non-SLT Risk	141,784	80,095
Lapse Risk	*140,126*	*79,548*
Lapse Risk	*21,615*	*9,339*
Diversification	*-19,957*	*-8,793*
Diversification	-595	-4,280

The diversification effect between the various sub- lines is 36% for the Non-life business and 0.4% for the Health business.

Compared to the previous valuation on 31 December 2017, the underwriting risk (Non-life) rose by 26%, i.e. 34 million euro. The main difference compared to the previous valuation is due to the increase in the pricing & reserving risk (+32 million euro). Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Health insurance (in thousands of euro)



C.1.2 Risk mitigation techniques

On the valuation date the company used outward reinsurance as a way to mitigate the underwriting risk.

At the time of its formation, Intesa Sanpaolo Assicura received fully paid-up share capital that is sufficient to cover the normal risks of its underwriting without any need for substantial recourse to proportional reinsurance agreements.

The risk containment strategy aims to reduce the volatility of the income statement results and the ensuing technical balance of the portfolio based on the impact on the solvency margin of the various business lines provided for by regulations.

Under the Solvency II rules, Intesa Sanpaolo Assicura considers the effects of reinsurance with reference to the calculation of the pricing risk, the reserving risk, the surrender risk, the catastrophe risk and the Best Estimate Liability. Subject to considerations on materiality of the re-insured items, all these components are calculated both gross and net of reinsurance, in order to value the use of reinsurance as a strategic resource for the effective transfer of risk and thus to limit the capital requirement.

The responsibility for reinsurance strategies lies with the Financial Reporting area of Intesa Sanpaolo Vita S.p.A. while the annual reinsurance plan is approved jointly by Risk Management and the Actuarial function.

The reinsurance system is calibrated to suit the specific features of the policies and is intended to reduce the potential exposures from the placement of policies.

Intesa Sanpaolo Assicura S.p.A. places retail products for motor, home and health insurance, with a high content of service, Credit Protection Insurance and Business Protection policies for SMEs. From this point of view, the company protects the portfolio with non-proportional arrangements in excess of claims, to mitigate peak exposures and catastrophe risks (earthquakes, atmospheric events, large claims), and only for specific types of cover or policies, by means of proportional arrangements.

During the year, coinsurance policies were signed and were then assigned under optional reinsurance, with high percentages of risks not applicable to the current reinsurance arrangements.

Fideuram Vita S.p.A.

C.1.1 Exposures and their measurement

The Company defines the underwriting risk as the risk of loss or adverse change to the value of the insurance liabilities due to inadequate price setting assumptions (price setting risk), or the assumptions used in establishing the technical provisions.

Fideuram Vita is exposed to the following risks:

- Mortality risk;
- Longevity risk;
- Cost risk;
- Surrender risk;
- Catastrophe risk.

On 31 December 2018 the underwriting risk represents approximately 39% of the company's SCR inclusive of the diversification effect and tax adjustment, which was an increase compared to the value seen at the end of the previous year (33%) due to the reduction in the amount of operational risk (see paragraph C.5) which resulted in a redistribution of the risk weighting compared to the overall requirement. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and longevity risks. The table below shows the percentage of the sub-modules on the total underwriting risk diversification.

(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk	**219,030**	**198,839**
Mortality Risk	8,845	8,192
Longevity Risk	56,372	48,272
Disability Risk	-	-
Expenses Risk	68,566	62,749
Revision Risk	-	-
Lapse Risk	152,122	139,386
Cat Risk	1,469	844
Diversification	-68,345	-60,604

The diversification effect is 23.8% of the underwriting risk prior to diversification.

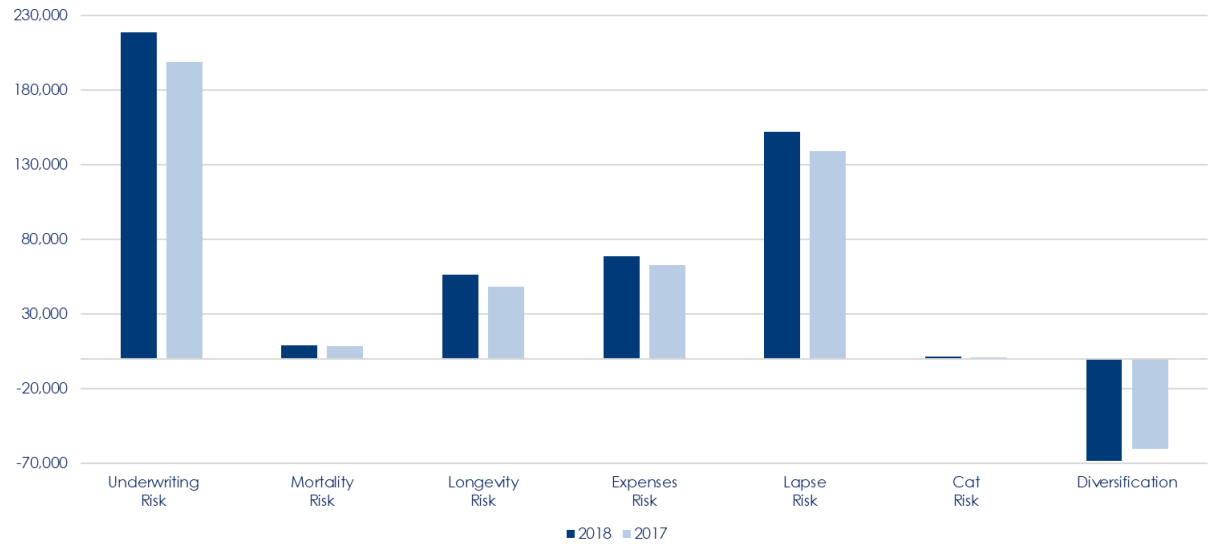
Compared to the previous valuation, there has been essentially no change in the percentages of the individual technical risk factors.

During the activity planning period there were no significant changes in the trend in the life underwriting risk despite the expected growth in premiums aimed at rebalancing the business mix towards multi-line and unit linked policies.

The underwriting risk is managed within the risk management framework already mentioned in paragraph B.3 - risk management system, including the internal risk and solvency assessment.

The Company has also identified the strategies to be pursued in order to ensure that premium collection and the provisions level can meet all the company's insurance obligations in accordance with the underwriting and reserving rules. These Rules are also aimed at monitoring and managing underwriting risk.

Underwriting Risk (in thousands of euro)



C.1.2 Risk mitigation techniques

On the valuation date, the company did not consider underwriting risk mitigation techniques in the calculation of the solvency requirements under the Solvency II regulations. Outward reinsurance is residual, and there are no collateral guarantees.

The company has utilised proportional arrangements to limit the portfolio exposures relating to the Death and Accident risk, for the surplus. An arrangement in excess of claims has also been made to protect the Catastrophe risk, as to the part held in the company's portfolio. Recourse to optional reinsurance is limited to cases in which the risk does not apply to the existing reinsurance arrangements. There was no optional reinsurance during the year.

With particular attention to the mitigation of the company's risks, the insurance cover is arranged with leading reinsurers. Within the framework agreement the company identifies the criteria used to select these reinsurers. In particular:

- the structure and composition of the shareholder body and their membership of a group or conglomerate;
- the financial stability and solidity of the reinsurers;
- the regulatory framework of the country in which the reinsurer is based;

- the level of concentration of the counterparty's risk, on an individual and group basis.

Intesa Sanpaolo Life D.A.C.

C.1.1 Exposures and their measurement

On 31 December 2018 the value of the technical risks, according to the Standard Formula, was 284 million euro. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and longevity risks.

The table below shows the percentage of the sub-modules on the total underwriting risk diversification.

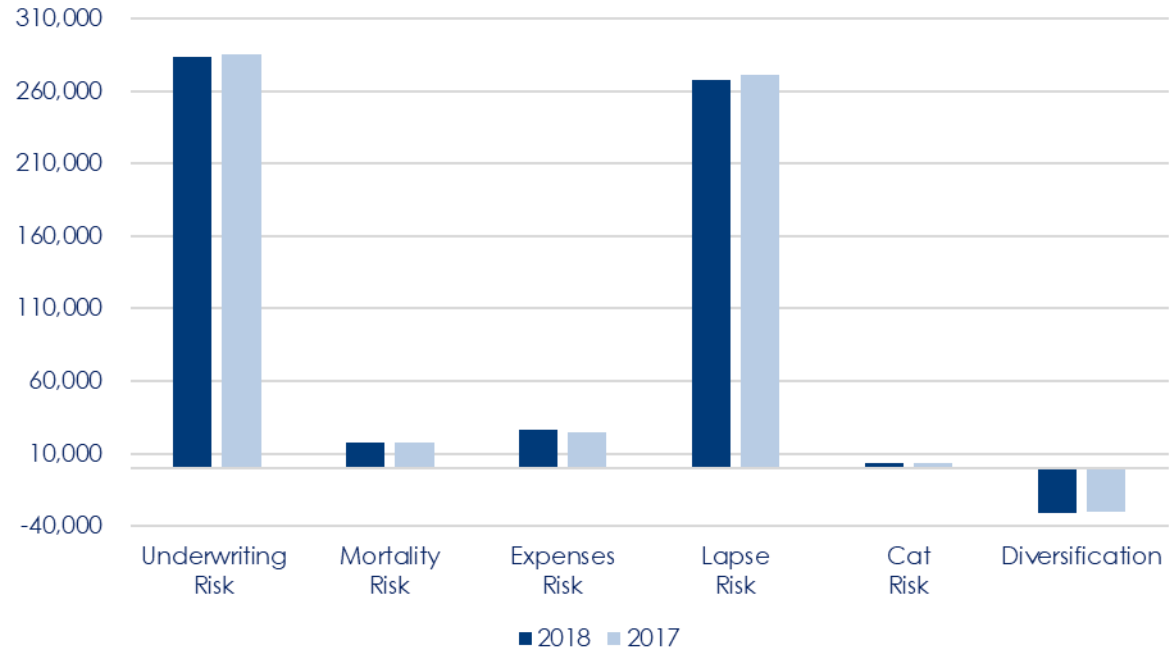
(euro thousands)

Module	31.12.2018	31.12.2017
Underwriting Risk	**283,516**	**285,871**
Mortality Risk	17,387	17,693
Longevity Risk	-	-
Disability Risk	-	-
Expenses Risk	26,322	24,488
Revision Risk	-	-
Lapse Risk	267,630	271,054
Cat Risk	3,064	3,039
Diversification	-30,889	-30,402

The effect of diversification among the various sub-lines was 11% of the underwriting risk, in line with the figure for 2017.

Compared to the previous valuation on 31 December 2017, the underwriting risk fell by 1%, i.e. 2 million euro. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk (in thousands of euro)



C.1.2 Risk mitigation techniques

The company uses "smart product design" as the main form of mitigation; this includes variations in the level of cover according to age band, and the inclusion of redemption penalties in the first few years of the policy term. The company also carefully analyses redemption history and mortality rates in order to formulate the assumptions to maximise the mitigation of underwriting risk.

C.2 Market risk

Intesa Sanpaolo Vita Insurance Group

C.2.1 Exposures and their measurement

The Group defines market risk as the risk of a loss or adverse change in the financial situation deriving directly or indirectly from fluctuations in the level and volatility of the market prices of the assets, liabilities and financial instruments.
The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

on 31 December 2018 the Market risks represented approximately 84% of the group's SCR. The tables below show a breakdown of the submodules of the Group's Market risks:

(euro thousands)

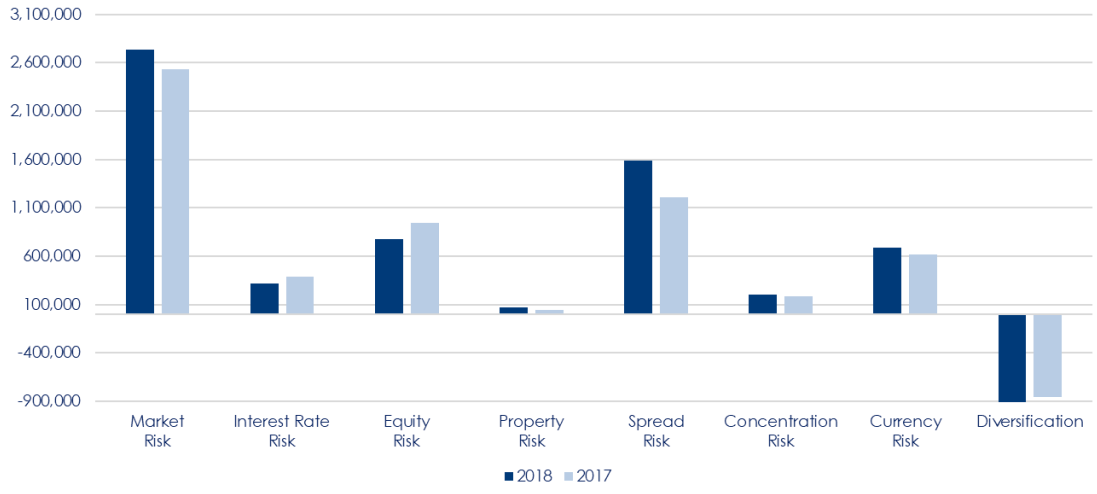
Module	31.12.2018	31.12.2017
Market Risk	**2,736,943**	**2,529,700**
Interest Rate Risk	321,709	393,132
Equity Risk	774,246	944,681
Property Risk	68,808	44,518
Spread Risk	1,585,176	1,205,959
Concentration Risk	206,237	183,125
Currency Risk	687,051	614,923
Diversification	-906,283	-856,637

On 31 December 2018 the value of the Market risks, according to the Standard Formula, was 2,737 million euro. The main risks of this type, to which the Group is exposed, are the spread and share price risks.

Compared to the previous valuation on 31 December 2017, the Market risk rose by 8% for a total of approximately 207 million euro.

Below is a bar chart summarising the changes between the two valuations.

Market Risk (in thousands of euro)



The effect of diversification among the various sub-lines was 33% of the market risk, in line with the figure for 2017.

With regard to measurement methods, specific monitoring processes are put in place within the Group's risk management framework. Further details in this regard can be found in paragraph C.1.1 "Underwriting risk - Exposures and their measurement".

In reference to the assets portfolio, the Company defines its investment policies in line with the prudent person principle as already mentioned in paragraph B.3 "Risk Management system".

The market risk is managed within the risk management framework already mentioned in paragraph B.3 "Risk Management system".

The Company also controls this risk using the principles, processes and operational limits defined in the investment rules and in the rules regarding the management of assets and liabilities. All the assets are invested in accordance with the risk appetite limits and the limits contained in the Framework Agreement on Investments.

Below are the figures for the Group companies' exposures to Market risks, in terms of use of capital. The figures are also compared against those for 31 December 2017.

C.2.2 Concentration of risks

The Intesa Sanpaolo Vita Insurance Group as already described in paragraph C.1.2 "Concentration of risks" has a risks concentration policy that defines the significant concentrations and the related calculation methods.

The Group has defined various concentration thresholds in relation to Market risk, taking into account the normal, standard operations and limitations imposed by the Framework Decision on Investments.

The following risk concentrations have been identified as potentially significant. For each of them, the metrics and methods of calculating the concentration have been indicated, for which the scope of application, where referring to financial instruments, is made up of the following portfolios:

- Class C and Class D guaranteed by Intesa Sanpaolo Vita;
- Class C and Class D guaranteed by Fideuram Vita;
- The entire financial portfolio of Intesa Sanpaolo Assicura;
- Shareholder Fund of Intesa Sanpaolo Life.

Geographical concentration

For each country, the market value of all the direct and indirect bond and equity exposures is added together. That value is compared to the total technical provisions of the Insurance Group, calculated for the last annual report. The threshold is 1.5% of the value of the group's technical provisions.

Sector concentration – financial sector

For each issuer group in the financial sector, the market value of all the direct and indirect bond and equity exposures is added together. That value is compared to the total technical provisions of the Insurance Group, calculated for the last annual report. The threshold is 0.1% of the value of the group's technical provisions.

Sector concentration – Corporate sector

For each issuer group in the corporate sector, the market value of all the direct and indirect bond and equity exposures is added together. That value is compared to the total technical provisions of the Insurance Group, calculated for the last annual report. The threshold is 0.1% of the value of the group's technical provisions.

Sector concentration – government sector

For each issuer group in the government sector, the market value of all the direct and indirect bond and equity exposures is added together. That value is compared to the total technical provisions of the Insurance Group, calculated for the last annual report. The threshold is 0.1% of the value of the group's technical provisions.

Concentration by currency

For each currency other than the euro, the capital requirement is calculated (asset side only) for that currency, associated with the Currency risk submodule. That value is compared to the capital requirements of the ISV Group, calculated for the last annual report. The concentration for the capital requirement associated to the currency risk has been identified at 5% which is calculated as a ratio between the capital requirement for the currency risk element of the company, and the group SCR.

C.2.3 Risk mitigation techniques

The risk containment strategy aims to reduce the volatility of the income statement results and the ensuing technical balance of the portfolio based on the impact on the solvency margin of the various lines of business provided for by the regulations.

In order to mitigate the financial risks to which it is exposed, the company uses financial derivatives that differ depending on the objective.

Below is a list of the main financial risks that can be mitigated by using derivatives:

- Rate risk;
- Spread risk;
- Equity risk;
- Currency risk.

When planning its activities the Company intends to use risk mitigation techniques (including derivatives) whenever the market conditions deviate significantly from the average long-term levels, or ahead of particular phases in which there is likely to be an increase in volatility, or simply when there are latent gains or losses to be safeguarded, or managed in a more flexible, efficient manner. In such situations, apart from the potential increase in distortion effects, due to the presence of cover included in the policies and behavioural dynamics on the part of the policyholders, additional adverse economic impacts can occur due to forced losses, heightened by weak liquidity in the reference markets and/or lower ability to liquidate the portfolio assets.

C.2.4 Sensitivity analysis

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

A specific stress test was carried out on 31 December 2018, and a forward-looking stress test for the period of activity planning.

As part of the self-assessment, stress tests are carried out by combining the underwriting and market risks in a way that presents the solvency and stability impacts in a collective and reasonably realistic way.

Intesa Sanpaolo Vita S.p.A.

C.2.1 Exposures and their management

Intesa Sanpaolo Vita has significant exposure to market risk.

On 31 December 2018 the value of the Market risks, according to the Standard Formula, was 2.6 billion euro. The main risks of this type to which the Company is exposed, are the spread and share price risks.
The main risks of this type to which the Company is exposed, are the spread and share price risks.

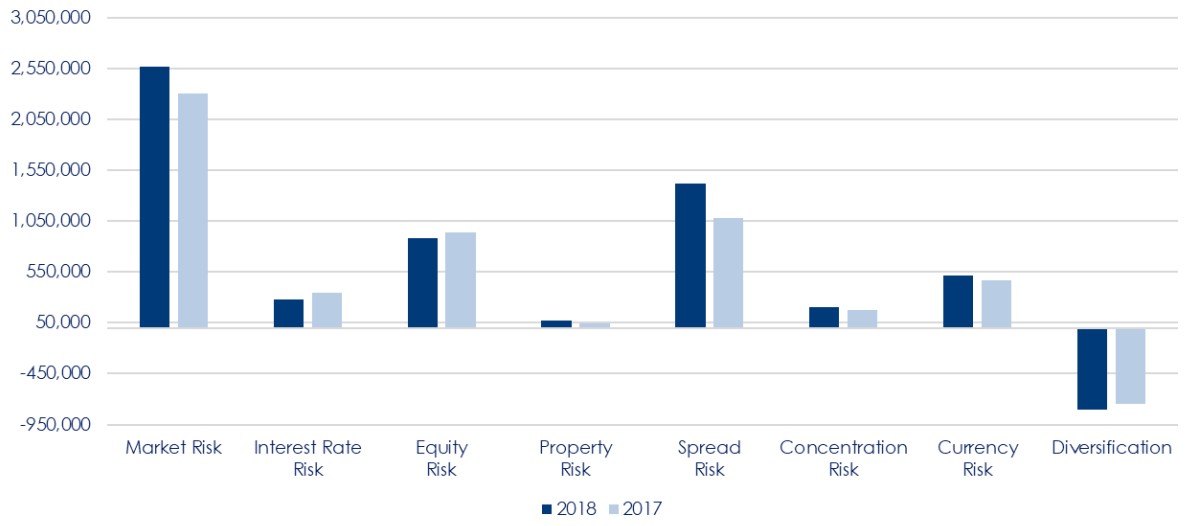
(euro thousands)

Module	31.12.2018	31.12.2017
Market Risk	**2,569,608**	**2,308,357**
Interest Rate Risk	280,923	348,809
Equity Risk	880,148	935,463
Property Risk	68,808	42,250
Spread Risk	1,420,246	1,084,258
Concentration Risk	203,658	179,529
Currency Risk	518,898	464,829
Diversification	-803,073	-746,782

The effect of diversification among the various sub-lines was 31% of the market risk, which is below the 32% for 2017.

Compared to the previous valuation on 31 December 2017, the Market risk rose by 11% for a total of approximately 261 million euro. This increase is mainly due to the rise in the spread risk. Below is a bar chart summarising the changes between the two valuations.

Market Risk (in thousands of euro)



C.2.1 Exposures and their measurement

On 31 December 2018 the value of the Market risks, according to the Standard Formula, was 23 million euro. The main risks of this type to which the Company is exposed, are the currency risks.

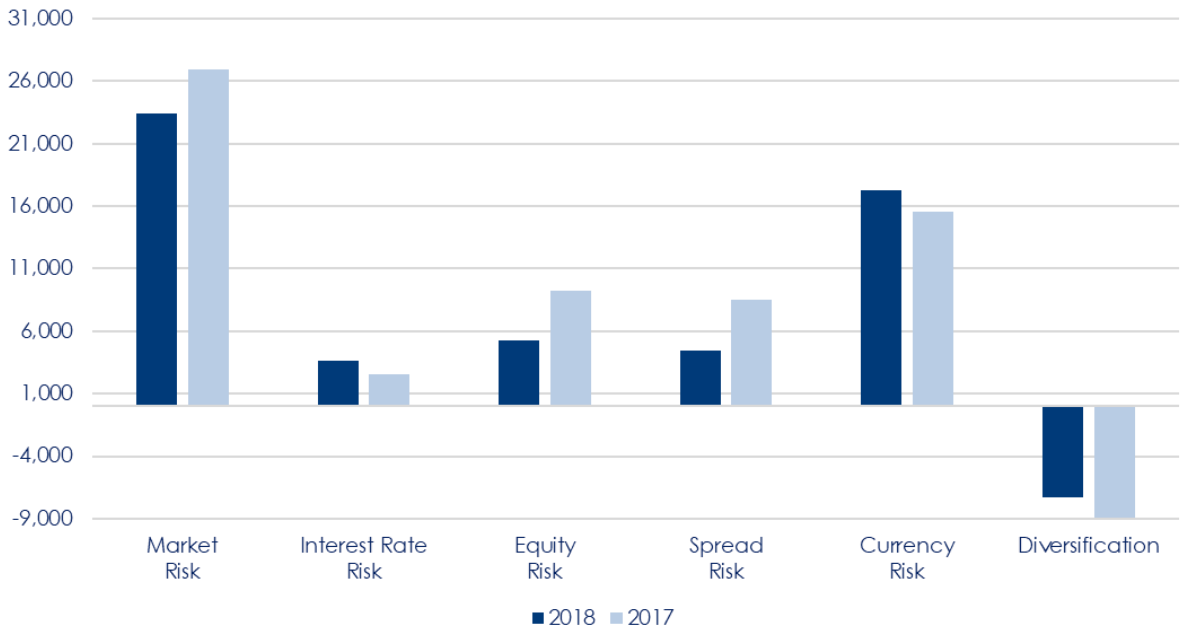
(euro thousands)

Module	31.12.2018	31.12.2017
Market Risk	**23,429**	**26,972**
Interest Rate Risk	3,676	2,592
Equity Risk	5,276	9,266
Property Risk	-	-
Spread Risk	4,480	8,489
Concentration Risk	-	-
Currency Risk	17,317	15,522
Diversification	-7,320	-8,897

The effect of diversification among the various sub-lines was 31% of the market risk, which is below the 33% for 2017.

The capital absorbed by market risks has fallen compared to 31 December 2017, by 13% overall. The bar chart shows the changes compared to the previous year.

Market Risk (in thousands of euro)



C.2.1 Exposures and their management

On 31 December 2018 the value of the Market risks, according to the Standard Formula, was 295 million euro. The main risks of this type to which the Company is exposed, are the spread and share price risks.

The table below shows the percentage of the sub modules on the total market risk:

(euro thousands)

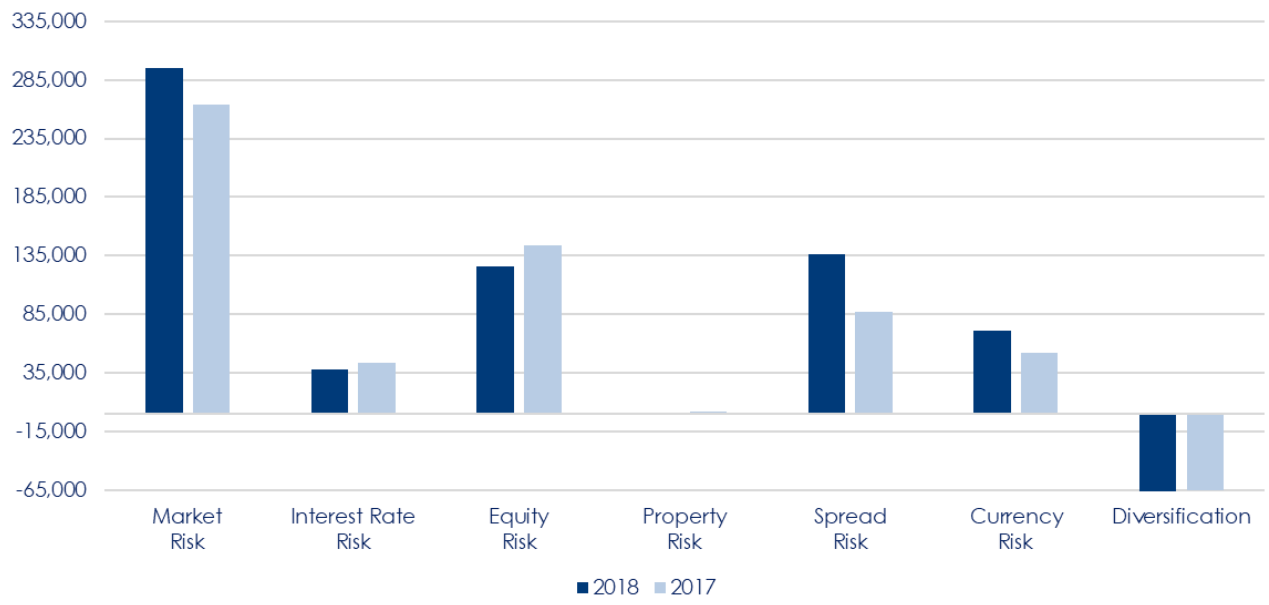
Module	31.12.2018	31.12.2017
Market Risk	**294,959**	**263,966**
Interest Rate Risk	37,995	43,762
Equity Risk	125,416	143,742
Property Risk	-	2,268
Spread Risk	136,201	86,895
Concentration Risk	-	-
Currency Risk	71,126	52,140
Diversification	-75,780	-64,841

The effect of diversification among the various sub-lines was 26% of the market risk, which is higher than the 25% for 2017.

In terms of the composition of market risks, there has been a reduction in the percentage of share price risk and spread risk, and an increase in currency risk.

The capital absorbed by the market risk has increased compared to the figures for 31 December 2017 by 12% overall. The bar chart shows the changes compared to the previous year.

Market Risk (in thousands of euro)



C.2.1 Exposures and their measurement

On 31 December 2018 the value of the Market risks, according to the Standard Formula, was 168 million euro. The main risks of this type to which the Company is exposed, are the share price risks followed by currency risks.

The following table shows the amount of each sub module of market risk, and the diversification effect:

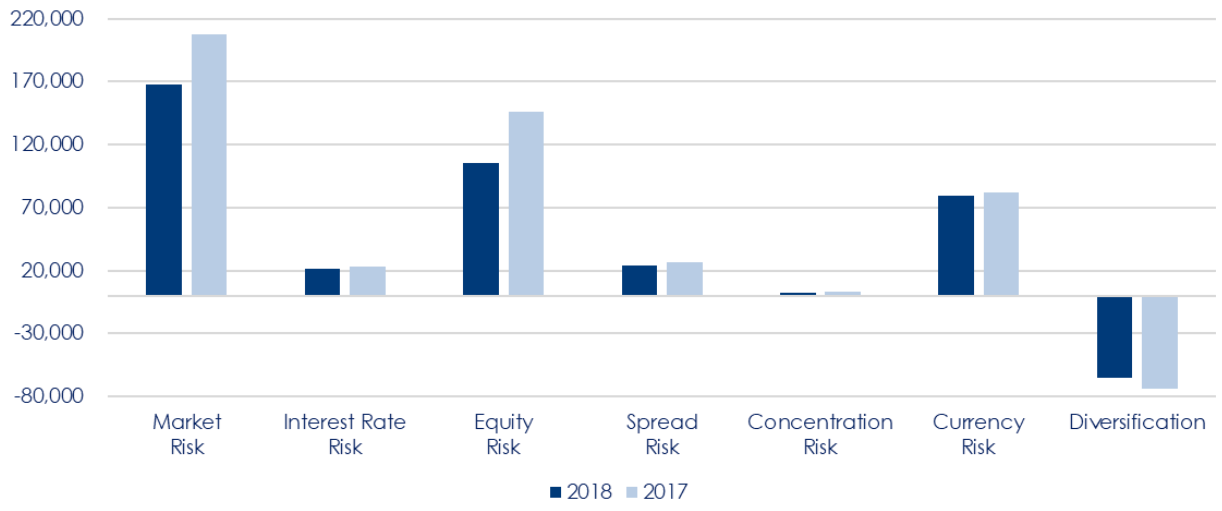
(euro thousands)

Module	31.12.2018	31.12.2017
Market Risk	**168,141**	**207,948**
Interest Rate Risk	21,505	23,100
Equity Risk	105,029	146,200
Property Risk	-	-
Spread Risk	24,249	26,317
Concentration Risk	2,579	3,595
Currency Risk	79,709	82,432
Diversification	-64,930	-73,696

The effect of diversification among the various sub-lines was 39% of the market risk, which is higher than the 35% for 2017.

The capital absorbed by the market risk has reduced, compared to the figures for 31 December 2017 by 19% overall. The bar chart shows the changes compared to the previous year.

Market Risk (in thousands of euro)



C.3 Credit risk

Intesa Sanpaolo Vita Insurance Group

C.3.1 Exposures and their measurement

The Company defines credit or counterparty risk as the risk of loss deriving from default by the counterparty on deposits, derivatives or credit exposures.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2018 the Credit risks represented about 6% of the Company's Basic Capital Requirement, with a total of 188 million euro.

Below are the figures for the Group companies' exposures to Credit risks, in terms of use of capital. The figures are also compared against those for 31 December 2017.

C.3.2 Concentration of risks

The Intesa Sanpaolo Vita Group has not identified the concentration of credit risk as being potentially significant in the Rules on risk concentration. However, there are limits on operations contained in the Investments Framework Decision and types of contract that reduce the risk of concentration.

C.3.3 Risk mitigation techniques

The high credit quality is guaranteed through the selection of counterparties and management of related exposures in accordance with the risk preferences defined in the Risk Appetite Framework.

C.3.4 Sensitivity analysis

The Group companies consider the shocks defined in the Standard Formula to be sufficient for the purposes of evaluating the sensitivity to Credit risk.

The companies' risk profile highlights a limited exposure to credit risk and therefore the companies did not consider it necessary to use additional quantitative sensitivity analyses for this risk.

Intesa Sanpaolo Vita S.p.A.

C.3.1 Exposures and their measurement

On 31 December 2018 the value of the counterparty risks, according to the Standard Formula, was 154 million euro.

The company's exposure in terms of counterparties shows a high level of credit quality.

On the valuation date there were no accounts receivable from reinsurers. The major exposures relate to the amount of deposits held.

The capital absorbed by the counterparty risks has reduced, compared to the figures for 31 December 2017 by 17% overall, for a total of 32 million euro.

C.3.3 Risk mitigation techniques

For the exposures to derivatives, it must be remembered that these operations are all regulated by ISDA contracts with annexed CSA that standardise the following clauses, among others:

- Function transferability;
- Change of credit rating;
- Change of control;
- Resolution;
- Termination amount.

The clauses in the ISDA contracts regulate events that could have an adverse impact on both parties, such as a downgrading of credit rating or change of control and therefore limit the unexpected risks of exposure to the Default risk, on existing derivatives contracts.

Intesa Sanpaolo Assicura S.p.A.

C.3.1 Exposures and their management

On 31 December 2018 the value of the counterparty risks, according to the Standard Formula, was 12 million euro.

During 2018 the company did not carry out any derivatives transactions and therefore there are no open positions. The main exposures relate to banking counterparties holding the company's liquidity in the form of deposits, and accounts receivable from reinsurers.

The capital absorbed by the Credit risks has increased, compared to the figures for 31 December 2017 by 61% overall, for a total of 4.4 million.

C.3.3 Risk mitigation techniques

The high credit quality is guaranteed through the selection of counterparties and management of related exposures in accordance with the risk preferences defined in the Risk Appetite Framework.

With regard to exposure to reinsurers, the Company resorts to reinsurance in accordance with the principle of fair distribution of risk placement among multiple operators, and is attentive to achieving the right balance between the diffusion of counterparty risk and efficiency of administration.

Fideuram Vita S.p.A.

C.3.1 Exposures and their measurement

On 31 December 2018 the value of the counterparty risks, according to the Standard Formula, was 4 million euro.

The company considers the following items in its valuations for solvency purposes, in relation to exposure to credit risk:

- deposits;
- accounts receivable from reinsurers.

The company's exposure in terms of counterparties shows a high level of credit quality.

The capital absorbed by the Credit risks has reduced, compared to the figures for 31 December 2017 by 62% overall, for a total of 4 million euro.

C.3.3 Risk mitigation techniques

Currently, the company does not consider it necessary to use specific techniques to mitigate credit risks. The high credit quality is guaranteed through the selection of counterparties and management of related exposures in accordance with the risk preferences defined in the Risk Appetite Framework.

Intesa Sanpaolo Life D.A.C.

C.3.1 Exposures and their measurement

On 31 December 2018 the value of the counterparty risks, according to the Standard Formula, was 25 million euro.

The main components of the company's credit risk relate to banking counterparties that hold its liquidity in the form of deposits and credits to third parties.

The capital absorbed by the credit risk is in line with the figures for 31 December 2017.

C.3.3 Risk mitigation techniques

The company sets limits on investment in its proprietary portfolio, based on the counterparties' ratings. There are also methods to diversify investments. The risks committee regularly evaluates the level of exposure to risk in accordance with the company's risk appetite.

C.4 Liquidity risk

Intesa Sanpaolo Insurance Group

C.4.1 Exposure and measurement

The Group defines liquidity risk as the risk of not being able to meet its obligations to policyholders and other creditors due to problems in converting investments into liquidity without suffering losses.

The companies are exposed to the financial and liquidity risks with the aim of ensuring that they reflect the characteristics of their insurance obligations, thus favouring the diversification of assets and prudent management;

The companies' objectives include achieving solidity of the liquidity position as stated in the Group Risk Appetite Statement.

During the activity planning period there are not expected to be any changes in the exposure to liquidity risk as the company's investment strategy is aimed at maintaining highly liquid securities in order to deal with any adverse scenarios quickly, without incurring significant losses.

The liquidity risk is managed within the risk management framework already mentioned in paragraph B.3 "Risk management system, including the internal risk and solvency assessment".

The Company also controls this risk using the principles, processes and operational limits defined in the Rules on managing liquidity risk.

The overall analysis and management of the liquidity risk consists of three phases:

1. The initial analysis of the liquidity position consists of two stages:

    - An analysis of the portfolio on that date: a projection, over a year, of the forecast cash outgoings for the payment of insurance benefits, dividends or distributions to shareholders, coupons and reimbursement of subordinated liabilities, as well as the expenditure on business costs, and incoming cash flows in order to determine the liquidity available for investment;
    - Analysis of future projections: A projection of the best possible estimate of the main financial inflows and outflows for the following year, within the strategic planning process;

2. The second phase relates to the management of liquidity for investments which define the rules for the management of short-term liquidity;
3. The third phase relates to the management of the liquidity position with an analysis intended to verify how the Company reacts to situations of liquidity stress.

If the analysis highlights any imbalances or need for financial resources, either in normal conditions or under stress conditions, specific monitoring is put in place.

The liquidity risk is measured at least once a quarter, by analysing the mismatches between the asset and liability flows generated from the technical operations only, checking that it is higher than zero for each portfolio and for the entire portfolio of each Company, with a timeframe of up to one year in stress situations.

The liquidity risk is of principal importance within the Risk Appetite Framework.

With regard to the management of liquidity risk, the companies have established a series of parameters that monitor the level of liquidity of the securities, and the company's capacity to meet the liquidity requirements deriving from all lines of business (insurance, financial, finance and refinance).

For Intesa Sanpaolo Life, a qualitative assessment of liquidity risks is carried out, which leads to a monitoring of the risk through a series of current and forward-looking parameters.

C.4.2 Concentration of risks

The Intesa Sanpaolo Vita Insurance Group, as already described in paragraph C.1.2 "Concentration of risks", has a risks concentration policy that defines the significant concentrations and the related calculation methods.

For each financial instrument valued with a fair value of 3, the market value of all direct exposures are added together. That value is compared to the total technical provisions of the Insurance Group, calculated for the last annual report. In case of alternative investment funds, the total commitment is considered instead of the market value of the exposures. The threshold is 0.3% of the value of the group's technical provisions.

C.4.3 Risk mitigation techniques

The companies operate with the aim of achieving cohesion between the Financial Reporting activities and the liability structure in order to reduce its exposure to liquidity risk.

Currently, the companies do not consider it necessary to use specific techniques to mitigate the liquidity risk, as there is a robust liquidity monitoring system.

C.4.4 Profits expected from future premiums

As required by the regulations, the companies have carried out a quantitative assessment on the appropriateness of the composition of the assets in terms of their type, duration and liquidity for the purposes of complying with the company's obligations as they arise. No specific critical issues have been detected.

The group companies have conducted an assessment to identify the cash flows and profits generated only from the future premiums component, relating to policies in existence on the valuation date, which each company expects to receive according to the conditions of these policies; this assessment will measure the value of the profits expected in future premiums (EPIFP).

C.4.5 Sensitivity analysis

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

The liquidity position of companies under stress is reflected by the shocks defined in the stress tests imposed for the other risks.

In addition to the impact of liquidity on stress tests conducted as part of the self-assessment, there is quarterly monitoring of the liquidity coverage as part of the monitoring of the Risk Appetite Framework.

Intesa Sanpaolo Vita S.p.A.

C.4.1 Exposures and their management

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

C.4.4 Profits expected from future premiums

With regard to Intesa Sanpaolo Vita, for the valuation on 31 December 2018, the total EPIFP was 468.0 million.

C.4.5 Sensitivity analysis

The ALM function monitors the liquidity risk each quarter, by applying various levels of stress on the Assets side, and a shock on the redemption risk, on the Liabilities side.

On the Asset side, for the purposes of assessing the gains from the assets considered in the analysis, the realisable assets were subject to 3 levels of stress, with a hypothetical shock rate.

On the Liabilities side, an increase in redemptions is used.

Intesa Sanpaolo Assicura S.p.A.

C.4.1 Exposures and their management

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

C.4.4 Profits expected from future premiums

With regard to Intesa Sanpaolo Assicura, for the valuation on 31 December 2018, the total EPIFP was 21.99 million.

C.4.5 Sensitivity analysis

Each month, the ALM Operational function monitors the liquidity risk by applying various stress levels on the Assets side in order to evaluate the gains on securities considered in the analysis, and the realisable assets are subjected to 3 stress levels, assuming a hypothetical rates shock (i.e. for calculating the realisation value).

Fideuram Vita S.p.A.

C.4.1 Exposures and their management

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

C.4.4 Profits expected from future premiums

With regard to Fideuram Vita, for the valuation on 31 December 2018, the total EPIFP was 115 million.

C.4.5 Sensitivity analysis

The liquidity position of companies under stress is reflected by the shocks defined in the stress tests identified for the other risks which analyse company solvency and stability in adverse scenarios.

Intesa Sanpaolo Life D.A.C.

C.4.1 Exposures and their management

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

C.4.4 Profits expected from future premiums

With regard to Intesa Sanpaolo Life, for the valuation on 31 December 2017, the total EPIFP was zero.

C.4.5 Sensitivity analysis

The company evaluates the impact of certain stressors on liquidity, within the self-assessment process with particular reference to easily liquidated assets. The stressors are placed on technical variables and on market variables. A shock is also imposed, by raising the taxation rate for the mathematical reserves.

C.5 Operational risk

Intesa Sanpaolo Insurance Group

C.5.1 Exposures and their management

The Intesa Sanpaolo Vita Group has implemented the definition of operational risk as indicated in ISVAP Regulation no. 20/2008 and the one provided by the Intesa Sanpaolo Group as indicated below: "the risk of loss deriving from the inefficiencies of people, processes or systems including those used for remote sales, or those from external events such as fraud or activities of service providers".

The operational risk includes:

- the legal risk, which is the risk of losses arising from the violation of laws or regulations, contractual or non-contractual liability or other disputes;
- Compliance risk is the risk of incurring judicial or administrative penalties, significant financial losses, or damage to reputation as a result of the breach of the mandatory or self-regulatory provisions;
- conduct risk, which is the risk of current or potential losses due to the inadequate provision of financial services including cases of fraud or negligence;
- The model risk, which is a potential loss that is an entity might suffer as a result of decisions that may principally be based on the results of internal models, due to errors in the development, implementation or use of those models;
- the ICT (Information and Communication Technology) risk, which is the risk of incurring financial losses due to the use of these technologies.

Strategic or reputational risks are not included.

On 31 December 2018 the valuation according to the standard formula of the operational risks was 441 million euro, inclusive of the diversification effect compared to the previous valuation of 31 December 2018, operational risk has fallen by 22%, i.e. 122 million euro.

There are not expected to be any significant changes in the operational risks during the planning period.

By adopting the Intesa Sanpaolo framework for the management of operational risks, Intesa Sanpaolo Vita contributes to the internal model which quantifies a risk indicator (capital absorption) that includes the insurance perimeter.

This framework consists of two main processes: Loss Data Collection and self-diagnosis (assessment of the operational context and scenario analysis).

This work is done with the assistance of the Operational, Reputational and Cyber Risk unit of the parent company's Enterprise Risk Management division.

The absorption of capital for the company's operational risk which derives from the internal model of Intesa Sanpaolo S.p.A., is used for the self-assessment of the risk itself for the Pillar II valuation.

C.5.2 Concentration of risks

The Intesa Sanpaolo Vita Insurance Group has not identified the operational risk concentration as being potentially significant, in the Rules on risk concentration.

C.5.3 Risk mitigation techniques

The operational risk in the Standard Formula is calculated using a linear formula. The operational risk increases as the size of the Intesa Sanpaolo Vita Insurance Group companies' business increases, except where the company has a very low Basic Capital Requirement. The Standard Formula does not provide for any diversification of that risk with the other risks to which the companies of the Intesa Sanpaolo Vita Insurance Group are exposed, nor any mitigation techniques that can reduce exposure.

Currently, the company does not consider it necessary to use specific techniques to mitigate operational risks. A system of controls is set up within the Risk Appetite Framework with the aim of keeping operational risks within certain limits.

C.5.4 Sensitivity analysis

The shocks defined in the Standard Formula for the valuation of the operational risk sensitivity tend not to represent the company's' risk profile as they refer to the quantity of business underwritten, or to the future commitments towards the policyholders and not to the operational context (which is all of the systems, procedures and actions by personnel) and its vulnerability to endogenous and exogenous variables.

In reference to the internal valuation framework the companies do not consider it necessary to use additional quantitative sensitivity tests.

Intesa Sanpaolo Vita S.p.A.

C.5.1 Exposures and their measurement

On 31 December 2018 the value of the operational risks, according to the Standard Formula, was 317 million euro. Compared to the previous valuation on 31 December 2017, the operational risk fell by 9%, i.e. 32 million euro.

Intesa Sanpaolo Assicura S.p.A.

C.5.1 Exposures and their measurement

On 31 December 2018 the value of the operational risks, according to the Standard Formula, was 18 million euro. Compared to the previous valuation on 31 December 2017, the operational risk rose by 6%, i.e. 1 million euro.

Fideuram Vita S.p.A.

C.5.1 Exposures and their measurement

On 31 December 2018 the value of the operational risks, according to the Standard Formula, was 45 million euro. Compared to the previous valuation on 31 December 2017, the operational risk fell by 65%, i.e. 84 million euro.

Intesa Sanpaolo Life D.A.C.

C.5.1 Exposures and their measurement

On 31 December 2018 the value of the operational risks, according to the Standard Formula, was 76 million euro. Compared to the previous valuation on 31 December 2017, the operational risk rose by 13%, i.e. 9 million euro.

C.6 Other material risks

The Group has no significant exposure to other measurable risks other than those provided for in Pillar I of the Standard Formula.

As mentioned in section B.3 "System of risk management internal assessment of risk and solvency", the material risks that the company has identified, and which are not entirely included in the calculation of the solvency capital requirements, according to the Standard Formula, include:

- reputational risks, referring to those events that may tarnish the reputation or image of each Insurance Group company;
- regulatory risks, which refer to the failure to comply with existing or upcoming regulations;
- strategic risks, which refer to the risk of losses due to wrong strategic choices and includes financial, management, logistics and product subcategories. This category also includes group risks (risks deriving from intragroup operations, the risk of contagion and the risk of conducting an insurance business in different companies and jurisdictions);
- AML risk which includes any activity that could involve the laundering of cash, goods or other commodities or the financing of terrorism, as provided for in local laws.

The controls in place for these risks are on the whole adequate.

C.6.1 Exposures and their management

The Intesa Sanpaolo Vita Insurance Group defines the risks to which it is exposed using an impact/control concept and risk map. Exposure to risk, or inherent risk is determined according to the combination between probability and impact, and is assessed on a scale of 1 to 6; assessment of the control, or the efficiency of the risk mitigation and monitoring systems, consists of three levels: poor, good and excellent. The combination of exposure to risk (inherent risk) and control is represented in the residual risk which is assessed on a numerical scale from 1 to 6.

With regard to risk exposure, the Insurance Group has defined the following thresholds:

- Extremely significant situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Very significant situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium-high situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium-low situation in terms of risk considering the level of impact and the corresponding likelihood or extent of occurrence;
- Very mild situation in terms of risk considering the level of impact and the corresponding likelihood of the event occurring.

With regard to the level of efficiency of the risk control, the Insurance Group has established three different levels:

- Poor control: when the controls and mitigation actions are absent or if they are present, they are not considered to be sufficient to guarantee control of the risk;
- Good control: when the controls and mitigation actions guarantee adequate control of the risk; further actions may be implemented in order to improve the frequency and/or efficiency;
- Excellent control: the frequency and efficiency of the controls and mitigation actions are such that they ensure effective risk control.

The 2018 Risk Assessment also highlighted as an area for attention Cyber Risk and the risks relating to the entry into force of the GDPR.

With reference to both Cyber Risk and the GDPR, the Intesa Sanpaolo Vita Insurance Group has increasingly focused attention on improving its information system regarding governance, and also by implementing a technology conversion project, introducing changes to the technological infrastructure and working on applications, with specific projects to manage cyber security and data protection issues.

Within the Risk Appetite Framework the Insurance Group has imposed early-warning thresholds on the main risk factors. The main limits are:

- Solvency: the levels of solvency ratio and the levels of individual risk types, in relation to the Own Funds;
- Liquidity; the level of highly liquid securities, cash flow matching and the liquidity coverage ratio;
- Investments;
- Operational risks: the level of operational losses.

C.7 Other information

Intesa Sanpaolo Insurance Group

The group, and each company, have input all the relevant information about their own risk profiles, in the above paragraphs.

D. Valuation for solvency purposes

This section provides information about the values of the assets and liabilities used for the purposes of the solvency of the Insurance Group and of each company. There is also a comparison between the asset values contained in the solvency report and the group reports prepared for IAS purposes, as well as those in the individual financial statements prepared according to Italian accounting standards which the individual companies draw up.

The main regulatory references relating to the preparation of the Solvency Report are the following:

- Art. 75 of European Directive No. 138/2009;
- Art. 35c of Legislative Decree No. 74/2015 which enacts the above Directive;
- IVASS Regulation No. 18/2016 concerning rules for determining technical provisions;
- IVASS Regulation No. 34/2017, concerning the provisions on corporate governance relating to the valuation of assets and liabilities other than technical provisions, and the related valuation criteria;
- Delegated Regulation No. 35/2015 of the European Commission – Reference to Title I – Chapter II;
- "Guidelines" issued by EIOPA (European Insurance and Occupational Pensions Authority).

In particular, the Solvency Report has been prepared according to a market-consistent approach to value the assets and liabilities, in particular:

- assets are valued at the amount at which they could be traded between informed, consenting parties in a transaction performed at arm's length conditions;
- liabilities are valued at the amount of which they could be transferred or settled between informed, consenting parties, in an arm's-length transaction without any adjustment to take into account the credit rating of the insurance company.

The assets and liabilities are also valued on a going concern basis, with express reference to the IAS/IFRS accounting standards, which are usually the reference standards utilised to value assets and liabilities for solvency purposes, unless stipulated otherwise, and if the valuation criteria provided for in the IAS are temporarily or permanently in line with the above-mentioned market consistent valuation approach.

Therefore, the Insurance Group's Solvency Report involved the following phases:

- a valuation of individual assets and liabilities in application of the criteria provided for in Delegated Regulation No. 35/2015, in line, where applicable, with the valuations given for the purposes of the Group Consolidated Financial statements prepared in accordance with IAS/IFRS;
- re-presentation of the assets and liabilities of each company based on the classification criteria applied to the compilation of the QRT S.02.01 (Balance Sheet).

Annexed to this report are the QRT for the Solvency Report (S.02.01.02) for the Insurance Group and individual companies on 31 December 2018. Each QRT includes a list of the assets and liabilities of the insurance group and of each company.

The valuation criteria used for the assets and liabilities contained in the QRT, in line with the provisions of article 10 of the above-mentioned Delegated Regulation are the following:

1. assets and liabilities are valued at market prices quoted on active markets according to the definition of the international accounting standards;
2. when no such market prices are available, the prices recorded on active markets for similar assets and liabilities are used, and adjusted to reflect any differences considering the specific characteristics of the asset or liability (such as condition, location, the extent to which the valuation input relates to comparable elements, the volume or level of activity in the markets from which the input was taken);
3. if it is impossible to apply the above mentioned valuation criteria, the Group and individual companies have used alternative valuation methods, minimising the use of specific input from the company and using market input as far as possible, including the elements indicated below:

    - prices quoted for identical or similar assets or liabilities, in non-active markets;
    - input other than the observable listed prices, including interest rates and performance curves observed at commonly-quoted intervals, implied volatility and credit spread;
    - input corroborated by the market, which may not be directly observable but is based on observable market data, or supported by it.

If no observable input is available, including situations of low activity on the market on the valuation date, non-observable input is used, which reflects the scenarios that the market traders would use in determining the price, including the risk hypotheses. In evaluating the risk hypotheses, companies take into account the risk of a particular valuation technique used to measure the fair value and the risk related to the input used in the valuation technique.

Section 3 of the Delegated Regulation provides for methods on the solvency valuation of the insurance company's technical provisions that are specific and separate from the valuation criteria used in the annual financial reports and IAS/IFRS.

D.1 Assets

Intesa Sanpaolo Vita Insurance Group

With reference to the QRT S.02.01 annexed to this Report, a list is given of the items in the Solvency report for each item.

Intangible assets

The intangible assets in the solvency report are valued at zero in line with Delegated Regulation No. 35/2015. The intangible assets entered on the consolidated financial accounts and individual accounts cannot be sold separately and it is not possible to demonstrate any fair value, on an active market, for an identical or similar asset.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	91,351	-91,351

With regard to the valuation methods for individual companies, see the notes given with regard to Group level.

Deferred tax assets

The calculation of the deferred taxes given in the solvency report was made in application of IAS 12 and Articles 20-22 of IVASS Regulation No. 34/2017. Deferred taxes are calculated on the temporary differences between the book value of the assets and liabilities on the solvency report and their fiscal value.

For the individual companies, the differences compared to what was contained in the annual financial statements relate to the deferred fiscal effect on the temporary differences deriving from the adjustments of asset and liability valuations. In line with IAS 12, the Insurance Group records tax assets for deferred taxes to the extent that it is probable that the deductible temporary differences or fiscal losses could lead to a corresponding reduction in the future liabilities for current taxes.

The recoverability analysis is based on an examination of the presence, in future years, of a presumable reversal of the deductible temporary differences of corresponding taxable temporary differences (for the same tax, and towards the same tax authority) for which the corresponding liabilities for deferred taxes were recorded.

Any part not covered by the above point is determined by taking into account:

- The presence of temporal restrictions that limit the carrying forward of tax losses and/or temporary differences to future years;
- The expected profitability, which can be deduced from the results of the plans approved by the executive bodies corroborated by an analysis of the capacity to generate taxable income during previous years that would reabsorb any past fiscal losses. The presence of significant taxable amounts at the end of the period is a reasonable measure of the company's long-term profitability, on the basis of which it is possible to evaluate the recoverability of any temporary deductible differences that would be expected to be cancelled out in years after those covered by the plan.

The Group's solvency report includes:

- Deferred tax assets (DTA) totalling 1,087 million euro, compared to 241 million euro DTA entered on the consolidated financial report; the solvency value represents 0.7% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 1,249 million euro, compared to 505 million euro DTL entered on the consolidated financial report; the solvency value represents 0.8% of the total liabilities on the financial statements.

Below is a breakdown of assets and liabilities for deferred taxes recorded for the Insurance Group companies:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred tax assets	1,086,716	240,716	845,999
Deferred tax liabilities	1,249,556	505,057	744,499

Deferred taxes mainly relate to temporary differences that refer to the adjustments between the statutory value and the Solvency II value of the investments and the technical provisions.

These temporary differences are reversed with the approximation of the maturity or sale of the financial instruments or the liquidation of the corresponding portfolio policies.

Real estate, plant and equipment held for own use

With reference to real estate, the fair value valuation is calculated on the basis of the expert's value determined by the valuer's engaged by each Group company, in line with the provisions of current legislation. For solvency purposes, investments in real estate have to be valued at fair value even if they are entered at cost on the statutory or IAS accounts. The Fair Value Model in IAS 40 is considered a valid approximation for the purposes of the solvency valuation.

For each company, the Italian regulations are applied (OIC 16), establishing that the initial cost is adjusted by depreciation (throughout the useful life, on a straight line systematic basis) for as long as there is evidence that the net value can be recovered through the use of civil buildings that represent a form of investment and cannot be depreciated; if they are depreciated the depreciation plan responds to the same characteristics as the other tangible assets. Land is not appreciated unless its utility will be extinguished over time.

This item also includes office furniture and equipment which is valued at the cost as depreciated on the statutory accounts. This valuation principle is not coherent with the market consistent valuation approach. However, taking into account the fact that the fair value of the items in question is not available, and also the fact that the amount is not significant, it is considered that this value gives a reasonable representation of the amount that would result from the revaluation model provided for in IAS 16, which in turn is an option that is consistent with the Solvency II framework.

Under the Italian statutory rules, OIC 16 provides that for tangible assets other than buildings held for investments and fixed assets with unlimited utility such as land and works of art, the initial cost is adjusted by depreciation throughout the useful life of the asset, in a systematic way, provided that there is evidence that the net value can be recovered through use. As these situations are not valued according to criteria compatible with Solvency II, no value is recognised under these rules.

The overall value at Group level is the following:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	1,273	1,273	-

With regard to the valuation methods, see the notes given with regard to Group level.

Holdings in related undertakings, including equity investments

The consolidated financial statements include a minority shareholding of 2,234 euro thousands, of which 160 euro thousands is attributed to Fideuram Vita and 1,643 euro thousands to Intesa Sanpaolo Vita's shareholding in Intesa Sanpaolo Smart Care.

Moving from the IFRS to the solvency valuations, the change in the value of the equity investments is mainly due to the different consideration of Intesa Sanpaolo Smart Care in the consolidation perimeter.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Holdings in related undertakings, including partecipations	2,234	2,236	-2

Investments (Capital instruments, bonds, UCITS, derivatives)

The table below contains the value of the Insurance Group's investments:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**979,337**	**979,337**	**-**
Equity - Listed	974,735	974,735	-
Equity - Unlisted	4,603	4,603	-
Bonds	**65,249,923**	**65,253,692**	**-3,769**
Government bonds	49,694,080	49,694,094	-
Corporate bonds	14,762,856	14,762,651	205
Structured note	785,635	789,595	-3,960
Collateralised securites	7,353	7,353	-
Collective investments undertakings	**12,118,861**	**12,118,861**	**-**
Derivatives	**71,139**	**71,139**	**-**
Investments	**78,419,260**	**78,423,029**	**-3,769**

The total investments represent 50% of total assets on the balance sheet. The main part of the investments are allocated to government stocks (63%) while 20% are invested in bonds. The remaining 17% is divided between equities (just over 1%) and collective investments.

In the solvency report all the securities of the Insurance Group are valued at fair value. However according to the IFRS system, part of the bond portfolio, particularly the categories of loans and assets held to maturity is recognised at the amortised IAS/IFRS cost. This difference determines the change in value.

The fair value valuation as provided for by IAS 39, as described in the Fair Value Policy of the Intesa Group, applies to investments as the financial instruments have to be measured at fair value even when they are recognised at cost on the financial reports prepared in accordance with the IAS/IFRS.

In operational terms, the existence of official prices on an active market is the best evidence of their value. Those prices thus represent the prices used on a priority basis for the valuation of financial assets and liabilities. In the absence of an active market (which is limited to a marginal portion of the investment portfolio), the fair value was determined by using valuation techniques intended to

establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques included:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile ("Comparable Approach");
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer ("Mark-to-Model").

For the individual companies, according to the rules of financial reports prepared according to Italian accounting standards, the financial assets entered under working capital are valued at the lower of the cost of acquisition and the realisable value, which is deduced from the market trends, while investments entered under fixed assets are valued at cost net of any long-term value impairments. With reference to derivatives, the fair value is indicated for each category of instrument together with the information about their size and nature.

Assets held for index-linked and unit linked policies

The asset item classified as "Assets held for index linked or unit linked insurance policies" includes all the financial assets defined as "Class D" on the balance sheet of the consolidated financial report.

These financial assets correspond to assets for which the investment risk is borne by the policyholder.

This item is made up of investments used to cover the commitments pertaining to LoB III policies, whose benefits are directly linked to the value of the assets in internal unit and index linked funds or to the value of units of UCITS, and to the financial investments linked to pension policies (open pension funds of Intesa Sanpaolo Vita and Fideuram Vita).

These investments are recognised, in the financial reports prepared in accordance with the national accounting standards, IFRS and Solvency II, at the current value, equal to the market value.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for index-linked and unit-linked contracts	74,069,063	74,069,063	-

Compared to 2017 the component of unit linked policy assets has fallen by 0.2%, from 74,222 to 74,069 million euro. The weighting of this item in the total assets is 47%.

With regard to the valuation methods for individual companies, see the notes given with regard to Group level.

Amounts recoverable from reinsurance

This item contains all the recoverables regarding the Outward Reinsurance used by the Insurance Group as a technique to mitigate the underwriting risks.

In the same way as occurs for the technical provisions for direct business, the shares paid by the reinsurers are reprocessed, compared to the financial report, using the Solvency II criteria which take into account the expected cash flows connected to recoveries relating to direct business obligations, discounted according to the risk-free rate curve.

The valuation of the reinsurance impact is described in the paragraph below, on technical provisions.

The group data is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Non-Life excluding Health	15,058	16,892	-1,835
Healt similar to Non-Life	1,891	2,574	-683
Life excluding Health and Index- linked and unit-linked	-	186	-186
Reinsurance recoverables	**16,949**	**19,653**	**-2,704**

Loans and Receivables

This item includes:

- "Mortgages and loans" relating to loans on Life policies for products that contain this clause in the insurance policy. No valuation differences emerged between the consolidated financial statements and the solvency reports;
- "Insurance receivables from intermediaries" relating to receivables from direct insurance transactions with intermediaries, particularly the retail network of Intesa Sanpaolo or the financial advisers of Banca Fideuram, for Fideuram Vita. These last receivables are valued at nominal value without considering adjustments due to losses for uncollectable amounts. By their nature these receivables are due and payable in the short term and therefore the market value is in line with the related value as stated on the consolidated financial report. The recorded difference was 3.7 million euro;
- "Reinsurance receivables" payable in the short term by the reinsurers. Also for these receivables, the market value is in line with the related value as stated in the consolidated financial report;
- "Receivables (commercial, non-insurance)" relating to non-insurance receivables such as interest, tax credits and other types of accounts receivable. The only difference between the value of the individual accounts prepared according to Italian accounting standards and the solvency accounts, is 4.1 million euro.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	5,340	5,340	-
Insurance and intermediaries receivables	42,173	45,929	-3,755
Reinsurance receivables	3,211	3,211	-
Receivables (trade, not insurance)	2,831,393	2,827,234	4,159

Other items

This item includes all the assets of residual importance compared to the above.

In detail they include "Cash and cash equivalents" and other assets not belonging to the items mentioned in the above paragraphs.

The valuation of the other financial reporting assets is based on the presumed realisation value. This approach is in line with the valuations made in the solvency report.

The differences compared to the consolidated financial reporting data are essentially due to the fact that in the solvency report, the other costs of acquisition of Fideuram Vita have been deleted as they are assimilated with intangible assets.

The data for the insurance group is as follows:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	969,757	969,757	-
Any other assets, not elsewhere shown	373,505	373,688	-183

For the individual companies there are no material differences between the figures on the individual accounts prepared in accordance with Italian accounting standards and the contents of the solvency accounts. The valuation method is therefore the same.

Intesa Sanpaolo Vita S.p.A.

Intangible assets

There are no intangible assets for Intesa Sanpaolo Vita S.p.A. The intangible assets recorded in the statutory accounts are zeroed in accordance with the rules on the solvency accounts.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	10,602	-10,602

Deferred tax assets

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 1,005 million euro, compared to 184 million euro DTA entered on the statutory financial report (Italian accounting standards); the solvency value represents 1.1% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 1,065 million euro, compared to 4,640 thousand euro DTL entered on the statutory financial report (Italian accounting standards); the solvency value represents 1.2% of the total liabilities on the financial statements.

Below is a breakdown of assets and liabilities for deferred taxes recorded for the company:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred tax assets	1,004,840	184,360	820,480
Deferred tax liabilities	1,065,117	4,640	1,060,477

Deferred taxes mainly relate to temporary differences that refer to the adjustments between the statutory value and the Solvency II value of the investments and the technical provisions.

These temporary differences are reversed with the approximation of the maturity or sale of the financial instruments or the liquidation of the corresponding portfolio policies.

On the reporting date there were no tax loss carryforwards or unused tax credits for which the corresponding deferred tax assets had not been recognised.

Real estate, plant and equipment held for own use

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	178	178	-

Holdings in related undertakings, including equity investments

For Intesa Sanpaolo Vita S.p.A. the shares held in subsidiaries, including equity investments, are the following:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Holdings in related undertakings, including partecipations	1,642,804	207,267	1,435,538

The solvency report of the company includes in that item the value of "assets in excess of liabilities" on the solvency report of the subsidiaries, thus expressing the market consistent method as provided for in Delegated Regulation No. 35/2015.

The individual financial statements prepared in accordance with the Local statutory provisions includes equity investments valued at cost, adjusted to reflect lasting impairments of value.

Investments (Capital instruments, bonds, UCITS, derivatives)

Below there is a summary of the main items in the asset investments for Intesa Sanpaolo Vita:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**953,120**	**766,789**	**186,332**
Equity - Listed	948,528	762,645	185,882
Equity - Unlisted	4,593	4,143	449
Bonds	**59,348,061**	**57,164,642**	**2,183,419**
Government bonds	44,975,191	43,183,160	1,792,031
Corporate bonds	13,768,979	13,401,016	367,964
Structured note	600,387	577,057	23,329
Collateralised securites	3,504	3,409	95
Collective investments undertakings	**11,249,486**	**11,069,575**	**179,911**
Derivatives	**71,046**	**35,738**	**35,308**
Investments	**71,621,714**	**69,036,744**	**2,584,970**

The total investments represent 78% of total assets on the balance sheet. The main part of the investments in this category is allocated to government stocks (64%) while 12% are invested in bonds. The remaining 24% is divided between equities (1%) and collective investments.

The difference between the amount of the asset and liability items relating to financial investments recognised on the individual accounts prepared in accordance with Italian accounting standards, of 69,076 million euro, and the amount determined for solvency purposes, of 71,622 million euro, relates to the recognition of the unrealised gains resulting from the fair value measurement of all financial instruments determined in accordance with IFRS 13.

Assets held for index-linked and unit linked policies

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for index-linked and unit-linked contracts	16,604,490	16,604,490	-

Compared to 2017 the component of unit linked policy assets has increased by 8%, from 15,338 to 16,604 million euro. The weighting of this item in the total assets is 18%.

Amounts recoverable from reinsurance

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Health similar to Non-Life	-	332	-332
Life excluding Health and Index- linked and unit - linked	-	186	-186
Reinsurance recoverables	**-**	**519**	**-519**

Despite the need for a separate calculation of the amounts recoverable from reinsurance compared to the calculation of the BEL, the company considers that the insurance is not significant in reference to the principle of proportionality. It uses, as permitted by the Delegated Acts[1], a simplified valuation method that takes into consideration the valuation difference between the BEL before reinsurance and the BEL net of reinsurance, including in the last valuation the effect of the risk of default by the reinsurer[2], which leads to an adjustment based on the valuation of the probability of default by the counterparty and the average loss in that scenario (Counterparty Default Adjustment).

In the light of the above and as a result of the valuation of non-materiality of the "Amounts recoverable from reinsurance" the Best Estimate provisions are recognised on the solvency report at the value net of reinsurance. Therefore this item is not recognised in the assets on the solvency report.

As a result of this, the comparison of the data reveals a negative difference of 519,000 euro.

Loans and Receivables

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes, apart from the item relating to trade receivables, for which there was a prudential valuation of the amount pertaining to taxes on mathematical reserves.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	4,820	4,820	-
Insurance and intermediaries receivables	5,763	5,763	-
Reinsurance receivables	159	159	-
Receivables (trade, not insurance)	1,780,454	1,780,553	-100

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	688,576	688,576	-
Any other assets, not elsewhere shown	30,816	30,816	-

[1] Art. 57 of the Delegated Acts
[2] Art. 42 of the Delegated Acts

Intesa Sanpaolo Assicura S.p.A.

Intangible assets

There are no intangible assets for Intesa Sanpaolo Vita S.p.A.. The intangible assets recorded in the statutory accounts are zeroed in accordance with the rules on the solvency accounts.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	6,932	-6,932

Deferred tax assets

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 16 million euro, compared to 12 million euro DTA entered on the statutory financial report (Italian accounting standards); the solvency value represents 1.3% of the total assets on the financial statements;
- total deferred tax liabilities (DTL) of 51 million euro, compared to the individual accounts prepared in accordance with Italian accounting standards, which does not show any; the solvency value represents 6.6% of the total liabilities on the balance sheet.

Below is a breakdown of assets and liabilities for deferred taxes recorded for the company:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred tax assets	16,055	11,966	4,089
Deferred tax liabilities	51,411	-	51,411

Deferred taxes mainly relate to temporary differences that refer to the adjustments between the statutory value and the Solvency II value of the investments and the technical provisions. These temporary differences are reversed with the approximation of the maturity or sale of the financial instruments or the liquidation of the corresponding TP.

On the reporting date there were no tax loss carryforwards or unused tax credits for which the corresponding deferred tax assets had not been recognised.

Holdings in related undertakings, including equity investments

Intesa Sanpaolo Assicura S.p.A. has no equity investments.

Real estate, plant and equipment held for own use

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	69	69	-

Investments (Capital instruments, bonds, UCITS, derivatives)

Below there is a summary of the main items in the various capital instruments for Intesa Sanpaolo Assicura:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**549**	**549**	**-**
Equity - Listed	539	539	-
Equity - Unlisted	10	10	-
Bonds	**908,649**	**907,624**	**1,025**
Government bonds	900,304	899,475	829
Corporate bonds	6,177	6,018	159
Structured note	2,169	2,131	38
Collateralised securites	-	-	-
Collective investments undertakings	**180,830**	**180,761**	**69**
Derivatives	-	-	-
Investments	**1,090,028**	**1,088,934**	**1,094**

The total investments represent 90% of total assets on the balance sheet. The main part of the investments in this category is allocated to government stocks, 83%. 17% relate to collective investments while the remaining 0.1% is in equities.

Also for this company, the difference between the values on the balance sheet of the individual accounts prepared in accordance with Italian accounting standards and those of the solvency report is due to the same reason as that indicated for Intesa Sanpaolo Vita.

Amounts recoverable from reinsurance

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Health similar to Non-Life	1,891	2,242	-351
Life excluding Health and Index- linked and unit - linked	15,058	16,892	-1,835
Reinsurance recoverables	**16,949**	**19,134**	**-2,185**

The solvency report values the percentages payable by the reinsurers on the basis of the quantification and subsequent discounting of cash flows connected to recoveries relating to direct business obligations discounted on the basis of the risk free rate curve.

This different valuation compared to the one on the Italian statements results in a difference of -2,185 euro thousands between the individual accounts and the solvency report.

Loans and Receivables

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes, except for a sum of 3.7 million euro, which relates to pipeline premiums. The solvency value does not include this amount because it has been considered in calculating the technical provisions.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	-	-	-
Insurance and intermediaries receivables	34,754	38,509	-3,755
Reinsurance receivables	2,950	2,950	-
Receivables (trade, not insurance)	22,377	22,377	-

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	14,671	14,671	-
Any other assets, not elsewhere shown	9,320	9,320	-

Fideuram Vita S.p.A.

Intangible assets

There are no intangible assets for Fideuram Vita S.p.A. The intangible assets recorded in the statutory accounts are zeroed in accordance with the rules on the solvency accounts.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	77,353	-77,353

Deferred tax assets

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 66 million euro, compared to 14 million euro DTA entered on the statutory financial report (Italian accounting standards); the solvency value represents 0.2% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 70 million euro, compared to 2 million euro DTL entered on the statutory financial report (Italian accounting standards); the solvency value represents 0.23% of the total assets on the financial statements.

Below is a breakdown of assets and liabilities for deferred taxes recorded for the company:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred tax assets	65,559	13,627	51,932
Deferred tax liabilities	70,285	1,935	68,351

Also for Fideuram Vita, the deferred taxes mainly relate to temporary differences that refer to the adjustments between the statutory value and the Solvency II value of the investments and the technical provisions.

These temporary differences are reversed with the approximation of the maturity or sale of the financial instruments or the liquidation of the corresponding portfolio policies. The average duration is 5.72 (separate management only) or 5.08 years (duration modify and weighted by the nominal values of the portfolio also including free assets), for investments, and 7.12 years for the technical provisions.

On the reporting date there were no tax loss carryforwards or unused tax credits for which the corresponding deferred tax assets had not been recognised.

Real estate, plant and equipment held for own use

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	11	11	-

Real estate, plant and equipment held for own use

With regard to the valuation of its proprietary assets and in accordance with the relevant departments of the parent company Intesa Sanpaolo S.p.A., during the year the company conducted market research with a view to the possible sale of its proprietary building at Via di Villa Emiliani, 10, Rome. The sale of the property was completed on 19 December 2018, generating extraordinary income which was recognised on the income statement.

Holdings in related undertakings, including equity investments

For Fideuram Vita, the shares held in subsidiaries, including equity investments, are the following:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Holdings in related undertakings, including partecipations	161	195	-34

The solvency report of the company in that item includes the value of shares issued by Group companies valued at market price.

The individual financial statements prepared in accordance with the Local statutory provisions includes equity investments valued at cost, adjusted to reflect lasting impairments of value.

Investments (Capital instruments, bonds, UCITS, derivatives)

Below there is a summary of the main items in the various capital instruments for Fideuram Vita:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**25,374**	**21,814**	**3,560**
Equity - Listed	25,374	21,814	3,560
Equity - Unlisted	-	-	-
Bonds	**4,798,247**	**4,582,413**	**215,834**
Government bonds	3,643,268	3,443,155	200,113
Corporate bonds	968,051	954,525	13,527
Structured note	183,079	180,893	2,186
Collateralised securites	3,848	3,840	8
Collective investments undertakings	**566,553**	**564,748**	**1,805**
Derivatives	**94**	**15**	**79**
Investments	**5,390,268**	**5,168,990**	**221,277**

The total investments in this category represent 17% of total assets. The main part of the investments of this type is allocated to government stocks (67%) while 18% are invested in bonds. The remaining component refers to collective investments, 10%. Marginal contribution of equities.

Also for this company, the difference between the values on the balance sheet of the individual accounts prepared in accordance with Italian accounting standards and those of the solvency report is due to the same reason as that indicated for Intesa Sanpaolo Vita.

Assets held for index-linked and unit linked policies

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for index-linked and unit-linked contracts	24,879,180	24,879,180	-

Compared to 2017 the component of unit linked policy assets has fallen by 7%, from 26,699 to 24,879 million euro. The weighting of this item in the total assets is 79%.

Amounts recoverable from reinsurance

The run-off of the reinsurance agreements with Fideuram Vita S.p.A., do not generate recoverable amounts.

Loans and Receivables

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	520	520	-
Insurance and intermediaries receivables	1,656	1,656	-
Reinsurance receivables	103	103	-
Receivables (trade, not insurance)	511,400	511,433	-33

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	145,192	145,192	-
Any other assets, not elsewhere shown	333,274	333,522	-248

Intesa Sanpaolo Life D.A.C.

Intangible assets

There are no intangible assets for Intesa Sanpaolo Life D.A.C.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	-	-

Deferred tax assets

For the purpose of Italian accounting standards the company prepares its accounts according to the IAS/IFRS, therefore there are no differences in the amounts.

The company's solvency report shows deferred tax assets of 0.2 million euro, which coincides with the amount on the annual accounts prepared in accordance with the IAS. Deferred tax liabilities (DTL) totalled 80 million euro, compared to nil DTL entered on the statutory financial report (IAS); the solvency value represents 0.25% of the total liabilities on the financial statements. Below is a breakdown of assets and liabilities for deferred taxes recorded for the company:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred tax assets	261	261	-
Deferred tax liabilities	80,139	-	80,139

The main difference in the adjustment of the DT relates to the portion of technical provisions for the liability items and the deferred costs of acquisition for the asset side. On this last item, the adjustment effect will be cancelled out over the years, in relation to the gradual unwinding of the deferred acquisition costs.

Real estate, plant and equipment held for own use

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	1,015	1,015	-

Holdings in related undertakings, including equity investments

Intesa Sanpaolo Life D.A.C. has no equity investments.

Investments (Capital instruments, bonds, UCITS, derivatives)

Below there is a summary of the main items in the various capital instruments for Intesa Sanpaolo Life:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**294**	**294**	**-**
Equity - Listed	294	294	-
Equity - Unlisted	-	-	-
Bonds	**194,965**	**194,965**	**-**
Government bonds	175,316	175,316	-
Corporate bonds	19,649	19,649	-
Structured note	-	-	-
Collateralised securites	-	-	-
Collective investments undertakings	**121,991**	**121,991**	**-**
Derivatives	-	-	**-**
Investments	**317,250**	**317,250**	**-**

These assets are valued at fair value by using the prices obtained from the financial markets, for instruments listed on active markets, or using internal valuation techniques for other instruments. If the market prices are not available, the prices available from brokers or dealers can also be used. If there is no price on any active market or if the market is not operating regularly, the fair value of the instruments will be mainly determined by using valuation techniques aimed at determining the price of the hypothetical market transaction motivated by the usual business considerations, as of the measurement date.
The total investments in this category represent just 1% of total assets. Investments in government stocks represent 55% while 39% is invested in collective investments. The remaining 6% relates to bonds.

In this case there are no differences as the valuation principles used according to Irish law are the IAS/IFRS and therefore they are aligned with the fair value principles used for Solvency II.

Assets held for index-linked and unit linked policies

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for index-linked and unit-linked contracts	32,585,392	32,585,392	-

Compared to 2017 the component of unit linked policy assets has increased by 1.24%, from 32,185 to 32,585 million euro. The weighting of this item in the total assets is 97.1%.

Amounts recoverable from reinsurance

The run-off of the reinsurance agreements with Intesa Sanpaolo Life D.A.C. do not generate recoverable amounts

Loans and Receivables

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	-	-	-
Insurance and intermediaries receivables	-	-	-
Reinsurance receivables	-	-	-
Receivables (trade, not insurance)	520,079	533,241	-13,162

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	121,318	121,318	-
Any other assets, not elsewhere shown	94	94	-

D.2 Technical provisions

D.2.1 Valuation of technical provisions by Business Solvency Line

Intesa Sanpaolo Vita Insurance Group

The technical provisions as of 31 December 2018 were calculated in accordance with the Solvency II framework and the national enacting laws.

The value of the technical provisions of the individual companies of the Intesa Sanpaolo Vita Insurance Group corresponds to the amount that the company would pay to transfer its insurance and reinsurance obligations to another insurer or reinsurer. The value of the Group's technical provisions is calculated using the arithmetical sum of the technical provisions of individual companies.

In terms of methodology, the value of the technical provisions is equal to the sum of the following components:

- the discounted sum of the cash flows that the Company expects to pay net of those it expects to receive during the next years (usually, the next 30 years). This amount is called "Best Estimate";
- the risk margin, which is an additional component calculated to cover potential inaccuracy in the estimate of the component referred to above.

For the Intesa Sanpaolo Vita Insurance Group, the following table shows the amount of the technical provisions on 31 December 2018 for the substantial areas of activity, divided between Best Estimate and Risk Margin. It also shows the value of amounts recoverable from the reinsurer after a "Counterparty Default Adjustment", which only relates to the non-life business and in particular to Intesa Sanpaolo Assicura.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recovarable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non Life	**579.6**	**16.9**	**596.6**	**37.5**	**634.1**
Non- Life (excluding Health)	348.6	15.1	363.6	21.9	385.6
Health (similar to Non-Life)	231.1	1.9	233.0	15.5	248.5
Life (excluding Health,Index- linked and unit-linked)	**73,785.4**	**-**	**73,785.5**	**433.3**	**74,218.8**
Health (similar to Life)	-	-	-	-	-
Life (excluding Health,Index- linked and unit-linked)	73,785.4	-	73,785.5	433.3	74,218.8
Index linked and unit linked	**71,876.5**	-	**71,876.5**	**313.2**	**72,189.7**
Total amount	**146,241.5**	**16.9**	**146,258.6**	**784.0**	**147,042.6**

The amount of the technical provisions, of 147,042 million euro, is mainly composed of the provisions for the Life business which represent 99% of the total. They can be divided among technical provisions relating to conventional policies, at 74,218.8 million euro, and technical provisions for Linked policies, of 72,189.7 million euro. This last category also includes pension funds and the linked components of multi-line policies.

Below is the value of the technical provisions with a distinction between the Best Estimate and risk margin (amounts in million euro) of the Group divided by area of business.

Intesa Sanpaolo Vita S.p.A.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recovarable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non- Life (excluding Health)	-	-	-	-	-
Health (similar to Non-Life)	2.4	-	2.4	-	2.4
Health (similar to Life)	-	-	-	-	-
Life (excluding Health,Index- linked and unit-	68,412.6	-	68,412.6	412.9	68,825.5
Index linked and unit linked	15,720.2	-	15,720.2	85.0	15,805.2
Total amount	**84,135.2**	**-**	**84,135.2**	**498.0**	**84,633.1**

With regard to the valuation methods, see the notes given with regard to Group level.

Intesa Sanpaolo Assicura S.p.A.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recovarable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non- Life (excluding Health)	348.6	15.1	363.6	21.9	385.6
Health (similar to Non-Life)	228.7	1.9	230.6	15.5	246.1
Total amount	**577.2**	**16.9**	**594.2**	**37.5**	**631.7**

With regard to the valuation methods, see the notes given with regard to Group level.

Fideuram Vita S.p.A.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recovarable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Life (excluding Health,Index- linked and unit-	5,372.8	-	5,372.9	20.4	5,393.3
Index linked and unit linked	24,381.2	-	24,381.2	92.8	24,474.0
Total amount	**29,754.0**	**-**	**29,754.1**	**113.2**	**29,867.3**

With regard to the valuation methods, see the notes given with regard to Group level.

Intesa Sanpaolo Life D.A.C.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recovarable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Index linked and unit linked	31,775.1	-	31,775.1	135.3	31,910.5

With regard to the valuation methods, see the notes given with regard to Group level.

D.2.2 Calculation methods and assumptions

Intesa Sanpaolo Vita Insurance Group

Best Estimate

The methods used to calculate the Best Estimate as applied by the Intesa Sanpaolo Vita Insurance Group are described in the paragraphs below, relating to the individual companies.

Risk Margin

The risk margin is one of two components, together with the Best Estimate, of the technical provisions. It corresponds to the amount that guarantees that the value of the technical provisions is equivalent to the amount that the insurance and reinsurance companies would need in order to accept and honour their obligations.

The risk margin was calculated using the cost of capital approach, which consists of determining the current value of the cost paid by the company as a result of the capitalisation of own funds to cover the "non-hedgeable" risks throughout the duration of the contracts. The cost-of-capital rate is 6% as specified in Article 39 of the Delegated Act.

The risk margin was valued in accordance with the Solvency II Directive, without using the volatility adjustment for the purposes of the calculation.

On 31 December 2018 the risk margin of the Intesa Sanpaolo Vita Insurance Group was 784 million euro.

Operating assumptions

One of the inputs needed for the calculation of technical provisions is the operational scenarios which include the non-economic factors that influence the calculation of the Best Estimate.
The operational hypotheses were valued in accordance with the contractual limits, where present, in the various portfolios; they mainly have an impact on:

- The policyholders' exercise of contractual options that modify the policy terms and the resulting cash flows (for example the option to convert into an annuity);
- the frequency and amount of the insured events (for example the operational factor relating to surrenders and mortality);
- technical scenarios relating to the nonlife business (such as the definition of the loss ratio).

The Life companies have also expressly defined an inflation scenario for the calculation of the Best Estimate, in reference to key market data.

Financial assumptions

For the valuation as at 31 December 2018, the Group companies used the risk-free rate curve published by EIOPA. Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 24 bps, coinciding with the EIOPA adjustment on 31 December 2018. For more information see paragraph "D.2.5 Transitional measures and long-term guarantee measures".

Principal methodological changes during the reporting period

With regard to the previous valuation to 31 December 2017, it should be noted with reference to Intesa Sanpaolo Vita:

- economic scenarios have been introduced that factor in the risk of credit and the currency risk; the modelling of certain types of hedging derivatives;
- the modelling of the option for additional payment by means of an interval defined per policy year applied to the value of the mathematical reserve;
- modelling of the PIP policies invested only in the Line III component. The modelling was integrated with the Line I component using the life-cycle mechanism.

With reference to the deviation from scenarios, various fine-tunes were introduced in order to give more quality to the data based on the deviation.

For Fideuram Vita, the following methodology changes were made compared to the valuation as of 31 December 2017:

- UCIs were managed according to the prevalent category instead of the Equity classification used in 2017;
- a 50-year projection was used instead of the 30-year one;
- the principle used to determine recurring premiums for the open pension fund was fine-tuned;
- the guaranteed unit linked policies were projected by guarantee instead of by model point;
- the future management measures were revised, to introduce a dynamic asset allocation target.

For the valuation to 31 December 2018, certain operational scenarios were modified based on the updating of the historic events considered relevant for the purposes of calculating the BEL.

For Intesa Sanpaolo Assicura, note the following:

- the application of statistical/actuarial methods to calculate the claims BEL for Motor vehicle liability;
- the application of methodological fine-tunes to calculate the premiums BEL
- a review of the method used to calculate the measurement of the SCR for the purposes of calculating the Risk Margin.

For Intesa Sanpaolo Life the main methodology change compared to the previous valuation related to the modelling of the switch on expiry of certain funds.

For Intesa Sanpaolo Life and Intesa Sanpaolo Assicura there were no major changes.

Comparison between the provisions on the consolidated IAS/IFRS accounts and the Solvency II provisions

The following table gives a comparison between the technical provisions on the consolidated IAS/IFRS accounts and those in the Solvency II statement of assets and liabilities for the Intesa Sanpaolo Vita Group.

(euro millions)

Solvency Line of Business	Solvency II value	Statutory accounts value	Difference	Risk Margin
Non- Life	**634.1**	**785.5**	**-151.5**	**37.5**
Non- Life (excluding Health)	385.6	491.1	-105.5	21.9
Health (similar to Non-Life)	248.5	294.4	-45.9	15.5
Life (excluding Index- linked and unit- linked)	**74,218.9**	**73,153.4**	**1,065.5**	**433.4**
Health (similar to Life)	-	-	-	-
Life (excluding Health,Index- linked and unit-linked)	74,218.9	73,153.4	1,065.5	433.4
Index linked and unit linked	**72,189.7**	**74,070.4**	**-1,880.7**	**313.2**
Other Provisions	**-**	**2.8**	**-2.8**	**-**
Total amount	**147,042.7**	**148,012.2**	**-969.5**	**784.0**

Below are the results of the reconciliation between the technical provisions on the individual accounts and the Solvency II provisions conducted respectively by the Actuarial functions of each group company.

Expected profits included in future premiums

The value of the EPIFP was estimated as the difference between the best estimate calculated by zeroing the recurring premiums and additional future premium payments, where applicable, and the stochastic Best Estimate, calculated in the best estimate scenarios. As provided for in Article 260 paragraph 3 of the Delegated Acts, the assessment is carried out for each homogeneous risk group, according to the following formula:

$$\text{EPIFP} = \sum_{i} \max\{0; \Delta\text{BEL}_i\}$$

For the Life business, the following table shows the value of the EPIFP for Intesa Sanpaolo Vita and Fideuram Vita. For Intesa Sanpaolo Life, the business is mainly characterised by single premium policies: the residual part relating to recurring premiums is not considered for the purposes of calculating the EPIFP as it goes beyond the scope of the contractual limits and is not modelled in the best estimate calculation.

(euro millions)

Company	EPIFP
Intesa Sanpaolo Vita	467.9
Fideuram Vita	115.3

For the non-life business, the expected profits for future premiums have been valued, in the context of the valuation of the premiums best estimate, by considering the future premiums and instalments due, which the company will collect from the policies in force on the valuation date. These profits have been estimated by considering the 1's complement of the Combined Ratio estimated for future years and considering the discounting effect. The total expected profits from future premiums, considering only those lines of business with a prospective Combined Ratio of less than one, are not very significant compared to the total of the premiums best estimate: more specifically, for the valuation to 31 December 2018 the total EPIFP for Intesa Sanpaolo Assicura amounted to approximately 22 million euro.

Future management actions

The calculation of best estimate and, more generally, of expected future cash flows requires specific assumptions regarding Future Management Actions.

These are any action by the insurer which is currently planned or could reasonably be implemented in the future deriving from a contract, statutory, commercial or other option.

Scenarios pertaining to future management actions are formalised by the company taking these actions, in a document approved annually by the executive body (FMA Plan) and form the basis of the calculation of the best estimate.

The main measures relate to the management of with-profits portfolios and relate to:

- realisation strategies that are the result of a predefined sequence of checks in terms of cash flow mismatches, asset allocation, potential yield objectives and sale priorities for assets in the portfolio;
- reinvestment policies;
- potential management of the level of over-coverage of assets compared to related liabilities.

Dynamic policyholder behaviour

Below are details of the methods used by the parent company Intesa Sanpaolo Vita to govern the estimate of the possible dynamic behaviours of policyholders in relation to the exercise of the option to surrender on the with-profits portfolios of the company.

At each time step in the projection the parent company includes a change in the percentage of surrenders if the difference between the measurement of the payout revaluation and the appropriate rate of return, accepted as the market benchmark, is significant. If this happens, the change translates into an increase or reduction in the basic surrender frequency (best estimate) depending on whether the above-mentioned difference is negative or positive.

Following this analysis, Fideuram found that the correlation between the trends in the surrenders on its portfolio compared to the market trends, was not at a level that would affect the basic scenario (best estimate).

For the other Group companies the dynamic behaviour of policyholders is not significant.

Intesa Sanpaolo Vita S.p.A.

Best Estimate

The calculation of the best estimate as defined in paragraph "D.2.1 Valuation of technical provisions by business line" may be done using a deterministic or stochastic approach depending on the characteristics of the liabilities portfolio.
The stochastic approach refers to the fact that the flows are defined as the average flow is calculated according to an adequate number of different market scenarios, which give the most probable representation of the risk-neutral market scenario, while incorporating the expected volatility. This approach is particularly used where there are financial guarantees and contractual options that depend on the financial situation in question.
The deterministic approach is based on valuations made according to the risk-neutral market scenario considered to be most probable.

More specifically, it should be noted that:

- for policies or business lines where the cash flows do not directly depend on market volatility, the best estimate is calculated according to the deterministic approach;
- such is the case for example of the Protection LoB, of Saving products without profit participation and without guarantees, of Unit-linked products without guarantees;
- for products or LoB where the cash flows contain financial guarantees and contractual options (which do not move symmetrically with market movements), the best estimate should be calculated using a stochastic approach;
- examples include conventional policies with guarantees or profit sharing mechanisms.

The projections include all the potential inflows and outflows necessary to value the company's commitments for their entire duration, in line with the contractual limits pertaining to the contracts to which those amounts refer.
A non-exhaustive list of cashflows considered in the calculation of the Best Estimate includes:

- Payments of Life benefits and, in case of death, payments in case of redemption, payments of annuities;
- The costs of administration, management of investments and claims payouts;
- Future premiums and other cash flows deriving from those premiums;
- commission paid to the retail networks;
- the costs paid to investment firms in relation to asset management or the protection schemes underlying certain types of contract.

Operating assumptions

The main operating assumptions considered by Intesa Sanpaolo Vita in calculating the best estimate relates to the propensity to surrender (which also includes cases of partial surrenders), additional payments, cases of premium payments being interrupted for annual premium policies and single recurring premiums, the case of mortality, cost, automatic deferment of maturity, conversion into annuity and subrogation on "Personal Protection Insurance", or "PPI").

Difference between the provisions on the individual accounts and the Solvency II provisions

The company's Actuarial function has conducted an analysis to reconcile these two amounts. The starting point is the Solvency II technical provisions on 31 December 2018 and the endpoint is the statutory technical provisions as of 31 December 2018.

This approach gives a reconciliation aimed at identifying and isolating the main factors that caused the difference. Overall there were no critical issues with the portfolio analysis, and the technical provisions on the financial statements and the best estimate in the Solvency II report were consistent. The residual variation from the reconciliation was limited.

Intesa Sanpaolo Assicura S.p.A.

Best Estimate

The Best Estimate calculation methodology includes:

- the Premium Provision Best Estimate calculation;
- the Claims Provision Best Estimate calculation.

The Premium Provision Best Estimate before the reinsurance calculation is obtained by adding the present value of the difference between future incoming and outgoing cash-flows with respect to future years.
Future cash outflows consist of:

- expected claims, with reference to both the unearned premium reserve and future premiums;
- expected operating expenses, with reference to both the unearned premium reserve and future premiums;
- expected premium refunds, with reference to the unearned premium reserve.

Incoming future cash flows consist of future premiums and instalments due, adjusted for any anticipated terminations.
The Claims Provision Best Estimate gross of reinsurance is made on the basis of an analysis of historical data for settled and reserved claims (gross of any recovery by reinsurers, net of indirect costs and of any recoveries from policyholders and third parties), aggregated by LoB. This data is needed to estimate the ultimate cost of claims through the method that best fits each homogeneous risk group. The estimated claims provision is run-off, through an appropriate run-off vector for each homogeneous risk group.
The Claim Provision Best Estimate before reinsurance is calculated as the sum, over future years, of the discounted cash flows described above.
The Premium Reserve Best Estimate net of reinsurance is the difference between the Premium Reserve Best Estimate before reinsurance and the Best Estimate of recoveries from reinsurers, inclusive of the adjustment for counterparty default risk.

Operating assumptions

The main operational scenarios considered for the purposes of calculating the best estimate by Intesa Sanpaolo Assicura, include the "Loss Ratio" prospect, the "Expense Ratio", of the early surrender rates (either with the reimbursement of the unused premium or without) and the rates of unwinding claims.

Difference between the provisions on the individual accounts and the Solvency II provisions

Premiums provision

The differences between the local premiums provision and the best estimate of the premiums provision as at 31 December 2018, essentially relate to the different methodological approach

followed to determine the liabilities, for which the Solvency II valuation also takes into consideration the current value of future profits.

Claims provision

Moving from the individual financial statements prepared for Local purposes to the Solvency II accounts, the main differences relate to the discounting, the effect of estimated recoveries and the decisions taken with regard to the application of the statistical actuarial methodologies.

Fideuram S.p.A.

Best Estimate

See above, in relation to Intesa Sanpaolo Vita S.p.A.

Operating assumptions

The main operational scenarios considered in the calculation of the best estimate by Fideuram Vita relate to the propensity to surrender (also including partial surrenders), additional payments, cases of mortality/longevity, cost, conversion into annuities, penalties in the event of fixed surrenders and the pensionable age for the open pension fund.

Difference between the provisions on the individual accounts and the Solvency II provisions

See above, in relation to Intesa Sanpaolo Vita.

Intesa Sanpaolo Life D.A.C.

Best Estimate

See above, in relation to Intesa Sanpaolo Vita S.p.A.

Operating assumptions

The main operational scenarios considered in the calculation of the best estimate by Intesa Sanpaolo Life relate to the propensity to surrender (also including partial surrenders), and the cases of mortality and cost.

Difference between the provisions on the individual accounts and the Solvency II provisions

With regard to the cohesion between the provisions on the individual financial statements and the best estimate net of the risk margin, the difference between these two items can be fully explained by the current value of the future profits. The portfolio of Intesa Sanpaolo Life mainly consists of unit linked policies whose technical provisions are calculated on the individual accounts as the countervalue of the units on the valuation date. The Solvency II however is based on the projected flows and therefore takes into consideration of future profits as well.

D.2.3 Simplifications used in calculating technical provisions

Intesa Sanpaolo Vita Insurance Group

The purposes of calculating the technical provisions to 31 December 2018 the main simplifications are indicated below:

- For the Life companies, the provision transferred to reinsurance has been left out of the calculation of the technical provisions as it is not material; therefore the Best Estimate net of reinsurance has been included, and it is equal to the Best Estimate inclusive of reinsurance;
- for Intesa Sanpaolo Vita the part of the portfolio held in co-insurance with Poste Vita was determined in a simplified manner by adopting the appropriate reproportioning measures in line with what was done in previous valuations;
- For Fideuram Vita, the Fideuram Pension Fund was modelled entirely on a deterministic approach, also including the guaranteed component, considering that the related amount is of limited materiality.

For the purpose of calculating the Risk Margin, given the potential complexity inherent in this calculation, the Directive allows companies to use simplified methods. As stated in Article 60 of Regulation No. 18, the valuation may be made by using simplifications and approximations of the individual risks or certain risks used to calculate the future SCR, within the various modules or submodules.

For the valuation of 31 December 2018 all the Group companies apart from Intesa Sanpaolo Life calculated the risk margin according to the level II simplification as indicated in Annex 4 of Regulation no. 18 and the EIOPA guidelines on the calculation of technical provisions based on the assumption that the solvency capital requirement for each future year would be proportionate to the best estimate. Intesa Sanpaolo Life has relied on the Level 1 simplification which estimates the individual risks or sub risks within all or some of the modules and submodules to be used in calculating the future solvency capital requirements.

D.2.4 Level of uncertainty associated with the value of technical provisions

Intesa Sanpaolo Vita Insurance Group

The technical provisions are calculated on the basis of the projection of the current portfolio volumes on the valuation date, which is done on the basis of appropriate financial-economic and technical-operational scenarios that may be accurate but may differ from the real situation in the future and therefore generate a degree of uncertainty in the calculation.

It is standard practice to carry out sensitivity tests to verify the uncertainty associated to the calculation of provisions by measuring the impact of these changes whenever there are changes in the individual scenarios, on the final results in order to understand how sensitive the valuation is, to any deviations that could occur in each scenario. With reference to the assumptions formulated within Solvency II, the BEL may be affected by changes in external factors such as volatility of rates, or macroeconomic factors, and internal factors such as redemptions, mortality and costs.

At methodological level, a minimum sensitivity set has been identified to explain the main factors of uncertainty at Group level, found in the BEL calculation. Each company is able to carry out additional sensitivity tests depending on the specific nature of individual portfolios and, if considered appropriate, they also analyse the results of the stress tests used in the Standard Formula to calculate the solvency capital requirement.

Below is the set of sensitivity tests for the Group. For Intesa Sanpaolo Assicura, at Group level only the sensitivity tests relating to the increase or decrease in the interest rate curve are valid. The operational sensitivity tests indicated below are relevant to the Life segment as this business line is the most important one at Group level.

For the valuations relating to Intesa Sanpaolo Vita, this analysis was not done on the non-life component of the portfolio as it is not material.

Economic sensitivities:

- an increase in the interest rate curve of 100bps;
- a decrease of 100bps in the interest rate curve (with no floor on the negative rates);
- a decrease in the value of the shares of 10%;
- zeroing of the volatility adjustment.

Operational sensitivities:

- a 10% increase in the surrender rates;
- a 10% decrease in the surrender rates;
- a 10% increase in the amount of costs and an increase of 1% in the rate of inflation (as per the Standard Formula);
- an increase of 15% in the mortality rates (as per the Standard Formula);
- annulment of the additional payments scenario.

The sensitivities indicated that the group's best estimate was more sensitive to a change in the interest rates than to the other market factors; with regard to the operational sensitivities the impacts were less significant: in general, the operational factors have no significant impact, because at sensitivity level, compensatory effects are also permitted.

Finally, where appropriate each company also carried out additional sensitivity tests, to reflect the specific nature of their own portfolios.

D.2.5 Transitional measures and long-term guarantee measures

Intesa Sanpaolo Vita Insurance Group

For the valuation on 31 December 2018, Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 24 bps, coinciding with the EIOPA adjustment on 31 December 2018.

Intesa Sanpaolo Vita S.p.A.

The volatility adjustment is applied to the maturity structure of the interest rates with reference to the pure-risk portfolios and the separate management portfolios including the Line III component relating to multi-line pension products (PIP).

The table below shows the impact of the volatility adjustment in terms of BEL, Risk Margin, Technical Provisions, Eligible Own Funds, SCR, MCR and Solvency Ratio:

(euro millions)

	BEL	Risk Margin	Technical Provisions	Eligible Own Funds*	Solvency Capital Requirement	Minimum Capital Requirement	Solvency Ratio
No Volatility Adjustment	-684.6	-	-684.6	473.6	-480.6	-216.3	0.5

** Eligible to meet the Solvency Capital Requirement*

If the volatility adjustment is zeroed, the Solvency Ratio would fall by 48 percentage points to 174%, which is still far above the 100% threshold.

The numbers in the table refer to the company's entire portfolio however impact is mainly attributable to the segregated funds, as the adjustment for volatility is not applied to the pension fund portfolio or to the unit linked policies portfolio.

Intesa Sanpaolo Assicura S.p.A.

The company does not apply long-term guarantee measures.

Fideuram Vita S.p.A.

The volatility adjustment is applied to the interest rates maturity structure but only for the valuation of with-profits policies.

The table below shows the impact of the volatility adjustment in terms of Best Estimate, Risk Margin, Technical Provisions, Eligible Own Funds, Minimum Capital Requirement and Solvency Ratio:

(euro millions)

	BEL	Risk Margin	Technical Provisions	Eligible Own Funds*	Solvency Capital Requirement	Minimum Capital Requirement	Solvency Ratio
No Volatility Adjustment	-75.8	-	-75.8	52.4	-28.4	-12.8	0.2

** Eligible to meet the Solvency Capital Requirement*

If the volatility adjustment is zeroed, the Solvency Ratio would fall by 25 percentage points to 183 bps, which is still far above the 100% threshold.

Intesa Sanpaolo Life D.A.C.

The company does not apply long-term guarantee measures.

D.2.6 Amounts recoverable from reinsurance and SPV contracts

Intesa Sanpaolo Vita Insurance Group

The provisions assigned to reinsurance are commented on in the paragraphs below, about the individual companies.

Intesa Sanpaolo Vita S.p.A.

For Intesa Sanpaolo Vita and the other Life companies in the Insurance Group, the provision transferred to reinsurance has been left out of the calculation of the technical provisions as it is not material; therefore the Best Estimate net of reinsurance has been included, and it is equal to the Best Estimate inclusive of reinsurance.

Intesa Sanpaolo Assicura S.p.A.

In calculating the Best Estimate, the recoverable amount from reinsurance are determined as follows:

- in calculating the Best Estimate of the premiums provision, the amounts recoverable from the reinsurer are the difference between the claims generated from the provision for portions of premiums, future premiums and the reimbursements transferred to reinsurance, and the premiums transferred to the reinsurer to which should be added the commission received from the reinsurer;
- in calculating the best estimate of the claims provision the amounts recoverable from the reinsurer are the sum of the claims transferred for the non-proportional arrangements and the claims transferred for the quota share arrangements.

Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita.

Intesa Sanpaolo Life D.A.C.

See above, in relation to Intesa Sanpaolo Vita.

D.3 Other liabilities

The purpose of this paragraph is to specify additional liabilities on the solvency report which together with the best estimate of technical provisions, contribute to the total liabilities item.

Intesa Sanpaolo Vita Insurance Group

Provisions other than technical provisions

This item refers to the provisions for risks and charges, and the provision for taxes.

There are no differences between the valuations referring to the consolidated IFRS accounts and the Solvency II value, as the valuation models are fully aligned and only need to be recognised where:

- a company has a current obligation deriving from past events;
- it is probable that funds will need to be used to liquidate the obligation;
- it is possible to make a reliable estimate of the amount of the obligation.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	16,156	16,156	-

Use of the Solvency valuation methods has not generated any differences in value for the individual companies compared to the valuation according to the principles of the individual accounts prepared on the basis of the Italian accounting standards.

Pension obligations

This item includes the liabilities for post-employment benefits, length of service bonuses and medical care benefits paid to directors and their families after the termination of a contract of employment.

In the context of Solvency II, considering the complexity deriving from the use of valuation rules based on actuarial scenarios in order to estimate the discounted value of the benefits accruing to the employee for services rendered, IAS 19 is applied but without the corridor approach, to prevent companies from obtaining results that differ depending on the rules chosen for the recognition of actuarial gains and losses. The International accounting standard was applied to the post-employment benefits, length of service bonuses and medical care for directors.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	10,435	7,423	3,012

Deferred tax liabilities

In relation to the numerical and methodological findings concerning deferred tax liabilities, refer to the contents of paragraph D.1 (Deferred tax assets) for each company.

Deposits from reinsurers

The valuation, which recognises the nominal value, does not result in any differences between the value recognised in the annual financial statements and the value for solvency purposes. It relates only to Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deposit from reinsurers	1,538	1,538	-

Financial liabilities

This category consists of:

- Derivatives
- Payables to banks.

Financial derivatives are only used in order to reduce the investment risk and to achieve an efficient management of the securities portfolio, with the exclusion of purely speculative aims. Hedging derivatives contracts are valued in line with the hedged assets and liabilities.

According to the Solvency II regulations, derivatives have to be valued at market value according to the valuation methods contained in paragraph D.1 of this Report. With regard to the item "Payables to credit institutions", the Solvency II framework prescribes that they are valued in line with the IFRS/IAS, on condition that these principles include valuation methods that are consistent with the valuation approach contained in Article 75 of European Directive 138/2009. The valuation takes place without any adjustment to take account of the change in the company's credit rating after the initial recognition.

As can be seen from the table below, for these items the application of the Solvency valuation methods does not create any differences compared to the valuation done according to the IFRS.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	50,928	50,928	-
Debts owed to credit insitutions	554	554	-

Other liabilities

This category consists of the following items:

- Amounts payable to insurers and intermediaries;
- Reinsurance payables;
- Payables (trade, non-insurance);
- All the other liabilities not indicated elsewhere.

The valuation criteria used for the items in question on the consolidated accounts prepared according to the IAS are consistent with the Solvency II framework for the group and for the individual companies.

The item "Insurance payables and payables to intermediaries" consists of payables to in policyholders, insurance brokers, from relations with the sales network represented by the banks that retail the insurance policies, and to insurance companies, referring to the amounts due on the coinsurance accounts. The difference relating to this item, of 354 million euro is due to the cancellation of the "Deferred Income Liabilities" of Intesa Sanpaolo Life. As this is an intangible liability it is valued at zero in the solvency report.

The "Reinsurance liabilities" are composed of the balance of technical accounts of transfers to the reinsurers.

The item "Trade payables, non-insurance" includes amounts payable to employees, suppliers, public bodies and other counterparties which do not relate to the insurance business.

The item "Other liabilities not reported elsewhere" includes all liabilities not included in other balance sheet items. The difference of 1 million euro for this item is essentially due to the fact that on the consolidated financial statements the item includes the value of the provision for deferred profits (DIR). In accordance with ISVAP Regulation No. 7/2007, this was classified under Other liabilities, compared to the solvency report, where it is recognised at zero as it is an intangible liability.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	1,400,163	1,754,626	-354,462
Reinsurance payables	8,076	8,075	1
Payables (trade, not insurance)	629,707	613,752	15,955
Any other liabilities, not elsewhere shown	382,584	381,123	1,461

Subordinated liabilities

This category consists of the subordinated liabilities issued by Intesa Sanpaolo Vita and by Fideuram Vita, the amount of which is partially recognised under own funds.

When valuing the subordinated liabilities the individual and group companies use methods of determining the value of which those liabilities can be transferred or settled between informed, consenting parties in an operation carried out at normal market conditions without considering any adjustments that will take into account changes in the credit rating of the company after initial recognition.

With regard to the valuation for the purposes of the consolidated financial accounts, the subordinated liabilities are entered at the amortised cost.

Due to the different valuation approach in the two systems, the Insurance Group has recorded a difference of 24,282 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	1,559,775	1,535,494	24,282

Compared to the previous year total value of the subordinated liabilities has fallen by 25% mainly as a result of the termination of the subordinated liabilities of Intesa Sanpaolo Vita, in September 2018 and December 2018, with nominal values of 500 million and 30 million euros respectively.

Intesa Sanpaolo Vita S.p.A.

Provisions other than technical provisions

In the statutory context, provisions for risks and charges are intended to cover year-end losses or liabilities whose nature is known, certain or probable, and whose amount or date is indeterminate. Provisions for risks and charges may not be used to correct the values of the asset items. When valuing these items the company takes into consideration the general principles of financial reporting with particular regard to the principles of matching and conservatism.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	8,552	8,552	-

Pension obligations

According to the statutory rules on financial reporting, the length of service bonuses contained in the item "Severance pay" are determined in accordance with Article 2120 civil code and the current national and supplementary contracts in force on the reporting date applicable to each case, and considering all forms of ongoing remuneration.

The Solvency valuation from the application of IAS 19, has generated a revaluation of liabilities of 3,146 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	5,477	2,331	3,146

Financial liabilities

Regarding the derivatives, the revaluation according to fair value results in a difference of approximately 225 euro thousands compared to the statutory figure.

There are no differences for the valuation of amounts payable to banks, for which the valuation according to Italian accounting standards is consistent with the one done for Solvency II.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	50,928	51,154	-225
Debts owed to credit insitutions	554	554	-

Other liabilities

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	922,940	922,940	-
Reinsurance payables	10	10	-
Payables (trade, not insurance)	415,380	415,636	-256
Any other liabilities, not elsewhere shown	146,292	146,292	-

Subordinated liabilities

The subordinated liabilities of 1,413 million euro according to the solvency valuation refer to a series of subordinated loans issued by the company in various batches from 1999 onwards, through to the final batch which was issued in July 2017 with a nominal value of 600 million and a duration of 10 years. In the classification of own funds this loan is classified as Tier 2.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	1,412,813	1,394,258	18,555

Below is a summary of the company's main subordinated loans:

- Non-convertible subordinated bond with indeterminate maturity, to be called in on expiry of the 10th year, issued on 17/12/2014 with a nominal value of 750 million euro (ISIN: XS1156024116);
- Non-convertible subordinated bond of 10-year duration issued on 21/7/2017 for 600 million euro, agreed with Intesa San Paolo S.p.A.

Intesa Sanpaolo Assicura S.p.A.

Provisions other than technical provisions

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	2,190	2,190	-

Pension obligations

The Solvency valuation from the application of IAS 19, has generated a revaluation of liabilities of 548 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	1,007	459	548

Financial liabilities

The company has not recorded any liability in relation to this item on its financial report.

Subordinated liabilities

The company has not issued subordinated liabilities.

Other liabilities

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	19,425	19,425	-
Reinsurance payables	8,048	8,048	-
Payables (trade, not insurance)	48,846	48,899	-52
Any other liabilities, not elsewhere shown	10,955	10,955	-

Fideuram Vita S.p.A.

Provisions other than technical provisions

The changes are due to the reversal of the residual value of a provision for risks entered in the financial statements prepared according to the National accounting standards, as the conditions of IAS 37 did not exist.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	2,018	2,515	-497

Pension obligations

The Solvency valuation from the application of IAS 19, has generated a revaluation of liabilities of 2,106 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	3,951	1,845	2,106

Financial liabilities

The company has not recorded any liability in relation to this item on its financial report.

Other liabilities

For Fideuram Vita the only difference relates to the fair value adjustment of a debt pertaining to a bonus scheme for risk-takers, with a marginal value.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	311,691	311,691	-
Reinsurance payables	-	-	-
Payables (trade, not insurance)	10,484	10,484	-
Any other liabilities, not elsewhere shown	186,458	186,492	-34

Subordinated liabilities

On 29 September 2017 the company sent the regulator a request for authorisation for the early repayment of the loan of 85 million, in accordance with art. 73, para. 1 d) of the Delegated Regulation (EU)2015/35 of the Commission and of IVASS Regulation no. 25 of 26 July 2016. At the same time it declared its intention to take out a new subordinated loan of 145 million in order to make the

finance rate of the current loan consistent with the latest, more favourable market conditions and also in order to strengthen its own funds and therefore the solvency requirements deriving from the new loan.

After the application process the regulator verified, according to art. 73, para. 1 d) of Delegated Regulation (EU) 2015/35 of the Commission and IVASS Regulation no. 25 of 26 July 2016, that the conditions were met for authorisation to reimburse the subordinated loan. On 28 November 2017 (ref. 0216357/17) the regulator gave its consent to the reimbursement of the pre-existing loan.

The subordinated liabilities of 147 million relate to subordinated loan granted on 18 December 2017 by Intesa Sanpaolo, expiring on 18 December 2027, with a fixed annual nominal rate of 2.8%. The loan provides for the company, after authorisation from the supervisory body, to make an early repayment of all or part of it, starting from the end of the fifth year, or after each interest payment date. Based on the subordination conditions alone, the loan refers to the provisions of Article 44 and 45 of Legislative Decree 209/2005. If the company is liquidated, that loan would have a lower ranking compared to the claims of all the other creditors and would only be reimbursed after all the other debts in existence on the liquidation date have been paid, but with a preference ahead of the company's shareholders. The subordinated loan was considered appropriate for the purposes of inclusion in the own funds to cover the solvency requirement (Art. 45A of the Code, and the minimum capital requirement, Art. 47A of the Code).

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	146,963	145,133	1,829

Intesa Sanpaolo Life D.A.C.

Provisions other than technical provisions

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	3,396	3,396	-

Pension obligations

The company has not recorded any liability in relation to this item on its financial report.

Financial liabilities

The company has not recorded any liability in relation to this item on its financial report.

Other liabilities

The difference relating to the item "Amounts payable to insurers and intermediaries", of 354 million euro is due to the cancellation of the "Deferred Income Liabilities". As this is an intangible liability it is valued at zero in the solvency report.

In relation to the item "Other liabilities not reported elsewhere", the difference of 29 million euro is due to the valuation on the solvency report of the discounting of the future cost of taxes on claims.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	146,108	500,569	-354,462
Reinsurance payables	18	18	-
Payables (trade, not insurance)	157,765	159,410	-1,646
Any other liabilities, not elsewhere shown	38,879	9,713	29,166

Subordinate liabilities

There are no subordinated liabilities for Intesa Sanpaolo Life.

D.4 Alternative valuation methods

Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Group regulates and formalises the measurement of the fair value of the financial instruments through the "Group Fair Value Policy" which is prepared by the Financial and Market Risks Division and which applies to the parent company and all the subsidiaries in the consolidation perimeter.

The Insurance Group companies have outsourced the pricing of the bonds to the parent company Intesa Sanpaolo, which carries out its valuations in accordance with the Fair Value Policy.

The existence of official prices on an active market is the best evidence of their value. These quotes therefore represent the prices to use on a priority basis to measure the financial assets and liabilities in the trading portfolio. In the absence of an active market, the fair value is determined by using valuation techniques intended to establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques include:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile;
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer.

The choice of these methods is not optional, as they have to be applied in hierarchical order: the availability of a price on an active market means that the other valuation approaches cannot be used.

The use of a valuation technique is intended to estimate the price at which an asset would be sold or a liability would be transferred between market operators on the valuation date under current market conditions. Three widely-used valuation techniques are the market valuation method, the cost method and the income method. Valuation techniques that reflect one or more of these methods are used to obtain the fair value. Although multiple valuation techniques are used to value the fair value, the results have to be assessed by considering the reasonableness of the range of values. A fair value valuation is the most representative value in the range, in those specific circumstances.

If the price of the operation is the fair value at the time of initial recognition, and if a valuation technique based on non-observable input is used to value the fair value subsequently, the input must be calibrated so that at the time of initial recognition, the result of the valuation technique equates to the price of the operation. Calibration ensures that the valuation technique reflects the current market conditions and helps the entity to determine whether the valuation technique needs to be rectified (for example, there may be a characteristic of the asset or liability that is not considered in the valuation technique). After initial recognition, when the fair value is valued using one or more techniques based on non-observable input, the entity needs to ensure that the valuation techniques reflect observable market data (for example the price of a similar asset or liability) on the valuation date.

Without a price from an active market, or if the market is not functioning regularly, i.e. if the market does not have a sufficient number of continuous transactions, bid-ask spread and volatility that is not low enough, the determination of the fair value of the financial instruments is mainly achieved by using valuation techniques designed to establish the price at which, in an ordinary transaction, the

asset would be sold or the liability would be transferred among market operators, on the valuation date, under current market conditions. These techniques include:

- The use of market values indirectly linked to the valued instrument, derived from policies with a similar risk profile (Level 2);
- Valuations based even partially on input not derived from market-observable parameters for which estimates and assumptions from the valuer are used (Level 3).

For Level 2 input, the valuation is not based on prices of the valued instrument, but on prices or spreads taken from the official prices of instruments that are essentially similar in terms of risk factors, using a given calculation method (pricing model). The use of this approach requires a search for transactions on active markets, relating to instruments which in terms of risk factors are comparable with the valued instrument. The Level 2 calculation methods reproduce the prices of financial instruments listed on active markets (calibration of the model) without including discretionary parameters - i.e. parameters whose value cannot be deduced from the prices of financial instruments on active markets or cannot be set at levels that replicate prices on active markets - which have a decisive influence on the final valuation.

They are valued using models based on Level 2 input:

- Bonds with no official prices on an active market whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile;
- Derivatives, if they are valued using appropriate pricing models derived from market-observable input parameters such as rate, currency and volatility curves;
- ABS for which there are no significant prices and whose fair value is determined by using valuation techniques that take into account parameters that can be deduced from the market;
- Equities valued by recourse to direct transactions, or significant transactions on the stock during a period of time considered sufficiently brief compared to the time of valuation, and under constant market conditions, for which "relative" multiplier-based valuation models are used.

To determine the fair value of certain types of financial instrument, valuation models that require the use of parameters not observable on the market need to be used, thus requiring estimates and assumptions by the valuer (Level 3). The financial instrument is valued by using a calculation methodology based on specific assumptions regarding:

- The trend in future cash flows which may be influenced by future events, to which probability can be attributed on the basis of past experience or behavioural assumptions;
- the level of certain parameters in input not available from active markets, for which the information acquired from market-observed prices and spreads is generally preferred. If this information is not available, historic data for the underlying risk factor will be used, or alternatively specialised research such as reports by rating agencies or leading market players).

The following items are valued with a mark-to-model approach:

- debt securities and complex derivatives within the perimeter of structured credit instruments and tranche-linked derivatives;
- hedge funds not considered in Level 1;

- ownership interests and other capital securities valued using models based on discounted cash flows.

In relation to bonds, the pricing of non-contributed securities (those with no official prices on an active market which are classified at fair value level 2 or 3) whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile. This measurement is drawn from the following sources:

- contributed liquid securities from the same issuer;
- credit default swaps on the same reference entity;
- contributed liquid securities from an issuer with the same rating belonging to the same sector.

In any case, attention is paid to the different seniority of the security to be priced in relation to the issuer's debt structure.
For Italian public issuers, a rating/duration grid is drawn up, based on the spread levels of the government issues. Differentials are then applied, between the various rating/duration classes compared to public issues (regional, provincial and municipal authorities, and government bodies).

Similarly, for financial liabilities valued at fair value, in order to determine and measure the credit spread of the Intesa Sanpaolo Group, reference is made to bonds issued by the Parent Company with regular coupons, maturity beyond 1 year and listed on an active market in accordance with IAS/IFRS. The market prices are used to obtain the implied credit rating which is then perfected using interpolation models. These generate credit spread curves that are differentiated according to the type of coupon, maturity and subordination level.

In the case of bonds not listed on active markets, in order to take into account the higher premium required from the market in respect of a similar bond, an additional component is added to the fair credit spread, estimated on the basis of the market bid/ask spread.

If there is an embedded option, there is a further adjustment to the spread by adding a component intended to include the structure's hedging costs and the illiquidity of the underlying assets. This component is determined on the basis of the type of option and the maturity.

Intesa Sanpaolo Vita S.p.A.

See above, in relation to the Insurance Group.

Intesa Sanpaolo Assicura S.p.A.

See above, in relation to the Insurance Group.

Fideuram Vita S.p.A.

See above, in relation to the Insurance Group.

Intesa Sanpaolo Life D.A.C.

See above, in relation to the Insurance Group.

D.5 Other information

Intesa Sanpaolo Vita Insurance Group

The Group considers that it has covered all the information relevant for the purposes of this document, in paragraphs D.1 to D.4.

E. Capital management

With reference to the QRT S.23.01 annexed to this Report, a list is given of the items in the own funds, with an emphasis on the main characteristics of each item.

E.1 Own funds

This section focuses on a representation of the Insurance Group's solvency position, and that of the individual group companies. The solvency position is represented by the ratio between the own funds and SCR of the Group and of the companies.

Specifically, in relation to own funds, issues relating to the various components of the solvency position are explored and analysed. In particular:

- Items within the capital availability and related tiering;
- The reconciliation between own funds and the net equity in the financial statements;
- An analysis of the changes in own funds.

The issue of Solvency Capital Requirement and Minimum Capital Requirement is also dealt with, with attempts being made to investigate issues relating to the various types of risk that make up this amount, and the main features of the standard formula used by the group companies.

The section concludes with certain information that can be useful for the purposes of this analysis.

Intesa Sanpaolo Vita Insurance Group

E.1.1 Structure, amount and quality of own funds

The own funds, in the context of the Solvency II framework, are important asset items that can be used to absorb the losses resulting from the occurrence of risks facing the Insurance Group. They are equal to the sum of the basic own funds and the ancillary own funds as defined in articles 88 and 89 of the Directive.

The capital requirement is valued by taking into consideration the risk tolerance threshold identified with a forward-looking valuation of risks and solvency (RAF- Risk appetite framework) and by following the ORSA (Own Risk and Solvency Assessment) principles, as well as a strategic planning of the Insurance Group defined for each company.

The capital management policy, in compliance with the regulatory restraints and compatibly with maintaining the solvency of the Insurance Group, aims at supporting the growth of the Group and the companies and meeting the shareholders' yield expectations, while maintaining a balanced composition of the own funds.

Through the capital management process, it is possible:

- to monitor the capital position, periodically ensuring compliance with the RAF limits and consistency with the business strategy suggesting changes to the own risk profile;
- to provide the bases for the activities relating to strategic planning through the assessment of capital adequacy;
- to determine the amount of dividends to shareholders;

- to guide the capital-raising activities and select the most adequate instrument;
- to ensure the quality of capital in terms of capital resources for the tier, and ability to cover losses;
- to optimise the risk/yield balance of the business, maintaining the regulatory capital levels in compliance with regulatory provisions and the Risk Appetite of the Insurance Group and individual Companies, and the target capital levels in line with management limits;
- to contribute to determining the commercial strategies considering a new capital absorption and value creation strategy;
- to assess the impacts of new products in terms of current and forward-looking capital.

At individual Company and Insurance Group level, the Eligible Own Funds are determined following the regulatory provisions of Solvency II through a process consisting of several stages:

- determining the Excess of Assets Over Liabilities in a consistent market context;
- including any subordinated loans;
- making adjustments for transferability and fungibility;
- tiering and quantitative limits for the eligibility of Funds.

As regards the potential limitations in the Own Funds' use, the appropriate assessments are carried out on the basis of the nature of the fund, the capital components and the legal and regulatory operational context.

On 31 December 2018 the total basic own funds amounted to 7,026 million euro.

The main components of the own funds are:

- Share capital of 678 million euro;
- Share premium reserve of 1,328 million euro;
- Reconciliation provision of 3,460 million euro;
- Subordinated loans of 1,560 million euro.

Certain securities known as "Encumbrances" are excluded from the available own funds, in accordance with the provisions of Article 71, 1 o) of the Delegated Regulation.

The solvency indicators relating to the value of the group SCR and the group MSR for 2018 were 216% and 389%, respectively.

With regard to the quality of the own funds, indicated by the tiering of each item, 78% of the eligible own funds are classified in the highest most reliable level (Tiering 1unrestricted) while 11% is classified in the medium level (Tiering 1 restricted), which relates to a particular category of subordinated loans with no maturity. The remaining 11% is classified in Tier 2 as the result of another portion of subordinated loans with maturity. The share capital, share premium reserve and the reconciliation reserves are fully available to absorb potential losses.

In relation to the subordinated loans we can conclude that the following items are recognised in the consolidated accounts to 31 December 2018:

- 10 loans with indeterminate maturity granted by the parent company Intesa Sanpaolo and Cassa di Risparmio di Firenze to the value of 21,294 euro thousands (Individual accounts and Solvency II);
- 1 subordinated bond on the Luxembourg market, the nominal value of which is 750,000 euro thousands, while the Solvency II value is 772,040 euro thousands;
- 1 loan with fixed maturity granted by the parent company Intesa Sanpaolo to the value of 619,479 euro thousands (Individual accounts and Solvency II);
- 1 bond relating to Fideuram Vita issued by Intesa Sanpaolo on 18 December 2017 maturing in 2021 with a nominal value of 145 million euro with an option for full or partial reimbursement from 18 December 2022 after authorisation by the regulator, while the solvency value is 146,963 euro thousands.

Basic own funds

Below there are the components of the basic own funds that make up the own funds of the Insurance Group:

- The ordinary share capital and share premium reserves;
- Surplus of assets over liabilities;
- The subordinated liabilities valued in accordance with the Solvency II framework to the extent that they meet all the requirements for eligibility.

(euro thousands)

Basic Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	677,869	677,869	-	-	-	677,869	677,869	-	-	-
Share premium related to ordinary share capital	1,328,097	1,328,097	-	-	-	1,328,097	1,328,097	-	-	-
Reconciliation reserve	3,460,588	3,460,588	-	-	-	3,893,530	3,893,530	-	-	-
Subordinated liabilities	1,559,775	-	793,334	766,441	-	2,084,456	-	785,714	1,298,743	-
Total amount	**7,026,330**	**5,466,555**	**793,334**	**766,441**	**-**	**7,983,953**	**5,899,496**	**785,714**	**1,298,743**	**-**

Compared to 2017 there has been a reduction in own funds of 957,622 euro thousands, of which 55% is attributable to the maturities of the subordinated loans with the remaining 45% attributable to a reduction in the reconciliation provisions.

78% of the own funds are classified as Tier 1 unrestricted.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels.

(euro thousands)

Eligible Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	677,869	677,869	-	-	-	677,869	677,869	-	-	-
Share premium related to ordinary share capital	1,328,097	1,328,097	-	-	-	1,328,097	1,328,097	-	-	-
Reconciliation reserve	3,460,588	3,460,588	-	-	-	3,893,530	3,893,530	-	-	-
Subordinated liabilities	1,132,912	-	793,334	339,578	-	1,135,217	-	785,714	349,503	-
Total amount	**6,599,467**	**5,466,555**	**793,334**	**339,578**	**-**	**7,034,713**	**5,899,496**	**785,714**	**349,503**	**-**

There is a reduction of 6% in the total eligible own funds compared to 2017, while 83% of the funds are classified as Tier 1 unrestricted.

Within the own funds eligible for the MCR, the subordinated liabilities item is lower than the one on the own funds referring to the capital requirement. The amount has fallen from 1,560 to 1,133 million euro due to the fact that in the calculation of the own funds eligible for the MCR, the amounts classified as Tier 2 are included for up to 20% of the same MCR as provided for in the Solvency regulations.

E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

Below is a reconciliation between the net equity of each company and the own funds used to cover the value of the SCR.

There is also a reconciliation between the net equity on the 2018 financial statements prepared according to the provisions of ISVAP Regulation no. 22/2008 (as amended) and the surplus of assets over liabilities calculated according to Article 75 and section 2 of chapter IV of the Directive, and the total own funds as defined in section 3 of chapter IV of the Directive. Refer to Chapter D for details of each item in the reconciliation provision.

E.1.3 Transitional provisions

Within the Group, only Intesa Sanpaolo Vita uses transitional measures to value its own funds.

See next paragraph.

E.1.4 Ancillary own funds

No Group company has requested authorisation for the use of ancillary own funds.

Intesa Sanpaolo Vita S.p.A.

E.1.1 Structure, amount and quality of own funds

Basic own funds

Intesa Sanpaolo Vita holds 47% of the share capital of the items in the own funds of the Insurance Group, 100% of the share premium reserve. The company also holds 91% of the subordinated liabilities for the Insurance Group.

Below is an illustration of the company's own funds:

(euro thousands)

Basic Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	320,423	320,423	-	-	-	320,423	320,423	-	-	-
Share premium related to ordinary share capital	1,328,097	1,328,097	-	-	-	1,328,097	1,328,097	-	-	-
Reconciliation reserve	3,073,984	3,073,984	-	-	-	3,522,820	3,522,820	-	-	-
Subordinated liabilities	1,412,813	-	793,334	619,479	-	1,939,953	-	785,714	1,154,240	-
Total amount	**6,135,316**	**4,722,504**	**793,334**	**619,479**	**-**	**7,111,294**	**5,171,340**	**785,714**	**1,154,240**	**-**

For the purposes of regulating the own funds, the ordinary shares of the company have the following characteristics:

- They are issued directly by the company with a resolution of its shareholders or by the executive body (as permitted by national regulations);
- They give the bearer the right to draw on the residual assets after the company has been liquidated, in proportion to the securities held, without fixed amounts or caps.

Based on these considerations, they are considered to be Tier 1 together with the issue premium.

The reconciliation provision was also fully considered in Tier 1 in accordance with the provisions of Delegated Regulation No. 35/2015.
The subordinated loans were classified in accordance with the contents of paragraph E.1.3.

The company has not included in its own funds any element that requires prior approval by the national regulator.

The reconciliation reserve consists of the net equity reserves not included in the items relating to share capital and share premium reserves and includes also the sum of the valuation differences emerging from the valuation principles adopted for the statutory financial statements and those applied for the purposes of the solvency report. In algebraic terms this corresponds to the total surplus assets compared to liabilities net of the asset items already contained in the financial statements valued using the national accounting standards, less the value of shares, dividends in distribution and the basic own funds with the exclusion of the subordinated liabilities.

In essence the reconciliation provision represents the difference between the NAV (net asset value = value of assets – value of liabilities) of the solvency report, based on the "fair value" of assets and liabilities (market values for assets and best estimate for liabilities) and the NAV of the statutory accounts, which is characterised by the "at cost" valuation of the various items (more specifically, the lower of the "cost" and "market" with regard to the assets).

The reconciliation provision is the most volatile component of the available own funds, as its value depends directly on the dynamics on the financial markets and the impact that those dynamics have on the company's assets portfolio which are not offset by similar effects on the liabilities side both because of the different discount curve used and also because of the guarantees and options available to policyholders, which lead to an imbalance in behaviour, with regard to the former.

The company's Asset Allocation strategy is therefore important. This is the degree of diversification of portfolios among the various classes of the investable universe, and the market risks to which each portfolio is subject, based on the various guarantees of return on capital offered to the policyholders and their behaviour in terms of exercising their options (early surrender and/or additional payments).

The company calculates and monitors the mismatches in cash flow and duration of the portfolios and the sensitivity of the reconciliation provision to the main risk factors depending on the trend on the market. This sensitivity measure is heavily dependent on the level of credit spread between the Italian government bonds and similar bonds issued by other Eurozone countries, which determines the size of the Volatility Adjustment (VA) and ultimately the discount curve to be used to value the liabilities.

In consideration of this, the sensitivity of the reconciliation provision tends to be lower than the exposure values indicated above (section C) for each of the market risks considered.

The reconciliation reserve calculated according to the Solvency II principles amounts to 3,073,984 thousand euro and comprises:

- Annual profits net of the foreseeable dividends, equal to 223,411 euro thousands, and profits carried forward of 4,619 euro thousands;
- Legal reserves: 64,085 euro thousands;
- Other Statutory reserves: 863,235 euro thousands;
- Other reserves: 6,002 euro thousands;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 1,912,631 euro thousands.

With regard to the subordinated loans, below are details of the main loans on the financial statements of Intesa Sanpaolo Vita:

- Non-convertible subordinated bond with indeterminate maturity, to be called in on expiry of the 10th year, issued on 17/12/2014 with a nominal value of 750 million euro: solvency value on 31/12/2017 equal to 772 million euro;
- Non-convertible subordinated bond of 10-year duration issued on 21/7/2017 for 600 million euro: solvency value on 31/12/2017 equal to 619.5 million euro.

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Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels.

(euro thousands)

Eligible Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	320,423	320,423	-	-	-	320,423	320,423	-	-	-
Share premium related to ordinary share capital	1,328,097	1,328,097	-	-	-	1,328,097	1,328,097	-	-	-
Reconciliation reserve	3,073,984	3,073,984	-	-	-	3,522,820	3,522,820	-	-	-
Subordinated liabilities	1,042,472	-	793,334	249,138	-	1,037,010	-	785,714	251,290	-
Total amount	**5,764,976**	**4,722,504**	**793,334**	**249,138**	**-**	**6,208,351**	**5,171,340**	**785,714**	**251,290**	**-**

There is a decrease of 7% of the total eligible own funds compared to 2017. As for the Insurance Group, Intesa Sanpaolo Vita has maintained 82% of its funds as Tier 1 unrestricted. Within the own funds eligible for the MCR, the subordinated liabilities item is lower than the one on the own funds referring to the capital requirement. The amount has fallen from 1,413 to 1,043 million euro due to the fact that in the calculation of the own funds eligible for the MCR, the amounts classified as Tier 2 are included for up to 20% of the same MCR as provided for in the Solvency regulations.

E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

The comparison with 2017 shows a reduction of 13% in total own funds and a reduction in Encumbrances of 38%. The reduction of 27% in subordinated loans is justified by the redemption of two subordinated loans during 2018 with a nominal value of 500 million euro and 30 million euro. Another reduction comes from the decrease of 10.4% in the reconciliation provision relating only to the Solvency component.

(euro thousands)

	31.12.2018	31.12.2017	Change	%
Equity- Statutory	**2,809,872**	**3,037,247**	**-227,375**	**-7.5%**
Adjustment on assets	**4,829,768**	**8,099,575**	**-3,269,807**	**-40.4%**
Goodwill and other intangible assets	-10,602	-6,822	-3,780	55.4%
Properties and plants	-	-	-	-
Holdings in financial and credit insitutions	-	-	-	-
Holdings in other entities	1,435,538	1,261,515	174,022	13.8%
Financial instruments	2,584,970	5,338,014	-2,753,044	-51.6%
Deferred tax assets	820,480	1,509,167	-688,687	-45.6%
Reinsurance receivables	-618	-2,300	1,682	-73.1%
Adjustment on technical provisions	**-1,834,572**	**-4,033,534**	**2,198,962**	**-54.5%**
Life technical provisions	-2,634,164	-4,878,679	2,244,516	-46.0%
Life technical provisions - Index linked and unit- linked	799,259	844,962	-45,703	-5.4%
Other technical provisions	332	183	150	81.9%
Adjustment on other liabilities	**-1,081,697**	**-1,930,537**	**848,839**	**-44.0%**
Deferred tax liabilities	-1,060,477	-1,921,402	860,925	-44.8%
Financial liabilities	225	1,993	-1,767	-88.7%
Pension benefit obligations	-3,146	-2,949	-197	6.7%
Other adjustments	-18,299	-8,178	-10,121	>100%
Reconciliation reserve	**1,913,498**	**2,135,504**	**-222,005**	**-10.4%**
Subordinated liabilities includes in Basic Own Funds	**1,412,813**	**1,939,953**	**-527,140**	**-27.2%**
Encumbrances	**-867**	**-1,410**	**543**	**-38.5%**
Total Own Funds	**6,135,316**	**7,111,294**	**-975,978**	**-13.7%**

E.1.3 Transitional provisions

Subordinated liabilities

According to Delegated Regulation no. 35/2015 the subordinated loans entered on the financial statements of Intesa Sanpaolo Vita on 31 December 2018 considered for Solvency II purposes are as follows:

a. 10 loans with indeterminate maturity granted by the parent company Intesa Sanpaolo and Cassa di Risparmio di Firenze to the value of 21,294 euro thousands (Individual accounts prepared according to Italian accounting standards and Solvency II);

b. 1 subordinated bond on the Luxembourg market, the nominal value of which is 750,000 euro thousands, while the Solvency II value is 772,040 euro thousands.

c. 1 loan with fixed maturity granted by the parent company Intesa Sanpaolo to the value of 600,000 euro thousands for a total of 619,479 euro thousands (Individual accounts prepared according to Italian accounting standards and Solvency II).

By applying the grandfathering principle, Intesa Sanpaolo Vita and Fideuram Vita have divided the subordinated loans between Tier 1–restricted (loans described in a. and b.) and Tier 2 (loan described in c.).

Intesa Sanpaolo Assicura S.p.A.

E.1.1 Structure, amount and quality of own funds

Basic own funds

The basic own funds of Intesa Sanpaolo Assicura include:

- the paid-up ordinary shares;
- the reconciliation reserve.

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- Share capital: on 31 December 2018 the value was 27,912 euro thousands, divided into 27,912,258 ordinary shares each with a nominal value of 1 euro;
- reconciliation reserve: this item is calculated by taking into account the surplus assets over liabilities (of 403,997 euro thousands) net of the share capital.

All the components of own funds are considered in Tier 1.

The company has not included in its own funds any element that requires prior approval by the national regulator.

(euro thousands)

Basic Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	27,912	27,912	-	-	-	27,912	27,912	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-	-	-	-	-	-
Reconciliation reserve	403,997	403,997	-	-	-	299,265	299,265	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Total amount	**431,910**	**431,910**	**-**	**-**	**-**	**327,178**	**327,178**	**-**	**-**	**-**

The reconciliation reserve calculated according to the Solvency II principles amounts to 403,997 thousand euro and comprises:

- Annual profits net of the foreseeable dividends, equal to 58,461 euro thousands, and profits carried forward of 63,478 euro thousands;
- Legal reserves: 6,849 euro thousands;
- Other Statutory reserves: 144,324 euro thousands;
- Other reserves: 24,988 euro thousands;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 105,897 euro thousands.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels. The funds eligible to cover the minimum requirement are all classified as Tier 1 Unrestricted and correspond to the amounts available to cover the solvency requirement.

(euro thousands)

Eligible Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	27,912	27,912	-	-	-	27,912	27,912	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-	-	-	-	-	-
Reconciliation reserve	403,997	403,997	-	-	-	299,265	299,265	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Total amount	**431,910**	**431,910**	**-**	**-**	**-**	**327,178**	**327,178**	**-**	**-**	**-**

There is an increase of 32% of the total eligible own funds compared to 2017.

E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

The comparison with 2017 shows an increase of 32% in total own funds and a reduction in Encumbrances of 13%. The assets are further strengthened by the increase of 76% in the reconciliation provision.

(euro thousands)

	31.12.2018	31.12.2017	Change	%
Equity- Statutory	**326,012**	**267,210**	**58,802**	**22.0%**
Adjustment on assets	**-1,749**	**9,517**	**-11,266**	**-118.4%**
Goodwill and other intangible assets	-6,932	-3,137	-3,795	>100%
Financial instruments	1,094	10,392	-9,298	-89.5%
Deferred tax assets	4,089	2,262	1,827	>100%
Adjustment on technical provisions	**165,678**	**84,037**	**81,641**	**97.1%**
Non- Life technical provisions	115,044	64,202	50,842	79.2%
Riserve tecnice riassicurazione	46,803	17,529	29,274	<-100%
Other technical provisions	3,831	2,307	1,524	66.1%
Adjustment on other liabilities	**-57,848**	**-33,375**	**-24,473**	**73.3%**
Deferred tax liabilities	-51,411	-29,103	-22,308	76.7%
Pension benefit obligations	-548	-453	-95	20.8%
Other adjustments	-5,888	-3,818	-2,070	54.2%
Reconciliation reserve	**106,081**	**60,179**	**45,902**	**76.3%**
Encumbrances	**-184**	**-212**	**28**	**-13.1%**
Total Own Funds	**431,909**	**327,178**	**104,731**	**32.0%**

Fideuram Vita S.p.A.

E.1.1 Structure, amount and quality of own funds

Basic own funds

Also for Fideuram Vita, the components of the basic own funds are made up of the surplus of assets over liabilities, the subordinated valued liabilities and the own shares.

The basic own funds of Fideuram Vita include:

- the paid-up ordinary shares;
- the reconciliation reserves;
- the subordinated liabilities paid and valued according to the Solvency II framework.

In the calculation of the reconciliation reserve the company considered the undistributed earnings used as a reference for calculating the SCR.
As part of a capital reinforcement plan the company may resort to a subordinated loan of 145 million euro expiring in 2027, in compliance with IVASS Regulation no. 25/2016 which implements the provisions of Delegated Regulation 35/2015 and the Code of Private Insurance (CAP), in order to control risks in line with the risk-based approach of European Directive 138 of 2009.

The company has tiered the various levels of own funds in accordance with Article 44-i CAP.

The company has not included in its own funds any element that requires prior approval by the national regulator.

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- Share capital: On 31 December 2018 the value was 357,447, attributable entirely to the Life business;
- reconciliation reserve: this item is equal to 369,539 and is calculated by taking into account the Excess of Assets over Liabilities (728,054 euro thousands) net of share capital (357,447 euro thousands) and encumbrances (1,068);
- subordinated loans: the total is 146,963 euro thousands, classified entirely in Tier 2.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels.

(euro thousands)

Basic Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	357,447	357,447	-	-	-	357,447	357,447	-	-	-
Reconciliation reserve	369,539	369,539	-	-	-	354,491	354,491	-	-	-
Subordinated liabilities	146,963	-	-	146,963	-	144,708	-	-	144,708	-
Total amount	**873,949**	**726,986**	**-**	**146,963**	**-**	**856,646**	**711,938**	**-**	**144,708**	**-**

The reconciliation provision as at 31 December 2018 totalled 369,539 euro thousands and is formed of the following elements:

- Profits reserve of 9,419 euro thousands;
- Statutory reserves of 16,691 euro thousands;
- Other reserves of 308,752 euro thousands;
- Differences in valuation between the principles used for the statutory accounts and those for the solvency accounts, equal to 34,677 euro thousands.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels. The funds eligible to cover the minimum requirement are all classified as Tier 1 Unrestricted and correspond to the amounts available to cover the solvency requirement.

(euro thousands)

Eligible Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	357,447	357,447	-	-	-	357,447	357,447	-	-	-
Reconciliation reserve	369,539	369,539	-	-	-	354,491	354,491	-	-	-
Subordinated liabilities	37,799	-	-	37,799	-	45,134	-	-	45,134	-
Total amount	**764,785**	**726,986**	**-**	**37,799**	**-**	**757,072**	**711,938**	**-**	**45,134**	**-**

There is an increase of 1% of the total eligible own funds compared to 2017. Fideuram Vita has 95% of its funds classified as Tier 1 unrestricted.

Within the own funds eligible for the MCR, the subordinated liabilities item is lower than the one on the own funds referring to the capital requirement. The amount has fallen from 147 to 38 million euro due to the fact that in the calculation of the own funds eligible for the MCR, the amounts classified as Tier 2 are included for up to 20% of the same MCR as provided for in the Solvency regulations.

E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

From a comparison with 2017 it can be seen there is an increase of 2% on the total own funds.

(euro thousands)

	31.12.2018	31.12.2017	Change	%
Equity- Statutory	**693,377**	**683,588**	**9,789**	**1.4%**
Adjustment on assets	**195,541**	**448,618**	**-253,077**	**-56.4%**
Goodwill and other intangible assets	-77,353	-67,726	-9,627	14.2%
Properties and plants	-	1,925	-1,925	-100.0%
Holdings in financial and credit insitutions	-34	27	-61	>100%
Financial instruments	221,277	403,302	-182,025	-45.1%
Deferred tax assets	51,932	111,652	-59,720	-53.5%
Other assets	-281	-562	281	-50.0%
Adjustment on technical provisions	**-89,110**	**-293,884**	**204,774**	**-69.7%**
Life technical provisions	-499,930	-647,104	147,174	-22.7%
Life technical provisions - Index linked and unit- linked	410,820	353,220	57,600	16.3%
Adjustment on other liabilities	**-71,755**	**-126,384**	**54,629**	**-43.2%**
Deferred tax liabilities	-68,351	-125,129	56,778	-45.4%
Financial liabilities	-1,829	292	-2,121	>100%
Pension benefit obligations	-2,106	-2,016	-90	4.5%
Other adjustments	531	469	62	13.2%
Reconciliation reserve	**34,676**	**28,350**	**6,326**	**22.3%**
Subordinated liabilities includes in Basic Own Funds	**146,963**	**144,708**	**2,255**	**1.6%**
Total Basic Own Funds	**875,016**	**856,646**	**18,370**	**2.1%**
Encumbrances	**-1,068**	**-**	**-1,068**	**-**
Total Own Funds	**873,948**	**856,646**	**17,302**	**2.0%**

Intesa Sanpaolo Life D.A.C.

E.1.1 Structure, amount and quality of own funds

Basic own funds

The components of the basic own funds of Intesa Sanpaolo Life D.A.C. are made up of the surplus of assets over liabilities and by equity reserves. The company has not issued subordinated liabilities.

The basic own funds of Intesa Sanpaolo Life are all classified as Tier 1, are all eligible for the required solvency capital ratio and include:

- the paid-up ordinary shares;
- the reconciliation reserves;
- the capital contribution.

(euro thousands)

Basic Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	625	625	-	-	-	625	625	-	-	-
Share premium related to ordinary share capital	10	10	-	-	-	10	10	-	-	-
Reconciliation reserve	1,103,559	1,103,559	-	-	-	1,034,002	1,034,002	-	-	-
Capital contribution	104,444	104,444	-	-	-	104,444	104,444	-	-	-
Total amount	**1,208,638**	**1,208,638**	**-**	**-**	**-**	**1,139,081**	**1,139,081**	**-**	**-**	**-**

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- Share capital: On 31 December 2018 the value was 625 euro thousands;
- the share premium reserve, with a value of approximately 10 euro thousands;
- the capital reserve of 104,444 euro thousands;
- reconciliation reserve: this item is calculated by taking into account the Excess of Assets over Liabilities (1,103,558 euro thousands) net of share capital (625 euro thousands), net of the capital contribution (of 104,444 euro thousands).

The reconciliation provision is made up as follows:

(euro thousands)

Reconciliation reserve	**31.12.2018**	**31.12.2017**
Reconciliation at the beginning of the year	1,034,002	806,704
IFRS Net Income	124,816	110,430
Adjustment AFS Reserve	-8,151	-555
Depreciation due tax assets relation to the claims	-11,517	1,574
Adjustment on balance sheet	6,582	11,552
Adjustment on the risk margin	-2,209	134,298
Dividend	-40,000	-30,000
Other	36	-1
Reconciliation year to date	**1,103,559**	**1,034,002**

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels. The funds eligible to cover the minimum requirement are all classified as Tier 1 Unrestricted and correspond to the amounts available to cover the solvency requirement.

(euro thousands)

Eligible Own Funds	31.12.2018	Tiering 31.12.2018				31.12.2017	Tiering 31.12.2017			
		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3		Tier 1 unrestrict.	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	625	625	-	-	-	625	625	-	-	-
Share premium related to ordinary share capital	10	10	-	-	-	10	10	-	-	-
Reconciliation reserve	1,103,559	1,103,559	-	-	-	1,034,002	1,034,002	-	-	-
Capital contribution	104,444	104,444	-	-	-	104,444	104,444	-	-	-
Total amount	**1,208,638**	**1,208,638**	**-**	**-**	**-**	**1,139,081**	**1,139,081**	**-**	**-**	**-**

There is an increase of 6.1% of the total eligible own funds compared to 2017. Intesa Sanpaolo Life has all of its funds classified as Tier 1 unrestricted.

E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

From a comparison with 2017 it can be seen there is an increase of 6.1% on the total own funds. The assets are further strengthened by the increase of 0.8% in the reconciliation provision.

(euro thousands)

	31.12.2018	31.12.2017	Change	%
Equity- Statutory	**647,667**	**582,518**	**65,148**	**11.2%**
Adjustment on assets	**-370,251**	**-376,213**	**5,963**	**-1.6%**
Goodwill and other intangible assets	-370,251	-376,213	5,963	-1.6%
Properties and plants	-	-	-	-
Holdings in financial and credit insitutions	-	-	-	-
Financial instruments	-	-	-	-
Deferred tax assets	-	-	-	-
Other assets	-	-	-	-
Adjustment on technical provisions	**686,065**	**693,194**	**-7,129**	**-1.0%**
Life technical provisions	-	-	-	-
Life technical provisions - Index linked and unit- linked	673,216	679,716	-6,500	-1.0%
Other technical provisions	12,849	13,478	-629	-4.7%
Adjustment on other liabilities	**245,157**	**239,581**	**5,576**	**2.3%**
Deferred tax liabilities	-80,139	-79,509	-630	0.8%
Financial liabilities	-	-	-	-
Pension benefit obligations	-	-	-	-
Insurance and intermediaries payables	354,461	352,232	2,229	0.6%
Other adjustments	-29,166	-33,142	3,976	-12.0%
Reconciliation reserve	**560,971**	**556,562**	**4,410**	**0.8%**
Subordinated liabilities includes in Basic Own Funds	**-**	**-**	**-**	**-**
Total Own Funds	**1,208,639**	**1,139,080**	**69,559**	**6.1%**

E.2 Solvency capital requirement and minimum capital requirement

With reference to the contents of the QRT S.25.01 annexed to this report, the SCR should be mentioned, highlighting the individual risks it comprises.

Intesa Sanpaolo Insurance Group

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

The solvency capital requirement of the Intesa Sanpaolo Vita Insurance Group on 31 December 2018 is 3,259 million euro.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**3,258,903**	**3,440,164**	**-181,262**	**-5.3%**
Deferred Tax Adjustment	-482,756	-186,434	-296,322	158.9%
Solvency Capital Requirement before Adjustment	3,741,659	3,626,598	115,061	3.2%
Operational Risk	**440,846**	**563,146**	**-122,301**	**-21.7%**
Basic Solvency Capital Requirement	**3,300,813**	**3,063,452**	**237,362**	**7.7%**
Diversification	-951,156	-876,498	-74,658	8.5%
Market Risk	**2,736,943**	**2,529,700**	**207,243**	**8.2%**
Interest Rate Risk	321,709	393,132	-71,423	-18.2%
Equity Risk	774,246	944,681	-170,434	-18.0%
Property Risk	68,808	44,518	24,290	54.6%
Spread Risk	1,585,176	1,205,959	379,217	31.4%
Concentration Risk	206,237	183,125	23,112	12.6%
Currency Risk	687,051	614,923	72,128	11.7%
Diversification	-906,283	-856,637	-49,646	5.8%
Underwriting Risk (Life)	**1,017,265**	**967,524**	**49,741**	**5.1%**
Mortality Risk	128,634	118,576	10,058	8.5%
Longevity Risk	134,249	116,063	18,186	15.7%
Disability Risk	-	-	-	-
Expenses Risk	186,290	187,444	-1,154	-0.6%
Revision Risk	-	-	-	-
Lapse Risk	832,740	790,942	41,797	5.3%
Cat Risk	70,212	63,083	7,129	11.3%
Diversification	-334,859	-308,585	-26,274	8.5%
Underwriting Risk (Non-Life)	**167,726**	**133,490**	**34,237**	**25.6%**
Premium & reserve Risk	148,763	116,758	32,005	27.4%
Lapse Risk	42,841	24,610	18,232	74.1%
Cat Risk	37,304	37,395	-91	-0.2%
Diversification	-61,182	-45,273	-15,909	35.1%
Underwriting Risk (Health)	**141,985**	**81,795**	**60,190**	**73.6%**
Cat Risk	*796*	5,981	-5,185	-86.7%
Mass Accident Risk	*453*	*414*	*40*	*9.6%*
Concentration Risk	*414*	*407*	*6*	*1.5%*
Pandemic Risk	*507*	*5,952*	*-5,446*	*-91.5%*
Diversification	*-578*	*-793*	*215*	*-27.1%*
Non- SLT Risk	141,784	80,095	61,689	*77.0%*
Reserve Risk	*140,126*	*79,548*	*60,578*	*76.2%*
Lapse Risk	*21,615*	*9,339*	*12,276*	*131.4%*
Diversification	*-19,957*	*-8,793*	*-11,165*	*127.0%*
Diversification	-595	-4,280	3,686	-86.1%
Default Risk	**188,050**	**227,441**	**-39,391**	**-17.3%**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1,698 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

The value of the own funds eligible to cover the SCR at Group level is 7,026 million euro. With reference to Art. 230, the Group solvency value has been stated. It is calculated as the difference between the eligible own funds and the SCR at Group level, amounting to 3,767.3 million euro.

Intesa Sanpaolo Vita S.p.A.

The SCR of the company on 31 December 2018 is 2,768 million euro. In calculating the SCR the company uses the Volatility Adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**2,768,203**	**2,792,188**	**-23,985**	**-0.9%**
Deferred Tax Adjustment	-406,465	-142,428	-264,038	185.4%
Solvency Capital Requirement before Adjustment	3,174,668	2,934,616	240,053	8.2%
Operational Risk	**317,186**	**349,526**	**-32,340**	**-9.3%**
Basic Solvency Capital Requirement	**2,857,482**	**2,585,089**	**272,393**	**10.5%**
Diversification	-528,412	-507,838	-20,575	4.1%
Market Risk	**2,569,608**	**2,308,357**	**261,251**	**11.3%**
Interest Rate Risk	280,923	348,809	-67,886	-19.5%
Equity Risk	880,148	935,463	-55,315	-5.9%
Property Risk	68,808	42,250	26,557	62.9%
Spread Risk	1,420,246	1,084,258	335,988	31.0%
Concentration Risk	203,658	179,529	24,129	13.4%
Currency Risk	518,898	464,829	54,070	11.6%
Diversification	-803,073	-746,782	-56,292	7.5%
Underwriting Risk (Life)	**662,569**	**598,721**	**63,848**	**10.7%**
Mortality Risk	102,401	92,691	9,710	10.5%
Longevity Risk	77,878	67,791	10,086	14.9%
Disability Risk	-	-	-	-
Expenses Risk	91,402	100,208	-8,806	-8.8%
Revision Risk	-	-	-	-
Lapse Risk	555,450	490,708	64,742	13.2%
Cat Risk	65,678	59,199	6,479	10.9%
Diversification	-230,240	-211,876	-18,363	8.7%
Default Risk	**153,717**	**185,850**	**-32,132**	**-17.3%**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1,246 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

Intesa Sanpaolo Assicura S.p.A.

The SCR of the company on 31 December 2018 is 193 million euro. In calculating the SCR the company does not use the volatility adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**192,646**	**179,446**	**13,200**	**7.4%**
Deferred Tax Adjustment	-60,835	-9,383	-51,452	548.3%
Solvency Capital Requirement before Adjustment	253,481	188,829	64,652	34.2%
Operational Risk	**17,825**	**16,896**	**929**	**5.5%**
Basic Solvency Capital Requirement	**235,656**	**171,933**	**63,723**	**37.1%**
Diversification	-109,177	-77,602	-31,575	40.7%
Market Risk	**23,429**	**26,972**	**-3,544**	**-13.1%**
Interest Rate Risk	3,676	2,592	1,084	41.8%
Equity Risk	5,276	9,266	-3,990	-43.1%
Property Risk	-	-	-	-
Spread Risk	4,480	8,489	-4,009	-47.2%
Concentration Risk	-	-	-	-
Currency Risk	17,317	15,522	1,795	11.6%
Diversification	-7,320	-8,897	1,577	-17.7%
Underwriting Risk (Non-Life)	**167,726**	**133,490**	**34,237**	**25.6%**
Premium & reserve Risk	148,763	116,758	32,005	27.4%
Lapse Risk	42,841	24,610	18,232	74.1%
Cat Risk	37,304	37,395	-91	-0.2%
Diversification	-61,182	-45,273	-15,909	35.1%
Underwriting Risk (Health)	**141,985**	**81,795**	**60,190**	**73.6%**
Cat Risk	*796*	5,981	-5,185	-86.7%
Mass Accident Risk	*453*	*414*	40	9.6%
Concentration Risk	*414*	*407*	6	1.5%
Pandemic Risk	*507*	*5,952*	-5,446	-91.5%
Diversification	*-578*	*-793*	215	-27.1%
Non- SLT Risk	141,784	80,095	61,689	77.0%
Reserve Risk	*140,126*	*79,548*	60,578	76.2%
Lapse Risk	*21,615*	*9,339*	12,276	131.4%
Diversification	*-19,957*	*-8,793*	-11,165	127.0%
Diversification	-595	-4,280	3,686	-86.1%
Default Risk	**11,693**	**7,278**	**4,415**	60.7%

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 86.7 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

Fideuram Vita S.p.A.

On 31 December 2018 the SCR of Fideuram Vita amounted to 420 million euro. The requirement is calculated using the Standard Formula, on the basis of the provisions of Chapters V and VI of the Delegated Acts. In calculating the SCR the company uses the Volatility Adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**419,994**	**501,493**	-81,499	-16.3%
Deferred Tax Adjustment	-35,589	-36	-35,553	98758.1%
Solvency Capital Requirement before Adjustment	455,583	501,529	-45,946	-9.2%
Operational Risk	**45,187**	**129,664**	-84,477	-65.2%
Basic Solvency Capital Requirement	**410,395**	**371,864**	38,531	10.4%
Diversification	-107,983	-102,564	-5,419	5.3%
Market Risk	**294,959**	**263,966**	30,993	11.7%
Interest Rate Risk	37,995	43,762	-5,767	-13.2%
Equity Risk	125,416	143,742	-18,326	-12.7%
Property Risk	-	2,268	-2,268	-100.0%
Spread Risk	136,201	86,895	49,306	56.7%
Concentration Risk	-	-	-	-
Currency Risk	71,126	52,140	18,986	36.4%
Diversification	-75,780	-64,841	-10,939	16.9%
Underwriting Risk	**219,030**	**198,839**	20,191	10.2%
Mortality Risk	8,845	8,192	8,192	-
Longevity Risk	56,372	48,272	8,100	16.8%
Disability Risk	-	-	-	-
Expenses Risk	68,566	62,749	5,817	9.3%
Revision Risk	-	-	-	-
Lapse Risk	152,122	139,386	12,736	9.1%
Cat Risk	1,469	844	625	74.0%
Diversification	-68,345	-60,604	-7,741	12.8%
Default Risk	**4,390**	**11,623**	-7,233	-62.2%

No simplifications have been used to calculate the SCR.

On 31 December 2018 the MCR amounted to 189 million euro.

Intesa Sanpaolo Life D.A.C.

On 31 December 2018 the SCR of Intesa Sanpaolo Life amounted to 392 million euro. The requirement is calculated using the Standard Formula, on the basis of the provisions of Chapters V and VI of the Delegated Acts.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	31.12.2018	31.12.2017	Delta	%
Solvency Capital Requirement	**392,241**	**410,241**	**-18,000**	**-4.4%**
Deferred Tax Adjustment	-56,034	-58,606	2,571	-4.4%
Solvency Capital Requirement before Adjustment	448,275	468,847	-20,572	-4.4%
Operational Risk	**75,833**	**67,060**	**8,773**	**13.1%**
Basic Solvency Capital Requirement	**372,442**	**401,787**	**-29,345**	**-7.3%**
Diversification	-104,049	-116,854	12,805	-11.0%
Market Risk	**168,141**	**207,948**	**-39,807**	**-19.1%**
Interest Rate Risk	21,505	23,100	-1,596	-6.9%
Equity Risk	105,029	146,200	-41,170	-28.2%
Property Risk	-	-	-	-
Spread Risk	24,249	26,317	-2,069	-7.9%
Concentration Risk	2,579	3,595	-1,017	-28.3%
Currency Risk	79,709	82,432	-2,722	-3.3%
Diversification	-64,930	-73,696	8,767	-11.9%
Underwriting Risk	**283,516**	**285,871**	**-2,356**	**-0.8%**
Mortality Risk	17,387	17,693	-305	-1.7%
Longevity Risk	-	-	-	-
Disability Risk	-	-	-	-
Expenses Risk	26,322	24,488	1,834	7.5%
Revision Risk	-	-	-	-
Lapse Risk	267,630	271,054	-3,424	-1.3%
Cat Risk	3,064	3,039	25	0.8%
Diversification	-30,889	-30,402	-486	1.6%
Default Risk	**24,834**	**24,822**	**12**	**-**

No simplifications have been used to calculate the SCR.

On 31 December 2018 the MCR amounted to 176.5 million euro.

Information of LAC DT

Starting from the valuation of 30 September 2018, the Intesa Sanpaolo Vita Group companies have prepared a recoverability plan that allows, in the presence of sufficient future profits generated by the new business, to calculate the adjustment to the SCR ("LAC DT") in function of deferred notional active taxes generated by a loss equal to the SCR, as required by the law.

The Companies have calculated the potential LAC DT adjustment ("nDTA") referred to in Article 207 of the Delegated Acts, allocating to each MVBS item, the loss deriving from each risk sub-module of the BSCR and from the Operational Risk, taking into account proportional to the diversification effect. The potential LAC DT adjustment was calculated by assessing only the temporary differences that give rise to prepaid IRES taxes in that, any IRAP tax losses would not be reportable in future years as governed by national tax legislation.

The nominal reference tax rate used in the calculation is therefore 24%, considering permanent valuation differences on specific income components that are partially or totally non-deductible (for example, the PEX regime).

To identify the admissibility of the nDTAs, the Companies also determine future taxable annual incomes post-stress related to new production in order to recover tax receivables, generated by a loss determined pursuant to Article 207 of the delegated acts, in accordance with the provisions by the IVASS regulation n. 35/2017. For the definition of new production volumes, the Companies agreed to use the hypotheses of premium volume as a reference, consistent with the ORSA projections,

replicating for each missing year to the completion of the recovery plan the same assumptions as in the last year available.

The companies have not exercised the derogation provided for in Article 13 paragraph 5 of the IVASS Regulation 35/2017 and therefore for the projections that fall outside the three-year time horizon, they applied parameters consistent with the provisions of IVASS regulation n. 35/2017.

E.3 Use of the equity risk submodule based on the duration in the SCR calculation

All the Group companies don't use this method.

E.4 Differences between the Standard Formula and the internal model

All the Group companies use standard formula.

E.5 Failure to meet the MCR and SCR

None of the Group companies consider that there is a reasonably predictable risk of not meeting the MCR or SCR.

E.6 Other information

The Group is not valued any part of its portfolio as Ring Fenced Funds, pending the publication of the level II regulations.

We consider that we have provided all the information relevant for the purposes of this document.

Acronyms

Certain paragraphs of this document contain acronyms. In some cases, English terminology has been used to minimise any doubts as to interpretation, in the use of international definitions or methods. To facilitate the understanding of certain concepts, the Italian translations have been given below.

English term	Acronym
As a whole	
Best Estimate	BE/BEL
Cash flow	
Certainty equivalent	CE
Contract boundaries	
Cost of Capital	CoC
Policyholder Dynamic Behaviour	
Expert judgement	
Future Discretionary Benefits	FDB
Homogeneous Risk Groups	HRG
Lines of Business	LoB
Long Term Guarantees Measures	LTG
Management Actions	FMG
Market consistent	
Minimum Capital Requirement	MCR
Non hedgeable risks	
Non Similar to Life Technique	Non-SLT
Reference curve	
Solvency Capital Requirement	SCR
Risk Appetite Framework	RAF
Risk free curve	
Risk margin	RM
Risk neutral	
Quantitative Reporting Template	QRT
Similar to Life Technique	SLT
Statutory reserve	
Technical Provisions	TP
Unbundling	
Underwriting risks	
Volatility adjustment	VA

In order to guarantee consistency in the representation of data, the Solvency regulations have defined the insurance business lines as follows:

insurance lines of business, as shown below:

Solvency II Lines of Business		
A.	Non-Life insurance obligations	
1	Medical expense insurance	Medical expense insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3.
2	Income protection insurance	Income protection insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3.
3	Workers' compensation insurance	Health insurance obligations which relate to accidents at work, industrial injury and occupational diseases and where the underlying business is not pursued on a similar technical basis to that of life insurance.
4	Motor vehicle liability insurance	Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land (including carrier's liability).
5	Other motor insurance	Insurance obligations which cover all damage to or loss of land vehicles (including railway rolling stock).
6	Marine, aviation and transport insurance	Insurance obligations which cover all damage or loss to sea, lake, river and canal vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. Insurance obligations which cover liabilities arising out of the use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).
7	Fire and other damage to property insurance	Insurance obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6 due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft.
8	General liability insurance	Insurance obligations which cover all liabilities other than those in the lines of business 4 and 6.
9	Credit and suretyship insurance	Insurance obligations which cover insolvency, export credit, instalment credit, mortgages, agricultural credit and direct and indirect suretyship.
10	Legal expenses insurance	Insurance obligations which cover legal expenses and cost of litigation.
11	Assistance	Insurance obligations which cover assistance for persons who get into difficulties while travelling, while away from home or while away from their habitual residence.
12	Miscellaneous financial loss	Insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses other than those mentioned above, other financial loss (non-trading) as well as any other risk of Non-Life insurance not covered by the lines of business 1 to 11.

B.	Proportional non-life reinsurance obligations	
13-24	Proportional reinsurance obligations that relate to policies in the areas of activity from 1 to 12 respectively.	
C.	Non-proportional non-life reinsurance obligations	
25	Non-proportional Health reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 1 to 3.
26	Non-proportional casualty reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 4 and 8.
27	Non-proportional marine, aviation and transport reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in line of business 6.
28	Non-proportional property reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 5, 7 and 9 to 12.
D.	Life insurance obligations	
29	Health insurance	Health insurance obligations where the underlying business is pursued on a similar technical basis to that of life insurance, other than those included in line of business 33.
30	Insurance with profit participation	Insurance obligations with profit participation other than obligations included in line of business 33 and 34.
31	Index-linked and unit-linked insurance	Insurance obligations with Index-linked and unit-linked benefits other than those included in lines of business 33 and 34.
32	Other life insurance	Other life insurance obligations other than obligations included in lines of business 29 to 31, 33 and 34.
33	Annuities stemming from Non-Life insurance contracts and relating to Health insurance obligations	
34	Annuities stemming from Non-Life insurance contracts and relating to insurance obligations other than Health insurance obligations	
E.	Life reinsurance obligations	
35	Health reinsurance	Reinsurance obligations which relate to the obligations included in lines of business 29 and 33.
36	Life reinsurance	Reinsurance obligations which relate to the obligations included in lines of business 30 to 32 and 34

Annexes - QRT Intesa Sanpaolo Vita Group

S.02.01.02

Annex I
S.02.01.02
Balance sheet

(euro thousands)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	1,086,716
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	1,273
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	78,421,494
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	2,234
Equities	R0100	979,337
Equities - listed	R0110	974,735
Equities - unlisted	R0120	4,603
Bonds	R0130	65,249,923
Government Bonds	R0140	49,694,080
Corporate Bonds	R0150	14,762,856
Structured notes	R0160	785,635
Collateralised securities	R0170	7,353
Collective Investments Undertakings	R0180	12,118,861
Derivatives	R0190	71,139
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	74,069,063
Loans and mortgages	R0230	5,340
Loans on policies	R0240	766
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	4,573
Reinsurance recoverables from:	R0270	16,948.77
Non-life and health similar to non-life	R0280	16,948.77
Non-life excluding health	R0290	15,057.59
Health similar to non-life	R0300	1,891.18
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	42,173
Reinsurance receivables	R0370	3,211
Receivables (trade, not insurance)	R0380	2,831,393
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	969,757
Any other assets, not elsewhere shown	R0420	373,505
Total assets	R0500	**157,820,873**

(euro thousands)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	634,110
Technical provisions – non-life (excluding health)	R0520	385,560.5
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	363,623.0
Risk margin	R0550	21,937.4
Technical provisions - health (similar to non-life)	R0560	248,550
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	233,001.3
Risk margin	R0590	15,548.6
Technical provisions - life (excluding index-linked and unit-linked)	R0600	74,218,907
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	74,218,907
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	73,785,546
Risk margin	R0680	433,360
Technical provisions – index-linked and unit-linked	R0690	72,189,710
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	71,876,539
Risk margin	R0720	313,171
Other technical provisions	R0730	0.0
Contingent liabilities	R0740	0.0
Provisions other than technical provisions	R0750	16,156
Pension benefit obligations	R0760	10,435
Deposits from reinsurers	R0770	1,537.7
Deferred tax liabilities	R0780	1,249,556
Derivatives	R0790	50,928
Debts owed to credit institutions	R0800	554
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	1,400,163
Reinsurance payables	R0830	8,076
Payables (trade, not insurance)	R0840	629,707
Subordinated liabilities	R0850	1,559,775
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	1,559,775
Any other liabilities, not elsewhere shown	R0880	382,584
Total liabilities	R0900	**152,352,200**
Excess of assets over liabilities	R1000	**5,468,673**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(euro thousands)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	7,423	178,771	-	77,135	13,263	26	92,906	38,755	55	4,902	8,692	85,153					507,081
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	8	3,014	-	572	298	-	983	771	29	4,388	2,033	2,775					14,871
Net	R0200	7,414	175,757	-	76,563	12,964	26	91,923	37,984	26	515	6,660	82,378					492,210
Premiums earned																		
Gross - Direct Business	R0210	6,751	132,620	-	72,190	12,594	18	69,905	34,562	1,989	4,087	7,894	69,997					412,608
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	9	1,343	-	572	298	-	693	518	591	3,826	1,905	2,468					12,223
Net	R0300	6,743	131,277	-	71,618	12,295	18	69,213	34,044	1,398	261	5,990	67,528					400,385
Claims incurred																		
Gross - Direct Business	R0310	4,748	19,831	-	49,614	5,328	21	10,062	4,341	953	1,371	1,748	4,184					102,201
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	-2	448	-	2,672	254	-	-47	4	599	1,360	1,399	624					7,309
Net	R0400	4,750	19,383	-	46,942	5,074	21	10,109	4,337	355	11	349	3,560					94,892
Changes in other technical provisions																		
Gross - Direct Business	R0410	-124	-1,417	-	-	-27	-	-115	-2	-	-	-	-					-1,685
Gross - Proportional reinsurance accepted	R0420																	-
Gross - Non- proportional reinsurance accepted	R0430																	-
Reinsurers'share	R0440	-	-	-	-	-	-	-	-	-	-	-	-					-
Net	R0500	-124	-1,417	-	-	-27	-	-115	-2	-	-	-	-					-1,685
Expenses incurred	R0550	1,469	68,199	-	29,847	3,925	18	37,893	12,294	280	-155	4,190	32,337					190,297
Other expenses	R1200																	3,854
Total expenses	R1300																	194,151

(euro thousands)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	6,811,348	12,157,097	307,811	-	-	-	-	19,276,257
Reinsurers' share	**R1420**	-	248	70	913	-	-	-	-	1,230
Net	**R1500**	-	6,811,100	12,157,028	306,898	-	-	-	-	19,275,026
Premiums earned										
Gross	**R1510**	-	6,811,348	12,157,097	307,811	-	-	-	-	19,276,257
Reinsurers' share	**R1520**	-	248	0.0	913	-	-	-	-	1,160
Net	**R1600**	-	6,811,100	12,157,097	306,898	-	-	-	-	19,275,096
Claims incurred										
Gross	**R1610**	-	8,036,133	7,301,107	57,555	-	-	-	-	15,394,795
Reinsurers' share	**R1620**	-	-19	29	-323	-	-	-	-	-312
Net	**R1700**	-	8,036,152	7,301,077	57,878	-	-	-	-	15,395,107
Changes in other technical provisions										
Gross	**R1710**	-	-23,297	499,762	-85,824	-	-	-	-	390,642
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	-
Net	**R1800**	-	-23,297	499,762	-85,824	-	-	-	-	390,642
Expenses incurred	**R1900**	-	186,077	593,537	98,477	-	-	-	-	878,091
Other expenses	**R2500**									2,779
Total expenses	**R2600**									880,870

S.22.01.22

S.22.01.22
Impact of long term guarantees and transitional measures

(euro thousands)

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	147.042.728	-	-	743.508	-
Basic own funds	R0020	7.026.330	-	-	-526.084	-
Eligible own funds to meet Solvency Capital Requirement	R0050	7.026.330	-	-	-526.084	-
Solvency Capital Requirement	R0090	3.258.903	-	-	396.390	-

S.23.01.22

Annex I
S.23.01.22
Own funds

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	677,869	677,869			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,328,097	1,328,097			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	3,460,588	3,460,588			
Subordinated liabilities	R0140	1,559,775		793,334	766,441	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	-	-	-	-	-
Total deductions	R0280	-	-	-	-	-
Total basic own funds after deductions	R0290	7,026,330	5,466,555	793,334	766,441	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390	-				
Total ancillary own funds	R0400	-			-	-
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	7,026,330	5,466,555	793,334	766,441	-
Total available own funds to meet the minimum consolidated group SCR	R0530	7,026,330	5,466,555	793,334	766,441	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	7,026,330	5,466,555	793,334	766,441	-
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	6,599,466	5,466,555	793,334	339,578	
Minimum consolidated Group SCR	R0610	1,697,888				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	389%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	7,026,330	5,466,555	793,334	766,441	
Group SCR	R0680	3,258,903				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	216%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	5,468,673
Own shares (included as assets on the balance sheet)	R0710	2,119
Forseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	2,005,967
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Other non available own funds	R0750	-
Reconciliation reserve before deduction for participations in other financial sector	R0760	3,460,588
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	583,184
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	21,994
Total EPIFP	R0790	605,178

S.25.01.22

Annex I

S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

(euro thousands)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	3,808,640		
Counterparty default risk	R0020	188,050		
Life underwriting risk	R0030	1,234,180		
Health underwriting risk	R0040	141,985		
Non-life underwriting risk	R0050	167,726		
Diversification	R0060	-1,106,698		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	4,433,882		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	440,846
Loss-absorbing capacity of technical provisions	R0140	-1,133,069
Loss-absorbing capacity of deferred taxes	R0150	-482,756
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	3,258,903
Capital add-on already set	R0210	
Solvency capital requirement	R0220	3,258,903
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	1,697,888
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non - regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	

Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	3,258,903

S.32.01.22

Annex I
S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
IT	LEI/5493000YZPPFRVZ7PF37	LEI	Fideuram Vita	1	Societa Per Azioni	2	IVASS
IT	LEI/81560058D9F02B0FCD27	LEI	Intesa Sanpaolo Assicura	2	Societa Per Azioni	2	IVASS
IE	LEI/635400H9NIJ5SQ65LG47	LEI	Intesa Sanpaolo Life	1	Societa Per Azioni	2	CBI
IT	LEI/549300UM31PJ24TTSR94	LEI	Intesa Sanpaolo Vita	4	Societa Per Azioni	2	IVASS

Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
0	1	0	Consolidata per direzione unitaria	2	1	1		1
1	1	1		1	1	1		1
1	1	1		1	1	1		1
								1

Annexes - QRT Intesa Sanpaolo Vita S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

(euro thousands)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	1,004,840
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	178
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	73,264,518
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	1,642,804
Equities	R0100	953,120
Equities - listed	R0110	948,528
Equities - unlisted	R0120	4,593
Bonds	R0130	59,348,061
Government Bonds	R0140	44,975,191
Corporate Bonds	R0150	13,768,979
Structured notes	R0160	600,387
Collateralised securities	R0170	3,504
Collective Investments Undertakings	R0180	11,249,486
Derivatives	R0190	71,046
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	16,604,490
Loans and mortgages	R0230	4,820
Loans on policies	R0240	247
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	4,573
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	5,763
Reinsurance receivables	R0370	159
Receivables (trade, not insurance)	R0380	1,780,454
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	688,576
Any other assets, not elsewhere shown	R0420	30,816
Total assets	R0500	**93,384,615**

(euro thousands)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	2,451
Technical provisions – non-life (excluding health)	**R0520**	-
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	2,451
Technical provisions calculated as a whole	**R0570**	2,451
Best Estimate	**R0580**	
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	68,825,498
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	68,825,498
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	68,412,587
Risk margin	**R0680**	412,911
Technical provisions – index-linked and unit-linked	**R0690**	15,805,231
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	15,720,192
Risk margin	**R0720**	85,040
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	8,552
Pension benefit obligations	**R0760**	5,477
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	1,065,117
Derivatives	**R0790**	50,928
Debts owed to credit institutions	**R0800**	554
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	922,940
Reinsurance payables	**R0830**	10
Payables (trade, not insurance)	**R0840**	415,380
Subordinated liabilities	**R0850**	1,412,813
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	1,412,813
Any other liabilities, not elsewhere shown	**R0880**	146,292
Total liabilities	**R0900**	**88,661,244**
Excess of assets over liabilities	**R1000**	**4,723,371**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(euro thousands)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross - Direct Business	**R0110**	5	860											865
Gross - Proportional reinsurance accepted	**R0120**		-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0130**													
Reinsurers' share	**R0140**	-	46											46
Net	**R0200**	5	814											819
Premiums earned														
Gross - Direct Business	**R0210**	5	901											906
Gross - Proportional reinsurance accepted	**R0220**													
Gross - Non-proportional reinsurance accepted	**R0230**													
Reinsurers' share	**R0240**	-	51											51
Net	**R0300**	5	850											855
Claims incurred														
Gross - Direct Business	**R0310**	-	233											233
Gross - Proportional reinsurance accepted	**R0320**													
Gross - Non-proportional reinsurance accepted	**R0330**													
Reinsurers' share	**R0340**	-	154											154
Net	**R0400**	-	79											79
Changes in other technical provisions		-	-	-	-									-
Gross - Direct Business	**R0410**	60	-161											-161
Gross - Proportional reinsurance accepted	**R0420**													
Gross - Non- proportional reinsurance accepted	**R0430**													
Reinsurers'share	**R0440**	-	-											-
Net	**R0500**	-	-161											-161
Expenses incurred	**R0550**	1	302											303
Other expenses	**R1200**													
Total expenses	**R1300**													303

(euro thousands)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	6,036,185	3,559,056	306,022					9,901,264
Reinsurers' share	**R1420**	-	-	-	511					511
Net	**R1500**	-	6,036,185	3,559,056	305,511					9,900,752
Premiums earned		-	-	-	-	-	-	-	-	-
Gross	**R1510**	-	6,036,185	3,559,056	306,022					9,901,264
Reinsurers' share	**R1520**	-	-	-	511					511
Net	**R1600**	-	6,036,185	3,559,056	305,511					9,900,752
Claims incurred		-	-	-	-	-	-	-	-	-
Gross	**R1610**	-	7,693,790	1,568,782	57,675					9,320,247
Reinsurers' share	**R1620**	-	-	-	-292					-292
Net	**R1700**	-	7,693,790	1,568,782	57,967					9,320,538
Changes in other technical provisions		-	-	-	-	-	-	-	-	-
Gross	**R1710**	-	514,174	-958,858	-85,741					-530,425
Reinsurers' share	**R1720**	-	-	-	-					-
Net	**R1800**	-	514,174	-958,858	-85,740					-530,424
Expenses incurred	**R1900**	-	177,847	113,031	98,286					389,164
Other expenses	**R2500**									1,141
Total expenses	**R2600**									390,305

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(euro thousands)

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	67,936,785		14,229,760	1,490,432		-	475,802	-	-	84,132,779
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	67,936,785		14,229,760	1,490,432		-	475,802	-	-	84,132,779
Risk Margin	**R0100**	382,861	85,040			30,050			-	-	497,951
Amount of the transitional on Technical Provisions									-	-	
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-							-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions - total	**R0200**	68,319,646	15,805,231			505,852			-	-	84,630,730

Annex I
S.17.01.02
Non-life Technical Provisions

(euro thousands)

		Direct business and accepted proportional reinsurance													Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	1	2,450	-	-	-	-	-	-	-	-	-	-		-	-	-	-	2,451
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																			
Best estimate																			
Premium provisions																			
Gross	**R0060**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Claims provisions																			
Gross	**R0160**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Net Best Estimate of Claims Provisions	**R0250**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Total Best estimate - gross	**R0260**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Total Best estimate - net	**R0270**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Risk margin	**R0280**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Amount of the transitional on Technical Provisions																			
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Technical provisions - total																			
Technical provisions - total	**R0320**	1	2,450	-	-	-	-	-	-	-	-	-	-		-	-	-	-	2,451
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1	2,450	-	-	-	-	-	-	-	-	-	-		-	-	-	-	2,451
Line of Business: further segmentation (Homogeneous Risk Groups)																			
Premium provisions - Total number of homogeneous risk groups	**R0350**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	
Claims provisions - Total number of homogeneous risk groups	**R0360**	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	
Cash-flows of the Best estimate of Premium Provisions (Gross)																			
Cash out-flows																			
Future benefits and claims	**R0370**	19	186																205
Future expenses and other cash-out flows	**R0380**	2	17																20
Cash in-flows																			
Future premiums	**R0390**	21	33																54
Other cash-in flows (incl. Recoverable from salvages and subrogations)	**R0400**																		
Cash-flows of the Best estimate of Claims Provisions (Gross)																			
Cash out-flows																			
Future benefits and claims	**R0410**	-	1,964																1,964
Future expenses and other cash-out flows	**R0420**	-	316																316

S.19.01.21

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative)
(absolute amount) *(euro thousands)*

		Development year												*(euro thousands)*	*(euro thousands)*
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100		
N-9	R0160				103								R0160		103
N-8	R0170												R0170		
N-7	R0180		55										R0180		55
N-6	R0190	55	251	55	79								R0190		440
N-5	R0200	55	110										R0200		165
N-4	R0210	103	55										R0210		158
N-3	R0220	203											R0220		203
N-2	R0230		258	55									R0230	55	313
N-1	R0240												R0240		
N	R0250	103											R0250	103	103
													Total R0260	158	1,541

Gross undiscounted Best Estimate Claims Provisions
(absolute amount) *(euro thousands)*

		Development year												*(euro thousands)*
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100												R0100	
N-9	R0160												R0160	
N-8	R0170												R0170	
N-7	R0180												R0180	
N-6	R0190							53					R0190	
N-5	R0200						106						R0200	
N-4	R0210					53							R0210	
N-3	R0220				357								R0220	
N-2	R0230			199									R0230	
N-1	R0240		807										R0240	
N	R0250	705											R0250	2,280
													Total R0260	2,280

S.22.01.21

Annex I
S.22.01.21
Impact of long term guarantees and transitional measures

(euro thousands)

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	84,633,181	-	-	684,640	-
Basic own funds	R0020	6,135,316	-	-	-322,905	-
Eligible own funds to meet Solvency Capital Requirement	R0050	6,135,316	-	-	-473,634	-
Solvency Capital Requirement	R0090	2,768,203	-	-	480,602	-
Eligible own funds to meet Minimum Capital Requirement	R0100	5,764,976	-	-	-581,109	-
Minimum Capital Requirement	R0110	1,245,691	-	-	216,271	-

S.23.01.01

Annex I
S.23.01.01
Own funds

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	320,423	320,423			
Share premium account related to ordinary share capital	R0030	1,328,097	1,328,097			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	3,073,984	3,073,984			
Subordinated liabilities	R0140	1,412,813		793,334	619,479	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	6,135,316	4,722,504	793,334	619,479	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	6,135,316	4,722,504	793,334	619,479	-
Total available own funds to meet the MCR	R0510	6,135,316	4,722,504	793,334	619,479	
Total eligible own funds to meet the SCR	R0540	6,135,316	4,722,504	793,334	619,479	-
Total eligible own funds to meet the MCR	R0550	5,764,976	4,722,504	793,334	249,138	
SCR	R0580	2,768,203				
MCR	R0600	1,245,691				
Ratio of Eligible own funds to SCR	R0620	221.6%				
Ratio of Eligible own funds to MCR	R0640	462.8%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4,723,371
Own shares (held directly and indirectly)	R0710	867
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,648,520
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	3,073,984
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	467,856
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	467,856

S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(euro thousands)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	3,590,938		
Counterparty default risk	R0020	153,717		
Life underwriting risk	R0030	842,990		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-652,744		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	3,934,901		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	317,186
Loss-absorbing capacity of technical provisions	R0140	-1,077,419
Loss-absorbing capacity of deferred taxes	R0150	-406,465
Capital requirement for business operated in accordance with Art. 4	R0160	
Solvency capital requirement excluding capital add-on	R0200	2,768,203
Capital add-on already set	R0210	
Solvency capital requirement	R0220	2,768,203

Other information on SCR

Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for	R0410	
Total amount of Notional Solvency Capital Requirements for ring	R0420	
Total amount of Notional Solvency Capital Requirement for matching	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.02.01

Annex I
S.28.02.01
Minimum Capital Requirement - Both life and non-life insurance activity

(euro thousands)

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	390	-

(euro thousands)

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2	5	-	-
Income protection insurance and proportional reinsurance	R0030	2,450	814	-	-
Workers' compensation insurance and proportional reinsurance	R0040				
Motor vehicle liability insurance and proportional reinsurance	R0050				
Other motor insurance and proportional reinsurance	R0060				
Marine, aviation and transport insurance and proportional reinsuranc	R0070				
Fire and other damage to property insurance and proportional reinsu	R0080				
General liability insurance and proportional reinsurance	R0090				
Credit and suretyship insurance and proportional reinsurance	R0100				
Legal expenses insurance and proportional reinsurance	R0110				
Assistance and proportional reinsurance	R0120				
Miscellaneous financial loss insurance and proportional reinsurance	R0130				
Non-proportional health reinsurance	R0140				
Non-proportional casualty reinsurance	R0150				
Non-proportional marine, aviation and transport reinsurance	R0160				
Non-proportional property reinsurance	R0170				

(euro thousands)

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	-	2,514,487.2

(euro thousands)

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/ SPV) best estimate and	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210			66,238,325	
Obligations with profit participation - future discretionary benefits	R0220			1,698,460	
Index-linked and unit-linked insurance obligations	R0230			15,720,192	
Other life (re)insurance and health (re)insurance obligations	R0240			475,802	
Total capital at risk for all life (re)insurance obligations	R0250				45,651,350

Overall MCR calculation

		C0130
Linear MCR	R0300	2,514,878
SCR	R0310	2,768,203
MCR cap	R0320	1,245,691
MCR floor	R0330	692,051
Combined MCR	R0340	1,245,691
Absolute floor of the MCR	R0350	3,700
		C0130
Minimum Capital Requirement	R0400	1,245,691

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	390	2,514,487
Notional SCR excluding add-on (annual or latest calculation)	R0510	430	2,767,774
Notional MCR cap	R0520	193	1,245,498
Notional MCR floor	R0530	107	691,943
Notional Combined MCR	R0540	193	1,245,498
Absolute floor of the notional MCR	R0550	2,500	3,700
Notional MCR	R0560	2,500	1,245,498

Annexes - QRT Sanpaolo Assicura S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

(euro thousands)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	16,055
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	69
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,090,028
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	549
Equities - listed	R0110	539
Equities - unlisted	R0120	10
Bonds	R0130	908,649
Government Bonds	R0140	900,304
Corporate Bonds	R0150	6,177
Structured notes	R0160	2,169
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	180,830
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	16,949
Non-life and health similar to non-life	R0280	16,949
Non-life excluding health	R0290	15,058
Health similar to non-life	R0300	1,891
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	34,754
Reinsurance receivables	R0370	2,950
Receivables (trade, not insurance)	R0380	22,377
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	14,671
Any other assets, not elsewhere shown	R0420	9,320
Total assets	R0500	**1,207,173**

(euro thousands)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	631,659
Technical provisions – non-life (excluding health)	**R0520**	385,560
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	363,623
Risk margin	**R0550**	21,937
Technical provisions - health (similar to non-life)	**R0560**	246,099
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	230,550
Risk margin	**R0590**	15,549
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	2,190
Pension benefit obligations	**R0760**	1,007
Deposits from reinsurers	**R0770**	1,538
Deferred tax liabilities	**R0780**	51,411
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	19,425
Reinsurance payables	**R0830**	8,048
Payables (trade, not insurance)	**R0840**	48,846
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	10,955
Total liabilities	**R0900**	**775,079**
Excess of assets over liabilities	**R1000**	**432,094**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(euro thousands)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	**R0110**	7,418	177,911		77,135	13,263	26	92,906	38,755	55	4,902	8,692	85,153					506,216
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0130**																	-
Reinsurers' share	**R0140**	8	2,969		572	298	-	983	771	29	4,388	2,033	2,775					14,825
Net	**R0200**	7,409	174,943		76,563	12,964	26	91,923	37,984	26	515	6,660	82,378					491,391
Premiums earned																		
Gross - Direct Business	**R0210**	6,746	131,719		72,190	12,594	18	69,905	34,562	1,989	4,087	7,894	69,997					411,702
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0230**																	-
Reinsurers' share	**R0240**	9	1,293		572	298	-	693	518	591	3,826	1,905	2,468					12,172
Net	**R0300**	6,738	130,427		71,618	12,295	18	69,213	34,044	1,398	261	5,990	67,528					399,530
Claims incurred																		
Gross - Direct Business	**R0310**	4,748	19,598		49,614	5,328	21	10,062	4,341	953	1,371	1,748	4,184					101,968
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0330**																	-
Reinsurers' share	**R0340**	-2	293		2,672	254	-	-47	4	599	1,360	1,399	624					7,155
Net	**R0400**	4,750	19,304		46,942	5,074	21	10,109	4,337	355	11	349	3,560					94,813
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	-124	-1,256		-	-27	-	-115	-2	-	-	-	-					-1,524
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-					-
Net	**R0500**	-124	-1,256		-	-27	-	-115	-2	-	-	-	-					-1,524
Expenses incurred	**R0550**	1,468	67,897		29,847	3,925	18	37,893	12,294	280	-155	4,190	32,337					189,994
Other expenses	**R1200**																	3,854
Total expenses	**R1300**																	193,848

Annex I
S.17.01.02
Non-life Technical Provisions

(euro thousands)

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	331	180,394		34,515	3,738	13	73,648	-833	3,707	384	861	110,441	-	-	-	-	407,200
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	19	1,320		-1	-		278	389	1,817	322	175	954					5,272
Net Best Estimate of Premium Provisions	R0150	313	179,074		34,516	3,738	13	73,370	-1,223	1,891	62	686	109,487					401,928
Claims provisions																		
Gross	R0160	3,304	46,521		78,262	1,672	35	15,708	14,800	4,567	3,612	895	17,597					186,974
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	552		1,709	207		218	525	2,987	3,234	793	1,449					11,677
Net Best Estimate of Claims Provisions	R0250	3,303	45,969		76,552	1,465	35	15,490	14,275	1,579	378	102	16,148					175,297
Total Best estimate - gross	R0260	3,635	226,915		112,777	5,410	49	89,356	13,967	8,274	3,996	1,756	128,038					594,173
Total Best estimate - net	R0270	3,616	225,043		111,068	5,203	49	88,860	13,052	3,470	440	789	125,635					577,225
Risk margin	R0280	388	15,161		3,351	276	4	7,904	1,853	163	27	129	8,230					37,486
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	R0320	4,022	242,076		116,128	5,686	52	97,260	15,820	8,437	4,023	1,885	136,268					631,659
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	19	1,873		1,709	207	-	497	915	4,804	3,556	967	2,403					16,949
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	4,004	240,204		114,419	5,479	52	96,763	14,906	3,633	467	918	133,865					614,711

S.19.01.21

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative)
(absolute amount)

(euro thousands)

		Development year																		
	Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0170	C0180
Prior	R0100																-	R0100	-	10
N-14	R0110	-	-	-	70	30	197	18	-	16	-	-	-	-	-	-		R0110	-	332
N-13	R0120	-	-	1,200	791	143	23	2	35	-	-	-	-	-	-			R0120	-	2,195
N-12	R0130	-	6,168	1,548	506	326	50	37	28	88	151	75	38	-				R0130	-	9,017
N-11	R0140	7,904	10,121	2,005	1,189	371	156	433	284	11	75	127	4					R0140	4	22,680
N-10	R0150	10,951	13,801	3,223	763	439	209	141	158	35	52	-						R0150	-	29,771
N-9	R0160	18,281	15,793	3,027	1,214	504	396	160	45	29	33							R0160	33	39,481
N-8	R0170	18,454	16,123	5,543	1,461	1,238	301	250	198	94								R0170	94	43,662
N-7	R0180	16,907	25,118	6,516	4,078	2,206	1,627	618	589									R0180	589	57,657
N-6	R0190	20,714	26,676	12,058	4,372	2,378	962	704										R0190	704	67,864
N-5	R0200	28,568	32,889	16,213	3,113	1,654	1,005											R0200	1,005	83,442
N-4	R0210	32,634	34,148	6,624	2,070	1,048												R0210	1,048	76,524
N-3	R0220	35,842	30,441	9,347	1,931													R0220	1,931	77,561
N-2	R0230	37,951	30,126	11,983														R0230	11,983	80,059
N-1	R0240	38,615	29,790															R0240	29,790	68,405
N	R0250	42,998																R0250	42,998	42,998
																		Total R0260	90,178	701,659

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

(euro thousands)

		Development year																	
	Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350		C0360
Prior	R0100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	R0100	
N-14	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		R0110	
N-13	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-	-			R0120	
N-12	R0130	-	-	-	-	-	-	-	-	-	-	-	-	-				R0130	
N-11	R0140	-	-	-	-	-	-	-	-	-	128	51	34					R0140	
N-10	R0150	-	-	-	-	-	-	-	-	2,402	1,698	1,490						R0150	
N-9	R0160	-	-	-	-	-	-	-	745	577	350							R0160	
N-8	R0170	-	-	-	-	-	-	2,075	1,563	1,134								R0170	
N-7	R0180	-	-	-	-	-	7,583	4,993	2,509									R0180	
N-6	R0190	-	-	-	-	13,253	8,674	4,809										R0190	
N-5	R0200	-	-	-	16,242	12,447	7,601											R0200	
N-4	R0210	-	-	17,705	12,689	8,986												R0210	
N-3	R0220	-	25,121	12,028	8,612													R0220	
N-2	R0230	85,397	35,279	17,193														R0230	
N-1	R0240	88,146	34,290															R0240	
N	R0250	99,814																R0250	
																		Total R0260	

S.23.01.01

Annex I
S.23.01.01
Own funds

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	27,912	27,912			
Share premium account related to ordinary share capital	R0030	-	-			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-			
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	403,997	403,997			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	431,910	431,910	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	431,910	431,910	-	-	-
Total available own funds to meet the MCR	R0510	431,910	431,910	-	-	
Total eligible own funds to meet the SCR	R0540	431,910	431,910	-	-	-
Total eligible own funds to meet the MCR	R0550	431,910	431,910	-	-	
SCR	R0580	192,646				
MCR	R0600	86,691				
Ratio of Eligible own funds to SCR	R0620	224.2%				
Ratio of Eligible own funds to MCR	R0640	498.2%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	432,094
Own shares (held directly and indirectly)	R0710	184
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	27,912
Adjustment for restricted own fund items in respect of matching adjustment	R0740	-
Reconciliation reserve	R0760	403,997
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	21,994
Total Expected profits included in future premiums (EPIFP)	R0790	21,994

S.25.01.21

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

(euro thousands)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	23,429		
Counterparty default risk	R0020	11,693		
Life underwriting risk	R0030			
Health underwriting risk	R0040	141,985		
Non-life underwriting risk	R0050	167,726		
Diversification	R0060	-109,177		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	235,656		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	17,825
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-60,835
Capital requirement for business operated in accordance with Art. 4	R0160	-
Solvency capital requirement excluding capital add-on	R0200	192,646
Capital add-on already set	R0210	
Solvency capital requirement	R0220	192,646
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for	R0410	
Total amount of Notional Solvency Capital Requirements for ring	R0420	
Total amount of Notional Solvency Capital Requirement for matching	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations *(euro thousands)*

		C0010
MCRNL Result	R0010	119,298

(euro thousands)

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	3,616	7,410
Income protection insurance and proportional reinsurance	R0030	225,043	174,942
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	111,068	76,563
Other motor insurance and proportional reinsurance	R0060	5,203	12,964
Marine, aviation and transport insurance and proportional reinsurance	R0070	49	26
Fire and other damage to property insurance and proportional reinsurance	R0080	88,860	91,923
General liability insurance and proportional reinsurance	R0090	13,052	37,984
Credit and suretyship insurance and proportional reinsurance	R0100	3,470	26
Legal expenses insurance and proportional reinsurance	R0110	440	515
Assistance and proportional reinsurance	R0120	789	6,096
Miscellaneous financial loss insurance and proportional reinsurance	R0130	125,635	82,942
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	-

(euro thousands)

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation *(euro thousands)*

		C0070
Linear MCR	R0300	119,298
SCR	R0310	192,646
MCR cap	R0320	86,691
MCR floor	R0330	48,161
Combined MCR	R0340	86,691
Absolute floor of the MCR	R0350	2,500
		C0070
Minimum Capital Requirement	R0400	86,691

Annexes - QRT Fideuram Vita S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

(euro thousands)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	65,559
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	11
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	5,390,429
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	161
Equities	R0100	25,374
Equities - listed	R0110	25,374
Equities - unlisted	R0120	-
Bonds	R0130	4,798,247
Government Bonds	R0140	3,643,268
Corporate Bonds	R0150	968,051
Structured notes	R0160	183,079
Collateralised securities	R0170	3,848
Collective Investments Undertakings	R0180	566,553
Derivatives	R0190	94
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	24,879,180
Loans and mortgages	R0230	520
Loans on policies	R0240	520
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	1,656
Reinsurance receivables	R0370	103
Receivables (trade, not insurance)	R0380	511,400
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	145,192
Any other assets, not elsewhere shown	R0420	333,274
Total assets	**R0500**	**31,327,324**

(euro thousands)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	-
Technical provisions – non-life (excluding health)	**R0520**	-
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	-
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	5,393,408
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	5,393,408
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	5,372,959
Risk margin	**R0680**	20,450
Technical provisions – index-linked and unit-linked	**R0690**	24,474,011
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	24,381,214
Risk margin	**R0720**	92,798
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	2,018
Pension benefit obligations	**R0760**	3,951
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	70,285
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	311,691
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	10,484
Subordinated liabilities	**R0850**	146,963
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	146,963
Any other liabilities, not elsewhere shown	**R0880**	186,458
Total liabilities	**R0900**	**30,599,270**
Excess of assets over liabilities	**R1000**	**728,054**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(euro thousands)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	775,163	2,849,544	1,789					3,626,496
Reinsurers' share	**R1420**	-	248	-	401	-	-	-	-	649
Net	**R1500**	-	774,915	2,849,544	1,387	-	-	-	-	3,625,847
Premiums earned		-								-
Gross	**R1510**	-	775,163	2,849,544	1,789	-	-	-	-	3,626,496
Reinsurers' share	**R1520**	-	248	-	401	-	-	-	-	649
Net	**R1600**	-	774,915	2,849,544	1,387	-	-	-	-	3,625,847
Claims incurred										
Gross	**R1610**	-	342,343	2,692,565	-120	-	-	-	-	3,034,788
Reinsurers' share	**R1620**	-	-19	-	-30.9	-	-	-	-	-50
Net	**R1700**	-	342,362	2,692,565	-89	-	-	-	-	3,034,838
Changes in other technical provisions										
Gross	**R1710**	-	-537,471	1,855,850	-84	-	-	-	-	1,318,296
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	-
Net	**R1800**	-	-537,471	1,855,850	-84	-	-	-	-	1,318,296
Expenses incurred	**R1900**	-	8,230	27,129	191	-	-	-	-	35,551
Other expenses	**R2500**									1,638
Total expenses	**R2600**									37,188

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(euro thousands)

		Index-linked and unit-linked insurance			Other life insurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	5,373,942		23,658,900	722,314		-	-983	-	-	29,754,172
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	5,373,942		23,658,900	722,314		-	-983	-	-	29,754,172
Risk Margin	**R0100**	20,443	92,798			6			-	-	113,247
Amount of the transitional on Technical Provisions									-	-	
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-							-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions - total	**R0200**	5,394,385	24,474,011			-977			-	-	29,867,420

S.22.01.21

Annex I
S.22.01.21
Impact of long term guarantees and transitional measures

(euro thousands)

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	**R0010**	29,867,420	-	-	75,817	-
Basic own funds	**R0020**	873,949	-	-	-52,450	-
Eligible own funds to meet Solvency Capital Requirement	**R0050**	873,949	-	-	-52,450	-
Solvency Capital Requirement	**R0090**	419,994	-	-	28,436	-
Eligible own funds to meet Minimum Capital Requirement	**R0100**	764,785	-	-	-68,532	-
Minimum Capital Requirement	**R0110**	188,997	-	-	12,796	-

S.23.01.01

Annex I
S.23.01.01
Own funds

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	357,447	357,447			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	369,539	369,539			
Subordinated liabilities	R0140	146,963		-	146,963	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	873,949	726,986	-	146,963	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	873,949	726,986	-	146,963	-
Total available own funds to meet the MCR	R0510	873,949	726,986	-	146,963	
Total eligible own funds to meet the SCR	R0540	873,949	726,986	-	146,963	-
Total eligible own funds to meet the MCR	R0550	764,785	726,986	-	37,799	
SCR	R0580	419,994				
MCR	R0600	188,997				
Ratio of Eligible own funds to SCR	R0620	208.1%				
Ratio of Eligible own funds to MCR	R0640	404.7%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	728,054
Own shares (held directly and indirectly)	R0710	1,068
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	357,447
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	369,539
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	115,328
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	115,328

S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(euro thousands)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	342,859		
Counterparty default risk	R0020	4,390		
Life underwriting risk	R0030	222,333		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-115,315		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	454,267		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	45,187
Loss-absorbing capacity of technical provisions	R0140	-43,872
Loss-absorbing capacity of deferred taxes	R0150	-35,589
Capital requirement for business operated in accordance with Art. 4	R0160	
Solvency capital requirement excluding capital add-on	R0200	419,994
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	419,994
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for	R0410	
Total amount of Notional Solvency Capital Requirements for ring	R0420	
Total amount of Notional Solvency Capital Requirement for matching	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

(euro thousands)

		C0040
MCRL Result	R0200	363,453

(euro thousands)

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	5,373,942	
Obligations with profit participation - future discretionary benefits	R0220	119,657	
Index-linked and unit-linked insurance obligations	R0230	24,381,214	
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		243,367

Overall MCR calculation

(euro thousands)

		C0070
Linear MCR	R0300	363,453
SCR	R0310	419,994
MCR cap	R0320	188,997
MCR floor	R0330	104,998
Combined MCR	R0340	188,997
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	188,997

Annexes - QRT Sanpaolo Life D.A.C.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

(euro thousands)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	261
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	1,015
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	317,250
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	294
Equities - listed	R0110	294
Equities - unlisted	R0120	-
Bonds	R0130	194,965
Government Bonds	R0140	175,316
Corporate Bonds	R0150	19,649
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	121,991
Derivatives	R0190	
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	32,585,392
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	-
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	520,079
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	121,318
Any other assets, not elsewhere shown	R0420	94
Total assets	**R0500**	**33,545,410**

(euro thousands)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	-
Technical provisions – non-life (excluding health)	**R0520**	-
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	-
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	31,910,468
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	31,775,134
Risk margin	**R0720**	135,334
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	3,396
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	80,139
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	146,108
Reinsurance payables	**R0830**	18
Payables (trade, not insurance)	**R0840**	157,765
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	38,879
Total liabilities	**R0900**	**32,336,772**
Excess of assets over liabilities	**R1000**	**1,208,638**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(euro thousands)

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	-	5,748,497	-	-	-	-	-	5,748,497
Reinsurers' share	**R1420**	-	-	70	-	-	-	-	-	70
Net	**R1500**	-	-	5,748,427	-	-	-	-	-	5,748,427
Premiums earned										
Gross	**R1510**	-	-	5,748,497	-	-	-	-	-	5,748,497
Reinsurers' share	**R1520**	-	-		-	-	-	-	-	
Net	**R1600**	-	-	5,748,497	-	-	-	-	-	5,748,497
Claims incurred										
Gross	**R1610**	-	-	3,039,760	-	-	-	-	-	3,039,760
Reinsurers' share	**R1620**	-	-	29	-	-	-	-	-	29
Net	**R1700**	-	-	3,039,731	-	-	-	-	-	3,039,731
Changes in other technical provisions										
Gross	**R1710**	-	-	-397,230	-	-	-	-	-	-397,230
Reinsurers' share	**R1720**	-	-		-	-	-	-	-	
Net	**R1800**	-	-	-397,230	-	-	-	-	-	-397,230
Expenses incurred	**R1900**	-	-	453,377	-	-	-	-	-	453,377
Other expenses	**R2500**									-
Total expenses	**R2600**									453

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(euro thousands)

			Index-linked and unit-linked insurance			Other life insurance			
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0150
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	-			-			-
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	**R0030**	-		31,775,134	-		-	-	31,775,134
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	-		31,775,134	-		-	-	31,775,134
Risk Margin	**R0100**	-	135,334			-			135,334
Amount of the transitional on Technical Provisions		-				-			
Technical Provisions calculated as a whole	**R0110**	-	-			-			-
Best estimate	**R0120**	-							-
Risk margin	**R0130**	-	-			-			-
Technical provisions - total	**R0200**	-	31,910,468			-			31,910,468

S.23.01.01

Annex I
S.23.01.01
Own funds

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	625	625			
Share premium account related to ordinary share capital	R0030	10	10			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1,103,559	1,103,559			
Subordinated liabilities	R0140	-		-	-	
An amount equal to the value of net deferred tax assets	R0160	-				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	104,444	104,444			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	1,208,638	1,208,638	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

(euro thousands)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,208,638	1,208,638	-	-	-
Total available own funds to meet the MCR	R0510	1,208,638	1,208,638	-	-	
Total eligible own funds to meet the SCR	R0540	1,208,638	1,208,638	-	-	-
Total eligible own funds to meet the MCR	R0550	1,208,638	1,208,638	-	-	
SCR	R0580	392,241				
MCR	R0600	176,508				
Ratio of Eligible own funds to SCR	R0620	308.1%				
Ratio of Eligible own funds to MCR	R0640	684.8%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,208,638
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	105,079
Adjustment for restricted own fund items in respect of matching adjustment portfolios and	R0740	-
Reconciliation reserve	R0760	1,103,559
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(euro thousands)

		Gross solvency capital	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	168,141		
Counterparty default risk	R0020	24,834		
Life underwriting risk	R0030	283,516		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-104,049		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	372,442		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	75,833
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-56,034
Capital requirement for business operated in accordance with Art. 4	R0160	-
Solvency capital requirement excluding capital add-on	R0200	392,241
Capital add-on already set	R0210	
Solvency capital requirement	R0220	392,241

Other information on SCR

Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for	R0410	
Total amount of Notional Solvency Capital Requirements for ring	R0420	
Total amount of Notional Solvency Capital Requirement for matching	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations *(euro thousands)*

		C0040
MCR_L Result	R0200	220,788.6

(euro thousands)

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	31,775,134	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		1,783,163

Overall MCR calculation *(euro thousands)*

		C0070
Linear MCR	R0300	223,674
SCR	R0310	392,241
MCR cap	R0320	176,508
MCR floor	R0330	98,060
Combined MCR	R0340	176,508
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	176,508

Indipendent Auditors Reports

The following pages contain the Reports of the auditing firm KPMG S.p.A., which was engaged by Intesa Sanpaolo Vita S.p.A.. The reports include the findings of the audits of the Intesa Sanpaolo Vita Insurance Group and the Italian Group companies for Section D "Information on valuation for solvency purposes" and sub-section E.1 "Own Funds" and E.2 "Solvency capital requirement and minimum capital requirement", according to the provisions of Article 47f(7) of the Italian Code of Private Insurance, and in accordance with IVASS Regulation no. 42/2018.

The Insurance Parent Company
INTESA SANPAOLO VITA S.p.A.
Registered office: Corso Inghilterra, 3 – 10138 Turin
Administration offices: Viale Stelvio, 55/57 – 20159 Milan
Turin Companies Register No. 02505650370 – Share capital 320,422,508.00 euro fully paid
Listed on the Register of Insurance and Reinsurance Companies at no. 1.00066
Parent Company of the Intesa Sanpaolo Vita Insurance Group, listed on the Register of Insurance Groups at no. 28
Company subject to direction and coordination by Intesa Sanpaolo S.p.A.

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 5.1.a)/b) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

Opinion

We have audited the following parts of the 2018 Solvency and financial condition report (the "SFCR") of the Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016:

— the "S.02.01.02 Balance sheet" and "S.23.01.22 Own funds" templates for Intesa Sanpaolo Vita Insurance Group (the "MVBS and OF templates");

— the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Intesa Sanpaolo Vita Insurance Group (the "related disclosures").

Our procedures did not cover:

— the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance sheet" template;

— the solvency capital requirement (item R0680) and minimum capital requirement (item R0610) of the "S.23.01.22 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "MVBS and OF templates and related disclosures".

In our opinion, the MVBS and OF templates and related disclosures relating to the Intesa Sanpaolo Vita Insurance Group included in the Group SFCR, as at 31 December 2018, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures*" section of our report. We are independent of the Intesa Sanpaolo Vita S.p.A. (the "Parent" or the "Company") in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to audits of MVBS and OF templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

Other matters

The Company prepared its consolidated financial statements as at and for the year ended 31 December 2018 in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 96 of Legislative decree no. 209 of 7 September 2005 and ISVAP (the Italian Private Insurance Supervisory Body) regulation no. 7 of 13 July 2007 governing their preparation. We audited those consolidated financial statements and issued our audit report thereon on 4 March 2019.

The Company prepared the "S.25.01.22 Solvency Capital Requirements - for groups on Standard Formula" template and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section of the accompanying SFCR in accordance with the applicable European Union provisions and the Italian sector legislation. We reviewed them in conformity with article 4.1.c) of IVASS regulation no. 42 of 2 August 2018. As a result of our review, we issued the review report carrying today's date and attached to the SFCR.

Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the Italian regulations governing its preparation.

The other information presented in the SFCR comprises:

— the "S.05.01.02 Premiums, claims and expenses by line of business", "S.22.01.22 Impact of long term guarantees and transitional measures", "S.25.01.22 Solvency Capital Requirements - for groups on Standard Formula" and "S.32.01.22 Undertakings in the scope of the group" templates;

— the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4.

Differences between the standard formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the MVBS and OF templates and related disclosures does not extend to the other information.

In connection with our audit of the MVBS and OF templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Vita S.p.A. for the MVBS and OF templates and related disclosures

The directors are responsible for the preparation of the MVBS and OF templates and related disclosures in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the MVBS and OF templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures

The objectives of our audit are to obtain reasonable assurance about whether the MVBS and OF templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these MVBS and OF templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the MVBS and OF templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit of the MVBS and OF templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the parent to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 31 May 2019

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 5.1.c) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

Introduction

We have reviewed the accompanying "S.25.01.22 Solvency Capital Requirements - for groups on Standard Formula" template (the "SCR and MCR template") for the Intesa Sanpaolo Vita Group (the "Group") and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section (the "related disclosures") of the accompanying Group Solvency and financial condition report (the "SFCR"), as at 31 December 2018, prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016.

The directors prepared the SCR and MCR template and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation.

Directors' responsibilities

The directors are responsible for the preparation of the SCR and MCR template and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR template and related disclosures that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the SCR and MCR template and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements. ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR

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template and related disclosures, taken as a whole, are not prepared in all material respects in accordance with the applicable European Union provisions and the Italian sector legislation. This standard also requires us to comply with relevant ethical requirements.

A review of SCR and MCR template and related disclosures in accordance with ISRE 2400 (revised) is a limited assurance engagement. The auditors perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

Moreover, as provided for by article 14 of IVASS regulation no. 42 of 2 August 2018, with reference to the disclosures about non-regulated entities included in the Group's scope, we solely checked that the relevant figures had been calculated pursuant to Legislative decree no. 209 of 7 September 2005, the related implementing measures and applicable European Union provisions.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on this SCR and MCR template and related disclosures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying SCR and MCR template and related disclosures relating to the Intesa Sanpaolo Vita Group included in the Group SFCR, as at 31 December 2018, have not been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Basis of preparation, purposes and restriction on use

Without modifying our conclusion, we draw attention to the "E.2 Solvency capital requirement and minimum capital requirement" section of the SFCR which describes the basis of preparation of the SCR and MCR template. This template and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Milan, 31 May 2019

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.a)/b) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

Opinion

We have audited the following parts of the 2018 Solvency and financial condition report (the "SFCR") of the Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016:

— the "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" templates for Intesa Sanpaolo Vita S.p.A. (the "Company"), (the "MVBS and OF templates");

— the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Intesa Sanpaolo Vita S.p.A. (the "related disclosures").

Our procedures did not cover:

— the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance sheet" template;

— the solvency capital requirement (item R0580) and minimum capital requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "MVBS and OF templates and related disclosures".

In our opinion, the MVBS and OF templates and related disclosures relating to Intesa Sanpaolo Vita S.p.A. included in the Group SFCR, as at 31 December 2018, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures*" section of our report. We are independent of the Intesa Sanpaolo Vita S.p.A. (the "Company") in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to audits of MVBS and OF templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

Other matters

The Company prepared its separate financial statements as at and for the year ended 31 December 2018 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 4 March 2019.

The Company prepared the "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formulas" and "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" templates and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section of the accompanying SFCR in accordance with the applicable European Union provisions and the Italian sector legislation. We reviewed them in conformity with article 4.1.c) of IVASS regulation no. 42 of 2 August 2018. As a result of our review, we issued the review report carrying today's date and attached to the SFCR.

Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the Italian regulations governing its preparation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.12.01.02 Life and Health SLT Technical Provisions", "S.17.01.02 Non-life Technical Provisions", "S.19.01.21 Non-life Insurance Claims Information", "S.22.01.21 Impact of long-term guarantees and transitional measures", "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formulas" and "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" templates;
- the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the

equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the standard formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the MVBS and OF templates and related disclosures does not extend to the other information.

In connection with our audit of the MVBS and OF templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Vita S.p.A. for the MVBS and OF templates and related disclosures

The directors are responsible for the preparation of the MVBS and OF templates and related disclosures in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the MVBS and OF templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures

The objectives of our audit are to obtain reasonable assurance about whether the MVBS and OF templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these MVBS and OF templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the MVBS and OF templates and related disclosures, whether due to fraud or error, design and

perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit of the MVBS and OF templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 31 May 2019

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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To the board of directors of
Intesa Sanpaolo Vita S.p.A.

Introduction

We have reviewed the accompanying "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formula" and "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" templates (the "SCR and MCR templates") for Intesa Sanpaolo Vita S.p.A. (the "Company") and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section (the "related disclosures") of the accompanying Solvency and financial condition report (the "SFCR"), as at 31 December 2018, of the Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016.

The directors prepared the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation.

Directors' responsibilities

The directors are responsible for the preparation of the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR templates and related disclosures that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the SCR and MCR templates and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review

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Historical Financial Statements. ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR templates and related disclosures, taken as a whole, are not prepared in all material respects in accordance with the applicable European Union provisions and the Italian sector legislation. This standard also requires us to comply with relevant ethical requirements.

A review of SCR and MCR templates and related disclosures in accordance with ISRE 2400 (revised) is a limited assurance engagement. The auditors perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these SCR and MCR templates and related disclosures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying SCR and MCR templates and related disclosures relating to Intesa Sanpaolo Vita S.p.A. included in the SFCR of the Intesa Sanpaolo Vita Insurance Group, as at 31 December 2018, have not been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Basis of preparation, purposes and restriction on use

Without modifying our conclusion, we draw attention to the "E.2 Solvency capital requirement and minimum capital requirement" section of the SFCR which describes the basis of preparation of the SCR and MCR templates. These templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Milan, 31 May 2019

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.a)/b) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Intesa Sanpaolo Assicura S.p.A.

Opinion

We have audited the following parts of the 2018 Solvency and financial condition report (the "SFCR") of the Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016:

— the "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" templates for Intesa Sanpaolo Assicura S.p.A. (the "Company"), (the "MVBS and OF templates");

— the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Intesa Sanpaolo Assicura S.p.A. (the "related disclosures").

Our procedures did not cover:

— the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance sheet" template;

— the solvency capital requirement (item R0580) and minimum capital requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "MVBS and OF templates and related disclosures".

In our opinion, the MVBS and OF templates and related disclosures relating to Intesa Sanpaolo Assicura S.p.A. included in the Group SFCR, as at 31 December 2018, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures*" section of our report. We are independent of the Intesa Sanpaolo Assicura S.p.A. (the "Company") in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to audits of MVBS and OF templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

Other matters

The Company prepared its separate financial statements as at and for the year ended 31 December 2018 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 1 March 2019.

The Company prepared the "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formula" and "S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity" templates and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section of the accompanying SFCR in accordance with the applicable European Union provisions and the Italian sector legislation. We reviewed them in conformity with article 4.1.c) of IVASS regulation no. 42 of 2 August 2018. As a result of our review, we issued the review report carrying today's date and attached to the SFCR.

Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the Italian regulations governing its preparation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.17.01.02 Non-life Technical Provisions", "S.19.01.21 Non-life Insurance Claims", "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formula" and "S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity" templates;
- the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4.

Differences between the standard formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the MVBS and OF templates and related disclosures does not extend to the other information.

In connection with our audit of the MVBS and OF templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Assicura S.p.A. for the MVBS and OF templates and related disclosures

The directors are responsible for the preparation of the MVBS and OF templates and related disclosures in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the MVBS and OF templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures

The objectives of our audit are to obtain reasonable assurance about whether the MVBS and OF templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these MVBS and OF templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the MVBS and OF templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit of the MVBS and OF templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 31 May 2019

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.c) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Intesa Sanpaolo Assicura S.p.A.

Introduction

We have reviewed the accompanying "S.25.01.21 Solvency Capital Requirements - for undertakings on Standard Formula" and "S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity" templates (the "SCR and MCR templates") for Intesa Sanpaolo Assicura S.p.A. (the "Company") and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section (the "related disclosures") of the accompanying Solvency and financial condition report (the "SFCR"), as at 31 December 2018, of the Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016.

The directors prepared the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation.

Directors' responsibilities

The directors are responsible for the preparation of the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR templates and related disclosures that are free from material misstatement, whether due to fraud or error.

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Auditors' responsibilities

Our responsibility is to express a conclusion on the SCR and MCR templates and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements. ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR templates and related disclosures, taken as a whole, are not prepared in all material respects in accordance with the applicable European Union provisions and the Italian sector legislation. This standard also requires us to comply with relevant ethical requirements.

A review of SCR and MCR templates and related disclosures in accordance with ISRE 2400 (revised) is a limited assurance engagement. The auditors perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these SCR and MCR templates and related disclosures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying SCR and MCR templates and related disclosures relating to Intesa Sanpaolo Assicura S.p.A. included in the SFCR of the Intesa Sanpaolo Vita Insurance Group, as at 31 December 2018, have not been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Basis of preparation, purposes and restriction on use

Without modifying our conclusion, we draw attention to the "E.2 Solvency capital requirement and minimum capital requirement" section of the SFCR which describes the basis of preparation of the SCR and MCR templates. These templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Milan, 31 May 2019

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.a)/b) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Fideuram Vita S.p.A.

Opinion

We have audited the following parts of the 2018 Solvency and financial condition report (the "SFCR") of the Intesa Sanpaolo Vita Insurance Group (the "group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016:

— the "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" templates Fideuram Vita S.p.A. (the "company"), (the "MVBS and OF templates");

— the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to the company (the "related disclosures").

Our procedures did not cover:

— the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R07209) of the "S.02.01.02 Balance sheet" template;

— the solvency capital requirement (item R0580) and minimum capital requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "MVBS and OF templates and related disclosures".

In our opinion, the MVBS and OF templates and related disclosures relating to Fideuram Vita S.p.A. referred to above and included in the group's 2018 SFCR have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to audits of MVBS and OF templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes, therefore using a special purpose reporting framework. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

Other matters

The company prepared its financial statements as at and for the year ended 31 December 2018 in accordance with the Italian regulations governing their preparation. We audited those financial statements and issued our audit report thereon on 26 February 2019.

The company prepared the "S.25.01.21 Solvency capital requirements for undertakings on standard formulas " and "S.28.01.01 Minimum capital requirement - only life insurance or reinsurance business or only non-life insurance or reinsurance business" templates and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section of the accompanying SFCR in accordance with the applicable European Union provisions and the Italian sector legislation. We reviewed them in conformity with article 4.1.c) of IVASS regulation no. 42 of 2 August 2018. As a result of our review, we issued the review report carrying today's date and attached to the SFCR.

Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the Italian regulations governing its preparation.

The other information presented in the SFCR comprises:

— the "S.05.01.02 Premiums, claims and expenses by line of business", S.12.01.02 "Life and health SLT technical provisions", "S.22.01.21 Impact of long-term guarantees and transitional measures", "S.25.01.21 Solvency capital requirements for undertakings on standard formulas " and "S.28.01.01 Minimum capital requirement - only life insurance or reinsurance business or only non-life insurance or reinsurance business" templates;

— the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the standard formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the MVBS and OF templates and related disclosures does not extend to the other information.

In connection with our audit of the MVBS and OF templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the MVBS and OF templates and related disclosures

The directors are responsible for the preparation of the MVBS and OF templates and related disclosures in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the MVBS and OF templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures

The objectives of our audit are to obtain reasonable assurance about whether the MVBS and OF templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these MVBS and OF templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the MVBS and OF templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit of the MVBS and OF templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rome, 31 May 2019

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.c) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Fideuram Vita S.p.A.

Introduction

We have reviewed the accompanying "S.25.01.21 Solvency capital requirements for undertakings on standard formulas " and "S.28.01.01 Minimum capital requirement - only life insurance or reinsurance business or only non-life insurance or reinsurance business" templates (the "SCR and MCR templates") and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section (the "related disclosures") of the accompanying 2018 Solvency and financial condition report (the "SFCR") of Fideuram Vita S.p.A. (the "company"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) regulation no. 33/2016.

The directors prepared the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation.

Directors' responsibilities

The directors are responsible for the preparation of the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR templates and related disclosures that are free from material misstatement, whether due to fraud or error.

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Auditors' responsibilities

Our responsibility is to express a conclusion on the SCR and MCR templates and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements. ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR templates and related disclosures, taken as a whole, are not prepared in all material respects in accordance with the applicable European Union provisions and the Italian sector legislation. This standard also requires us to comply with relevant ethical requirements.

A review of SCR and MCR templates and related disclosures in accordance with ISRE 2400 (revised) is a limited assurance engagement. The auditors perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these SCR and MCR templates and related disclosures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying SCR and MCR templates and related disclosures relating to Fideuram Vita S.p.A. included in the 2018 SFCR of the Intesa Sanpaolo Vita Insurance Group have not been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Basis of preparation, purposes and restriction on use

Without modifying our conclusion, we draw attention to the "E.2 Solvency capital requirement and minimum capital requirement" section of the SFCR which describes the basis of preparation of the SCR and MCR templates. These templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Rome, 31 May 2019

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit