Solvency and Financial Condition Report

Intesa Sanpaolo Vita Insurance Group 31 December 2019

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.

CONTENTS

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;
- Regulation no. 33/2016 of IVASS (the Italian Insurance Regulator), 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.

This document was prepared in compliance with IVASS communication of 30/03/2020 "extension of deadlines and OTHER TEMPORARY MEASURES TO MITIGATE THE IMPACT OF THE COVID-19 EPIDEMIC ON THE ITALIAN INSURANCE SYSTEM". Especially, the Company has approved the RSR Solo and sent to IVASS in May 2020 while the SFCR Group and RSR has adopted on 15 June 2020.
At 31 December 2019, the Intesa Sanpaolo Vita Insurance Group 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 Insurance Group Companies to audit Section D "Information on valuation for solvency purposes" and sub-section E.1 "Own Funds" and to audit in limited form 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 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 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 2018, in accordance with Article 293(2)(3)(4) of the Delegated Regulation.

This Report was approved by the Board of Directors of Intesa Sanpaolo Vita S.p.A. on 15 June 2020, as required by Article 47(j) of the Private Insurance Code.

Annexed to this document is the information on the Quantitative Reporting Template (hereinafter QRT) 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 has confirmed a solid business performance and entirely satisfactory result, despite being affected by the instability of financial markets characterising the first eight months of the year.

As regards the Life segment, the context of 2019 results mainly featured aspects affecting financial markets, in particular the performance of the ten-year BTP differential in relation to German bonds, listed above 200 basis points from January to August and subsequently falling, after the political majority changed, to a record low of 131 basis points in September, with the period of stagnation continuing throughout the year at a GDP growth rate equal to zero.

Against this backdrop, the Company recorded a gross overall production down by around 7% compared to the previous year, mainly due to lower sales in Insurance connected with investment funds, while also seizing opportunities to place Line I product platforms of a limited amount and dedicated to specific network customer segments.

In the non-life segment, particular attention was paid to activities in the Intesa Sanpaolo Group Business Plan for Intesa Sanpaolo Assicura, namely to become Italy's first company in the non-motor retail market. In particular, P&C business premiums went up by 32.4% compared to the previous year. There was a significant expansion of non-motor products (excluding CPI), on which the 2018-2021 Business Plan is concentrated, up by 103%.

As regards product strategy, the new XME protection modular offer recorded a good business performance (approximately 550,000 contracts have been taken up since the product launched in July 2018), and during 2019, the motor offering was completed with the development of digital solutions and the introduction of a product without a black box.

As for the distribution and after-sales strategy, activities relative to the growth of Intesa Sanpaolo Assicura continued, for operating processes and with training for specialists supporting the sales network.

With reference to the Group's governance areas, the guidelines developed during 2019 by the Intesa Sanpaolo Vita Parent Company focussed on the following aspects:

- taking action for the organisational structure, in order to meet business support needs, for example setting up a new “Business Welfare” unit, and providing for specific safeguards at an insurance Parent Company level, in line with IVASS Regulation no. 38/2018;

- developing a strategic plan on the ICT technology which is based on rationale for the governance and coordination of all Insurance Group companies by the ultimate parent company Intesa Sanpaolo Vita;
- ensuring that IVASS regulations are implemented in accordance with times of applicable rules on corporate governance, disclosure and transparency in relation to insurance products, and on product retail;
- starting up activities to adopt a single integrated accounting system for the Group as part of the programme to adopt IFRS 17, which will come into force on 1 January 2023.

As regards the above, Intesa Sanpaolo Vita, at the date of approval of the Solvency report:

- had maintained its highly significant position on the domestic life insurance market;
- had further reduced the cost of premiums and the portfolio coverage levels, through product-specific policies, compared to previous years;
- was continuing to implement a policy of reducing risks and consolidating the Internal Control System.

On 19 December 2019, the Board of Directors of the Parent Company Intesa Sanpaolo and the Board of Directors of Intesa Sanpaolo Vita authorised an extraordinary transaction, for areas in their responsibility, concerning the acquisition of 50% + 1 share of the share capital of the Company RBM Assicurazione Salute.

The acquisition is of considerable interest for the Intesa Sanpaolo Vita Insurance Group and, more in general, for the Intesa Sanpaolo Group, mainly due to the following reasons:

- the strategic consistency of the transaction: the acquisition of RBM Assicurazione Salute is consistent with the objectives declared in the Intesa Sanpaolo Group 2018 – 2021 business plan, and namely of becoming a Wealth Management & Protection Company, and leader in retail non-motor insurance in Italy;
- a synergistic, complementary business: the acquisition of RBMS makes it important to achieve important synergies between the Intesa Sanpaolo Group and RBMS through offering and distributing health policies via the Intesa Sanpaolo Group's various channels to companies and Businesses (not currently offered) and the retail segment (for example: as part of the modular XME Protection product);
- the uniqueness of the target company: today, RBMS is the only independent player among large-sized insurance companies on the health market, with a solid track record in terms of growth in premiums and profitability and with access to the largest special-agreement medical services network in Italy through an exclusive agreement with Previmedical (over 113,000 facilities).

The transaction, which was completed on 11 May 2020, after obtaining the necessary authorisations, led to Intesa Sanpaolo Vita taking over control of RBM Assicurazione Salute, directly acquiring from the RBH-old Group, 50% +1 share for the price of €325 million. The plan to increase the investment to 100% of the capital on a gradual basis, in 2026 and 2029 (according to current agreements), was also confirmed. This will take place at a purchase price determined based on the achievement of previously established growth targets, according to a mixed asset/income formula.

With this transaction - authorised by IVASS on 16 April - the Intesa Sanpaolo Group consolidated is positioning in the health business considerably, which increased by 9.3% in Italy (source ANIA) in the 2015-19 period, with further prospects for expansion in the next few years.

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 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	31.12.2019	31.12.2018	Change	
Intesa Sanpaolo Vita Group				
Gross Premium	18,609.0	19,783.3	-1,174.3	-5.9%
Net Profit IAS/IFRS of Group	681.4	672.0	9.4	1.4%
Individual Balance Sheet				
Net Profit ISV	690.4	223.4	467.0	>100%
Net Profit ISA	78.1	58.5	19.6	33.6%
Net Profit ISL	130.7	124.8	5.9	4.7%
Net Profit FV	102.4	9.4	93.0	>100%

Group Data	31.12.2019	31.12.2018	Change	
Number of Life Contract	4,396,745	4,201,028	195,717	4.7%
Number of Non Life Contract	3,207,585	2,817,748	389,837	13.8%
Number of Human Resource	875	819	56	6.8%

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)	2,741.8	230.0	466.1	482.6	3,232.4
B.	Minimum Capital Requirement (MCR)	1,233.8	103.5	209.7	217.2	1,764.2
C.	Eligible Own Funds to meet the SCR	6,665.1	571.1	1,012.8	1,344.5	7,698.1
D.	Eligible Own Funds to meet the MCR	6,268.7	571.1	902.1	1,344.5	7,255.2
C. / A.	Ratio Eligible Own Funds on SCR	243%	248%	217%	279%	238%
D. / B.	Ratio Eligible Own Funds on MCR	508%	552%	430%	619%	411%

The Insurance Group's governance system is in proportion to the nature, extent and complexity of its business activities and relative risk profile, as indicated in more detail in **Section B** of this document.

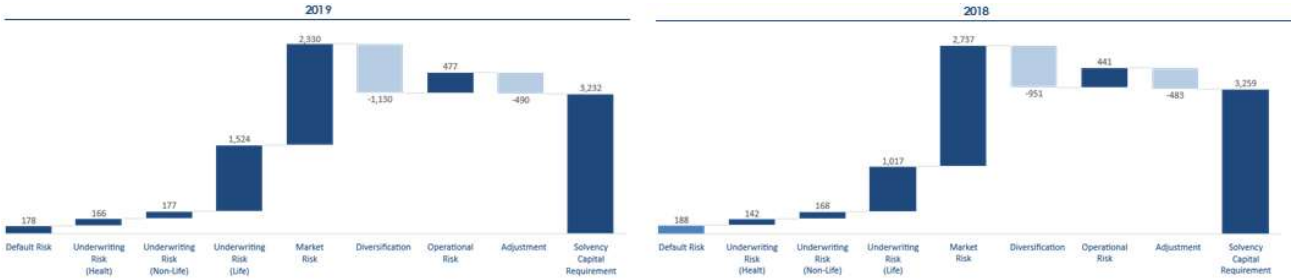
The Group's risk management system covers each insurance company, as described in **Section C**. The risk management system is formalised by means of the internal regulation policies issued by each company according to the guidelines of the Ultimate Italian Parent Company (hereinafter the USCI) in accordance 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)

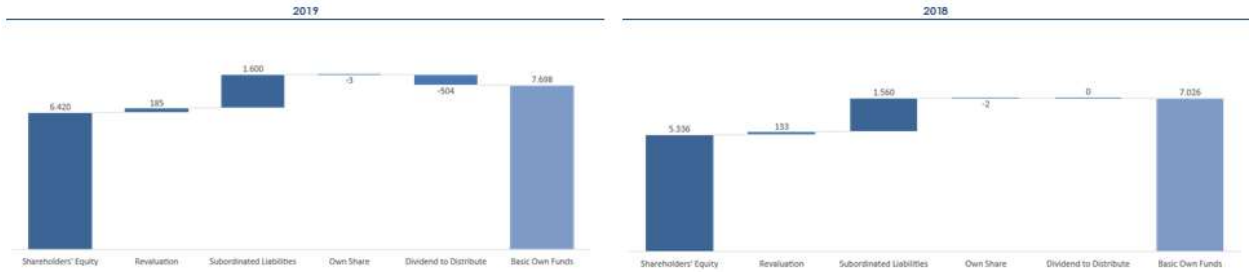


With reference to **Section D**, assets have been valued in accordance with IAS/IFRS, in line with the valuation approach referred to in Article 75 of Directive 2009/138/EC ("Directive").

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 Insurance Group and of the individual insurance companies.

Below is a representation of the own funds of the Insurance Group compared to the net equity of the Consolidated Financial Statements of the Intesa Sanpaolo Vita Insurance Group at 31 December 2019 and at 31 December 2018.

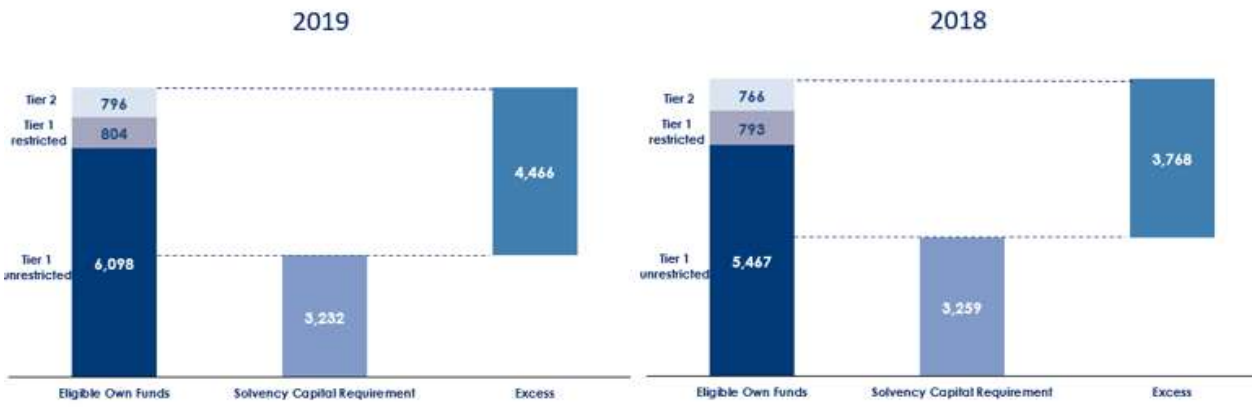
From Net Equity to Solvency II Own Funds (in millions of euro)



Section E, entitled "Capital Management", focuses on representing the solvency position of the 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 at 31 December 2019 and at 31 December 2018.

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



DISCLOSURE ON THE EFFECTS OF COVID-19

As provided for by Article 54(1) of the Solvency II directive and regarding the IVASS communication of 30 March 2020 in which the Supervisory Authority extended the deadlines and introduced other temporary measures to mitigate the risk of the Covid-19 epidemic, disclosure was provided with significant information on the effects of Covid-19.

Since the end of February, the health emergency due to Covid-19 has had increasing importance in Italy's social and economic life and in the rest of the world. The uncertainty of the economic consequences of the pandemic and relative containment measures have had volatile effects on the performance of financial markets. On 12 March 2020, the FTSE MIB fell by around 17%, the worst performance ever on record. Similar trends were reported by all main international markets.

In this regard, the effects observed on financial markets and prospects of a major recession have led monetary authorities to take very strong action, the effect of which will have to be backed up by tax policy actions that are as equally exceptional.

In particular, during this highly volatile phase, the ECB has intervened on several occasions to bolster market confidence and encourage financial market integrity, promoting less stressed financial conditions.

With the recent "Cure Italy" decree, the Italian Government has also taken measures to avoid the spread of the financial crisis, including the approval of Decree Law no. 18 of 17 March 2020 "Measures to strengthen the National Health Service and provide financial support for households, workers and businesses related to the COVID-19 health emergency". Part III of this decree is entirely dedicated to measures to support liquidity through the banking system and aims to introduce provisions in favour of SMEs, businesses in general and the self-employed.

The Italian Government has also taken additional financial measures in the "Relaunch Decree", in which it has allocated 55 billion euro of resources to support businesses, artisans, traders, professionals, workers and families in the country's new phase of economic and social recovery. The decree aims to meet numerous needs of companies and workers affected by the economic crisis caused by Covid-19. The Government's objective is to continue, after the "Cure Italy Decree" and "Liquidity Decree" to support and consolidate production activities that have been hit by considerable losses in turnover during the emergency, through a uniform framework of interventions.

The lock-down had an unprecedented economic impact in the countries where it occurred, but the gradual reopening of activities is being reflected in a slow but progressive improvement in the

economic scenario. Share prices, which initially incorporated the highly negative economic scenario, have recovered just as rapidly since the end of the first quarter of 2020, in the wake of the monetary policy actions of the central banks and the fiscal policy actions of the governments of the main industrialized countries. The action of the Federal Reserve and the American government was faster and more incisive, but subsequently the European Union also put in place unprecedented support initiatives. The European Central Bank launched a program to purchase securities on the market, until June 2021, for a total amount of almost 1800 billion euros. Italy will also benefit thanks to the support of the huge European funds. Indeed, a strong stimulus to economic growth is expected: a first signal in this sense is given by the fact that the spread (yield differential between Italian government bonds compared to German government bonds of the same maturity), after having increased more than 100 points in the worst of the crisis, it returned close to the levels preceding the outbreak of the pandemic.

In this context, also following measures adopted by the ECB and Italian Government, the Insurance Group has confirmed its strategy of serving its customers in every way possible and guaranteeing capital solvency levels that are more than adequate.

In this extraordinary framework, the Group - in organisational terms - has changed its approach to work, arranging for employees to work at home, which it has been doing for several years, enabling it to guarantee business continuity while safeguarding staff's health. Digital tools have also enabled the Group to provide continual support for its customers and the distribution network.

In the first few months of 2020, the Insurance Group witnessed a turbulence on financial markets and worsening in the general macro-economic context, to which it responded following the guidelines laid down by EIOPA and IVASS (IVASS recommendation of March 2020), with the weekly monitoring of the solvency level in order to continually understand the impact in terms of the risk of changed market conditions. This monitoring, which is carried out through sensitivity analysis, identified that individual Companies and the Group have solid solvency coefficients.

However, the Group is taking action to mitigate any risks arising from a possible reduction in new production and any losses due to the writedown of assets through hedging instruments and transactions.

Finally, with reference to the performance of the insurance group's premium income, it should be noted that the first half of the year reported positive net deposits with reference to the life sector and a growth trend compared to 2019 for the non-life sector.

A. ACTIVITIES AND RESULTS

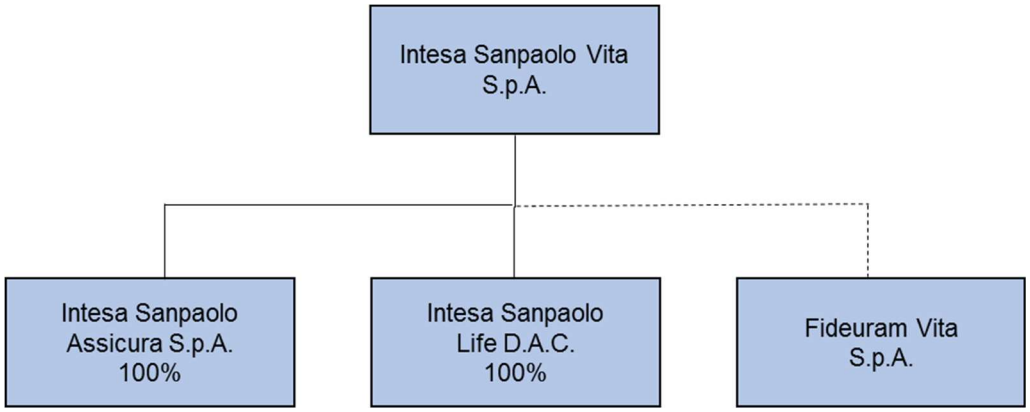
A.1 ACTIVITIES

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 Insurance Group is registered with the Register of Insurance Groups kept by IVASS (registration number 28).

The Group structure at 31 December 2019 is represented below:



---- Fideuram Vita is part of the regulatory 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.

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 operates in the Life insurance and Pension segments, with a leading position on the Italian market, as well as in the non-life segment through its subsidiary Intesa Sanpaolo Assicura. The data for production referred to the 2019 financial year and compared with the previous financial year, prepared according to IAS/IFRS, are presented below.

(in milioni di euro)

Dati operativi	31.12.2019	31.12.2018	Variazione	
Gross Premium Life	17,937.3	19,276.3	-1,339.0	-6.9%
- Premiums relating to Life insurance products	2,233.3	1,124.0	1,109.3	98.7%
- Life Profit Premium with DPF	7,390.6	6,656.7	733.9	11.0%
- Life Profit Premium without DPF	8,313.4	11,495.6	-3,182.2	-27.7%
Non Life Premium	671.7	507.1	164.6	32.5%
New Life Premium of year	17,660.2	19,031.9	-1,371.7	-7.2%
Claims Incurred	11,206.7	8,665.4	2,541.3	29.3%
Produzione netta	6,453.5	10,366.5	-3,913.0	-37.7%

The parent company Intesa Sanpaolo Vita mainly works with the banking network of the Intesa Sanpaolo Group to distribute its own insurance, savings and investment products, as well as creditor protection and pension products.

The agreement with Cassa di Risparmio di Fermo, to sell the dedicated multi-line product "Equilibrio Dinamico", for Retail and Personal customers, is now operational on a stable basis.

For smaller portfolios, the Company also has marketing agreements with extracaptive banks, mainly relating to aftersales activities, and to a minimal extent, to retail activity in the pensions segment.

To distribute its own products, Intesa Sanpaolo Assicura mainly works with the sales network of the Intesa Sanpaolo Group. The focus on the "Tutela" project for the banking network has been supported, from 2018 onwards, by the introduction of more than 200 specialists, providing prompt, expert support to the managers of Banca dei Territori branches. The specialists underwent intensive training, for which the technical insurance components were coordinated by Intesa Sanpaolo Assicura.

The Company 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.

As regards Fideuram Vita the Company is also assisted by a network of more than 5,500 financial advisers and private bankers in all regions and main cities of Italy, belonging to Fideuram, Sanpaolo Invest Sim and Intesa Sanpaolo Private Banking, to distribute its products.

At 31 December 2019, the Group recorded a consolidated shareholders' equity of 6,420.2 million euro, including net profit of 681.4 million, compared to an opening equity of 5,336.1 million euro.

Pursuant to Article 8 of IVASS Regulation no. 30/2016 and, along with the central structures of Intesa Sanpaolo, the Insurance Group governs the intragroup transactions included in the Framework resolution of these transactions, updating a list of counterparties that also includes the associate companies of the Intesa Sanpaolo Group:

1. Insurance Group companies;
2. Companies controlled by Intesa Sanpaolo not belonging to the Insurance Group;
3. Companies that are associates of Intesa Sanpaolo not belonging to the Insurance Group.

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

- carries out intragroup transactions 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 "material" intragroup transactions on an annual basis, on "highly significant" transactions on a monthly basis, and on transactions "in all circumstances" as promptly as possible.

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.

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 31.

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.

During 2019, the Company continued to focus on the objectives of the 2018/2021 Business Plan, guaranteeing the development of activities aimed at process efficiency and implementing requirements of changes to the regulatory framework.

The determining factor of the year's results was from financial management, with a balance of investment income, net of capital and financial charges of more than 3,544 million euro, mainly due to an improvement of 685 million euro compared to 2018 in value of bonds.

The trend in net flows in the Life segments, determined by the premiums collected net of payouts was positive at 1,859 million euro, higher than the positive balance for the previous year of 1,042 million euro.

The combined effect of the performance in financial management and the Life portfolio led to an increase in commitments to policyholders of 4,062 million euro.

As in previous years, the company carried out some 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 intragroup, related party or third party transactions.

The intragroup transactions that were relevant for the purposes of IVASS Regulation no. 30/2016 in 2019 were the following:

- the payment of an extraordinary reserve in equal to 104,809,844 to Intesa Sanpaolo;
- the signing of commission agreements with the Intesa Group bank, for new policies launched in 2019, with the total payments amounting to 152.3 million euro;
- receipt of the payment of fees and commissions for outsourcing services with the counterparty Intesa Sanpaolo Assicura for a total amount of approximately 5.5 million euro;
- receipt of the payment of a dividend from Intesa Sanpaolo Life for a total amount of approximately 50 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 731 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 S.p.A, is wholly owned, directed and coordinated by Intesa Sanpaolo Vita S.p.A., and belongs to the Insurance Group.

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

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 31.

Intesa Sanpaolo Assicura operates nationwide in Italy, mainly through the branches of the Intesa Sanpaolo Group to distribute its own products. To achieve its goal of becoming one of the first four insurance companies in the non-life segment in Italy and the first for non-motor retail products, Intesa Sanpaolo Assicura has launched strategies to improve the products and services offered to customers. In 2018, a new multi-channel offering was launched. The "XME Protezione" product offers a wide range of non-motor insurance cover for Customers and their families. The product is modular, so guarantees can be customised, also based on the priority of needs, both on initial sale and during the life of the contract. Moreover, since 2018, the offering dedicated to SMEs has been expanded, with the launch of the new product "Tutela Business Manifattura" (manufacturing cover) and additional services have been launched with the XME Salute health policy. Lastly, during 2018, Data Analytics methodologies began to be used, to identify customer needs more effectively, and offer customised financial conditions. All of the above actions were confirmed in the year just ended.

During 2019, the Motor range was completed with new digital solutions and the introduction of a non-digital product. Moreover, a new range is being developed, dedicated to Mid corporate customers.

The development of expertise and improvement in the level of service provided by Banca dei Territori managers was achieved thanks to the allocation of some 220 "Tutela" project specialists, the completion of IVASS qualification for some 30,000 operators and the shadowing of over 9,000 managers. Lastly, the Communication Plan was launched for non-life products and brand identity was consolidated, with "Banca Assicurazione" (Bank Insurance) window stickers at Intesa Sanpaolo Group bank branches.

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 2019. Premiums collected in 2019 totalled approximately 670.9 million euro, up by 32.5 % compared to the final figure for 2018 (506.2 million).

The increase in premiums issued was mainly due to Health and Accident products (+146% compared to the previous year), and Home and Family products (up by 72% over the previous year). The Loss Ratio, which is a primary indicator of the cost effectiveness of the technical management of a non-life insurance undertaking, was equal to 36% in 2019, up by 8% compared to 28% in 2018. 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 intragroup, related party or third party transactions.

The intragroup transactions that were relevant for the purposes of IVASS Regulation no. 30/2016 in 2019 were the following:

- the payment by Intesa Sanpaolo SmartCare S.r.l of expenses relative to the insert used in the "Viaggia con me" products package for an amount equal to 5.2 million euro;
- the payment of some expenses relative to outsourced personnel from Intesa Sanpaolo Vita, for an amount equal to 7.9 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.

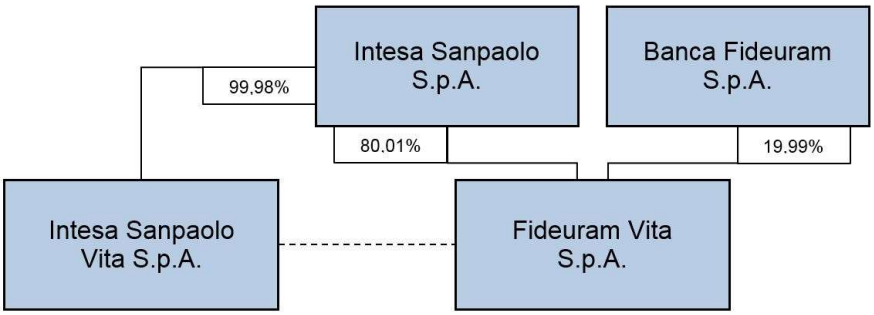
Fideuram Vita is owned as to 80.01% by Intesa Sanpaolo S.p.A. and as to 19.99% by FIDEURAM - Intesa Sanpaolo Private Banking S.p.A. Both are headquartered in Turin, Piazza San Carlo 156. The secondary office of Intesa Sanpaolo S.p.A. is in Milan, Via Monte di Pietà 8. The secondary office of Banca Fideuram 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 31.

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



------- Fideuram Vita S.p.A. is part of the regulatory consolidation area of the 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 private bankers in every major Italian city and region, belonging to FIDEURAM - Intesa Sanpaolo Private Banking, Sanpaolo Invest and Intesa Sanpaolo Private Banking.

Fideuram Vita operates exclusively in the Life segment, in segments I, III, V and VI (relating to life insurance, unit-linked and index-linked insurance, capitalisation and asset management), and offers the following solutions and products:

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 2019 that impacted the activities of Fideuram Vita, which ended the year with a positive net result of 102.4 million, in accordance with Italian accounting standards. This result is mainly due to income from financial management of the class C investments portfolio, which benefited from a recovery in the value of financial markets. Net profit was realised in a context that was unstable, but also marked by growth in financial markets. In this scenario, almost all financial asset classes recorded positive performances. In particular, the European bond market recorded better values after posting capital losses during 2018.

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 intragroup, related party or third party transactions.

The intragroup transactions that were relevant for the purposes of IVASS Regulation no. 30/2016 in 2019 were the following:

- the contract sale and purchase of 3 listed stocks with counterparties from the Intesa Group on own account and on account of third parties totalling 69 million euro;
- the signing of derivatives contracts with an Intesa Group bank counterparty to cover the exchange risk of managed pension funds, with a total notional value of 5,490.4 million euro;
- the signing of new policies with related parties of the Intesa Group, totalling 44 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 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. Moreover, Intesa Sanpaolo Life is expanding the retail of its policies in Spain, and continuing to explore other European countries.

The company's sole area of activity is:

Life insurance obligations:

- unit-linked insurance.

During 2019, 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.

Especially, during 2019, Intesa Sanpaolo Life, issued the product: Doppio Centro Insurance. This insurance product supplements, in the event of death of the insured, the value of the Unit regardless, at the time of the event, if lower than the equivalent value of net premiums paid. Doppio Centro Insurance is recognised in the financial statements, indicating the premiums, payments and change in technical provisions indicated in profit and loss; the commission from acquisitions and collections is recognised in profit and loss in the year of accrual. Deferred acquisition costs mainly include costs incurred for the undertaking in the portfolio of a particular type of long-term insurance contracts, that are amortised line by line for a period equal to the duration of each contract, which is less than ten years.

Moreover, the lists of financial instruments available for the "Guidato", "Libero" and "Opportunità" packages in the Exclusive Insurance line, for the Banca dei Territori of Intesa Sanpaolo, as well as the list of financial instruments for the "Selezione Private" line for Intesa Sanpaolo Private Banking were updated.

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.

For the Spanish market, the Company expanded the value of funds for the two products currently in production, adding flexible funds alongside the three benchmark funds already present, so as to offer customers additional investment options.

During the year, Intesa Sanpaolo Life collected premiums of 4,914 million euro, with a concentration on unit-linked products, against early exits of 2,853 million.

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.

During the reporting period, the Company carried out the following material intragroup transactions:

- the signing of 5 derivatives contracts with an Intesa Group Bank counterparty, with a notional value equal to approximately 293.5 million euro;
- the payment of commission for outsourcing services, to counterparties of the Intesa Group, totalling approximately 450 million euro.

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 17,936.3 million euro for the Life Business and 521.3 million euro for the Non-life Business, giving a total of 18,457.6 million euro. The Life segment is predominantly made up of products linked to investment funds, unit-linked policies in particular, equal to 10,100 million euro corresponding to 56% of the entire amount, which is a reduction of 17% on the previous year;
- the Claims portion (including payouts for coupon redemptions and other activities), of 12.9 billion euro, was slightly down on the previous year. 48% relates mainly to separate management, while 51% relates to products connected to unit-linked or pension policies;
- change in other technical provisions (- 12,630.4 million euro). This performance is due to the combined effect of fewer services provided and the change in the increase in technical provisions, mainly caused by commercial performance and financial revaluation of the insured.
- the total expenses of the Insurance Group amounted to approximately 1,089 million euro, which included 857.3 million for the Life Business and 232.3 million for the Non-life Business. This figure indicates an increase of approximately 1% 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 Non-life businesses.

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting performance	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Insurance with profit participation	7,533,155	6,811,348	-6,215,667	-8,036,133	-2,485,629	-23,297	-175,257	-186,077				
Index-linked and unit-linked insurance	10,124,982	12,157,097	-6,599,538	-7,301,107	-10,084,780	499,762	-594,760	-593,537	-4,361	-2,779.000	**-8,404,302**	**3,391,233**
Other life insurance	278,184	307,811	-37,748	-57,555	-59,982	-85,824	-82,898	-98,477				
Total amount	**17,936,320**	**19,276,257**	**-12,852,954**	**-15,394,795**	**-12,630,392**	**390,642**	**-852,915**	**-878,091**				

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Medical expenses insurance	10,287	6,743	-3,883	-4,750	-282	-124	-4,062	-1,469				
Income protection insurance	195,687	131,277	-57,223	-19,383	-2,069	-1,417	-88,999	-68,199				
Motor vehicle liability insurance	81,348	71,618	-62,484	-46,942		-	-23,956	-29,847				
Other motor insurance	14,194	12,295	-6,672	-5,074		-27	-4,135	-3,925				
Marine, aviation and transport insurance	47	18	-4	-21		-	-18	-18	-4,017	-3,854	**127,406**	**109,658**
Fire and other damage to property insurance	89,599	69,213	-22,880	-10,109	-548	-115	-41,992	-37,893				
General liability insurance	49,749	34,044	-12,178	-4,337		-2	-18,312	-12,294				
Credit and suretyship insurance	1,395	1,398	187	-355	-30	-	-122	-280				
Legal expenses insurance	409	261	-158	-11		-	200	155				
Assistance	7,868	5,990	-461	-349		-	-5,717	-4,190				
Miscellaneous financial loss	70,693	67,528	-2,360	-3,560		-	-31,698	-32,337				
Total amount	**521,277**	**400,385**	**-168,115**	**-94,892**	**-2,928**	**-1,685**	**-218,810**	**-190,297**				

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.

In the year ended, the company Intesa Sanpaolo Vita confirmed a solid commercial performance and satisfactory result, despite the instability of financial markets characterising most of the year. Net profit from taxes was equal to 690.5 million euro compared to 223.4 in the previous year. The 2019 result was achieved in a context mainly characterised by the following elements, which have affected the financial markets.

In the first part of the year, up until August, financial tensions affected Italian debt, recording a differential in ten-year BTP compared to German bonds nearly continually above 200 basis points. Political tensions in August, with a change in the political majority, had a positive impact as the ten-year BTP differential in relation to German bonds quickly fell to a record low of 131 basis points in September, then levelling off between 150 and 173 basis points at the end of the year.

Intesa Sanpaolo Vita is continuing to pursue the objectives in the 2018/2021 Business Plan, with actions targeting process efficiency and alignment with expected legal changes, besides supporting, in a capacity as USCI, the growth of the subsidiary, with Intesa Sanpaolo Assicura assigned an entire section in the Business Plan, with the aim of becoming one the first four non-life insurance companies in Italy and the first for non-motor retail products. The Company intends consolidating its excellent commercial performance of previous years, confirming the business strategy developed in 2015, maintaining a solid financial position and achieving an outstanding performance for customers. The Company intends tackling the uncertain macro-economic scenario with a clear strategy that targets operating excellency, generating long-term value. In 2020, technology serving the Company will continue to be the driver offering customers a high level of service.

The average duration of the securities portfolio was 5.20 years. Regarding the allocation of government bonds per country, the mix was decidedly oriented in favour of Italian bonds, with the component of bonds issued by core countries (Europe, mainly the Federal Republic of Germany) remaining unchanged.

The determining factor of the year's results was from the positive trend of financial markets and consequently of financial management, with net value adjustments equal to 119.5 million euro

compared to the 2018 value equal to -506 million euro with a positive differential of 625.5 million euro. Moreover, the balance of investment income, net of capital and financial charges, was equal to 189 million euro, down by 6% compared to 2018. However, the portion arising from Separate Management recorded a higher income compared to the previous year, equal to 2,225,670 thousand euro, up by 31% compared to the figure for 2018 (1,703,980 thousand euro). The Class D portion also performed well impacting the result; net capital gains were equal to 1,318,779 thousand euro, wholly attributable to insured, against a negative value of 1,018,676 thousand euro of the previous year.

Premiums collected in the year for the Life business were equal to 9,173.4 million euro, down by 7.4% compared to the figure for 2018 (9,901.2 million euro). The figure for the non-life business also fell, by 19.6%, from 864.8 thousand euro to 695.6 thousand euro.

Costs of claims, net of sums to pay, were also down. In 2019, an amount equal to 7,217.3 million euro was recognised, down by 22.5% compared to the figure of the previous year (9,320.5) for the life business. In the non-life business, this figure was negligible.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Insurance with profit participation	6,480,992	6,036,185	-5,863,916	-7,693,790	-1,679,225	514,174	-166,210	-177,847				
Index-linked and unit-linked insurance	2,415,916	3,559,056	-1,317,117	-1,568,782	-2,288,679	-958,858	-84,280	-113,031	-2,392	-1,141	**-2,408,126**	**-340,515**
Other life insurance	275,930	305,511	-36,306	-57,967	-60,201	-85,740	-82,639	-98,286				
Total amount	**9,172,838**	**9,900,752**	**-7,217,339**	**-9,320,538**	**-4,028,104**	**-530,424**	**-333,129**	**-389,164**				

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Medical expenses insurance	4	5	-	-	-	-	-1	-1		-	**666**	**312**
Income protection insurance	685	850	213	-79	176	-161	-411	-302				
Total amount	**689**	**855**	**213**	**-79**	**176**	**-161**	**-412**	**-303**				

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)

	31.12.2019	31.12.2018
Net premiums	9,173,526	9,901,608
Claims incurred	-7,217,126	-9,320,617
Changes in technical provisions	-4,027,929	-530,586
Expenses	-335,933	-390,608
Underwriting Result (QRT S.05.01)	**-2,407,461**	**-340,203**

Details of the underwriting results are given below, to provide a representation comparable with the Individual Financial statements prepared according to Italian accounting standards.

	31.12.2019	31.12.2018
Net premiums	9,173,526	9,901,608
Claims incurred	-7,217,126	-9,320,617
Changes in technical provisions	-4,027,929	-530,586
Underwriting expenses	-206,425	-250,674
Claims management expenses	*-3,720*	*-3,999*
Acquisition expenses	*-202,705*	*-246,725*
Technical interest	2,386,798	164,194
Underwriting Result	**108,845**	**-36,075**

(euro thousands)

Intesa Sanpaolo Assicura S.p.A.

2019 saw an increase in total premiums, of 670.9 million euro, up by 32.5% compared to the final figure for 2018 (306.2 million euro).

The main reasons for this are related to premiums for "Income protection insurance" (+46.2%), "Fire and other damage to property insurance" (+36.2%) and "General liability insurance" policies (+50.82%). The increase in premiums issued was mainly due to Health and Accident products (+146% compared to the previous year), and Home and Family products (up by 72% over the previous year). Premiums from the motor segment also went up, led by the "Viaggia con Me" travel policy, which recorded total premiums of 113.1 million euro in 2019 (101.4 million in December 2018).

Claims-related costs net of recoveries and the effects of reinsurance and the change in the claims provision rose from 90.1 million euro in 2018 to 119.9 million euro, an increase on the previous year. The ratio of claims to premiums for the period, net of reinsurance effects, was equal to 35.8%, against 27.7% in 2018.

Operating costs including purchase commission amounted to 222.7 million euro, an increase of approximately 20% on the previous year (193.8 million euro), mainly due to the increase in the commission load which is correlated to the increase in volumes. Costs of acquisition were 163.1 million, up by 13.6% in 2018, 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Medical expenses insurance	10,283	6,738	-3,883	-4,750	-282	-124	-4,061	-1,468				
Income protection insurance	195,003	130,427	-57,436	-19,304	-2,069	-1,256	-89,470	-67,897				
Motor vehicle liability insurance	81,348	71,618	-62,484	-46,942		-	-24,241	-29,847				
Other motor insurance	14,194	12,295	-6,672	-5,074		-27	-4,135	-3,925				
Marine, aviation and transport insurance	47	18	-4	-21		-	-86	-18	-4,017	-3,854	**117,460**	**109,345**
Fire and other damage to property insurance	89,599	69,213	-22,880	-10,109	-548	-115	-42,455	-37,893				
General liability insurance	49,749	34,044	-12,178	-4,337		-2	-18,613	-12,294				
Credit and suretyship insurance	1,395	1,398	187	-355	-30	-	-41	-280				
Legal expenses insurance	409	261	-158	-11		-	-7,317	155				
Assistance	7,868	5,990	-461	-349		-	-5,720	-4,190				
Miscellaneous financial loss	70,693	67,528	-2,360	-3,560		-	-31,716	-32,337				
Total amount	**520,588**	**399,530**	**-168,328**	**-94,813**	**-2,928**	**-1,524**	**-227,855**	**-189,994**				

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:

	31.12.2019	31.12.2018
Net premiums	520,588	399,530
Claims incurred	-168,328	-94,813
Changes in technical provisions	-2,928	-1,524
Expenses	-231,872	-193,848
Underwriting Result (QRT S.05.01)	**117,460**	**109,345**

(euro thousands)

Details of the underwriting results are given below, to provide a representation comparable with the Individual Financial statements prepared according to Italian accounting standards.

	31.12.2019	31.12.2018
Net premiums	520,588	399,530
Claims incurred	-168,328	-94,813
Changes in technical provisions	-2,928	-1,524
Underwriting expenses	-181,253	-157,741
Claims management expenses	*-18,130*	*-14,111*
Acquisition expenses	*-163,123*	*-143,630*
Underwriting Result	**168,079**	**145,452**

(euro thousands)

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 2019, please note the following.

In 2019 gross premiums amounted to 3,850.2 million, up by 6.2% over 2018. 62.9% of the total refers to unit-linked products, of which collected premiums amounted to 2,422.9 million, down by 1% compared 2018. In particular, premiums from all Fideuram Vita products amounted to 2,398.7 million, down by 22.8 million compared to the previous year. Premiums from traditional life insurance products amounted 989.7 million, up by 294.4 million compared to volumes recorded in the previous year. Gross premiums from multi-line products totalled 267.2 million, mainly due to the Fideuram Vita Sintonia product. Premiums collected for the Fideuram Pension Fund continued to increase (170.5 million; +13.3% compared to 2018), as well as new takeups (9,535; +16.8%).

Sums paid and to pay, net of the amount payable by reinsurers, amounted to 2,790.4 million, recording a decrease of 8.3% compared to 3,042.3 million in 2018. This trend is due to lower payments for surrenders (-11.8%), for maturities (-7.7%) and for annuities (-3%) - compared to an increase in payments for claims (+16.6%).

There was a significant increase in the changes in Other technical provisions, compared to 2018. This was mainly due to the reduction in net premiums and the net value of the assets underlying unit-linked policies.

Costs amounted to 39.1 million euro, slightly up on the figure of 37.2 million in 2018 and mainly affect the unit-linked policies.

The underwriting result was negative equal to -2,905 million euro, compared to the positive value of 1,872 million in 2018. The balance does not include the total technical interest, which amounted to 2,865 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)

	Insurance with profit participation	Index-linked and unit-linked insurance	other life insurance	31.12.2019	31.12.2018
Net premiums	1,052,163	2,795,252	2,254	3,849,669	3,625,847
Claims incurred	- 351,752	- 2,429,113	- 1,442	-2,782,306	-3,034,838
Changes in technical provisions	- 806,405	- 3,126,843	218	-3,933,029	1,318,296
Expenses	- 9,380	- 29,510	- 259	-39,149	-37,188
Underwriting Result (QRT S.05.01)	**- 115,374**	**- 2,790,213**	**772**	**- 2,904,815**	**1,872,116**

(euro thousands)

Line of Business	Premiums earned		Claims incurred		Changes in other technical provisions		Expenses incurred		Other expenses		Total underwriting Result	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Insurance with profit participation	1,052,163	774,915	-351,752	-342,362	-806,405	-537,471	-9,047	-8,230				
Index-linked and unit-linked insurance	2,795,252	2,849,544	-2,429,113	-2,692,565	-3,126,843	1,855,850	-27,874	-27,129	-1,969	-1,638	-2,904,815	1,872,116
Other life insurance	2,254	1,387	-1,442	89	218	-84	-259	-191				
Total amount	**3,849,669**	**3,625,847**	**-2,782,306**	**-3,034,838**	**-3,933,029**	**1,318,296**	**-37,180**	**-35,551**				

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)

	31.12.2019	31.12.2018
Net premiums	3,849,669	3,625,847
Claims incurred	-2,782,306	-3,034,838
Changes in technical provisions	-3,933,029	1,318,296
Expenses	-39,149	-37,188
Underwriting Result (QRT S.05.01)	**- 2,904,815**	**1,872,116**

Details of the underwriting results are given below, to provide a representation comparable with the Individual Financial statements prepared according to Italian accounting standards.

(euro thousands)

	31.12.2019	31.12.2018
Net premiums	3,849,669	3,625,847
Claims incurred	-2,782,306	-3,034,838
Changes in technical provisions	-3,933,029	1,318,296
Underwriting expenses	-11,093	-10,631
Claims management expenses	*-4,730*	*-4,326*
Acquisition expenses	*-6,363*	*-6,305*
Technical interest	2,865,298	-1,935,415
Underwriting Result	**-11,462**	**-36,742**

Intesa Sanpaolo Life D.A.C

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 4.9 billion euro, which was down by 14.5% on the previous year. Payouts, mainly for surrenders, decreased by approximately 186 million euro, equal to 6.1%.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Index-linked and unit-linked insurance	4,913,751	5,748,427	-2,853,309	-3,039,731	4,669,259	397,230	-482,606	-453,377	-	-	6,247,095	2,652,550

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)

	31.12.2019	31.12.2018
Net premiums	4,913,751	5,748,427
Claims incurred	-2,853,309	-3,039,731
Changes in technical provisions	-4,669,259	397,230
Expenses	-482,606	-453,377
Underwriting Result (QRT S.05.01)	**-3,091,423**	**2,652,550**

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

(euro thousands)

	31.12.2019	31.12.2018
Net fund margin	319,420	307,299
Acquisition expenses	-137,716	-133,042
Net deferred income	-2,685	749
Other	-137	-118
Underwriting Result	**178,883**	**174,888**

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 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	31.12.2019	31.12.2018	Change	
Real estate investments	-	1,915	- 1,915	-100.0%
Partecipations	572	-239	811	>100%
Loans and receivables	-281	1,478	- 1,759	>100%
Financial assets avaiable-for-sale	2,152,542	2,268,589	- 116,047	-5%
Financial assets held-for-trading	-62,148	-20,777	- 41,371	>100%
Financial assets designates at fair value through profit or loss	6,745,138	-5,338,711	12,083,849	<100%
Cash and cash equivalents	636	159	477	>100%
Financial liabilities hel-for-trading	-69,115	15,216	- 84,331	<100%
Financial liabilities designated at fair value throught profit or loss	-6,166,749	5,094,432	- 11,261,181	<100%
Other financial liabilities	-70,964	-90,238	19,274	-21.4%
Total investments	**2,529,630**	**1,931,824**	**597,806**	**31%**

The closing balance of investment income from financial management, net of capital and financial charges, was 2,530 million euro, recording a 30% increase compared to the previous year's figure of 1,932 million euro.

With regard to the position in terms of asset allocation there was substantial continuity compared to the last part 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 the Insurance Group's profit sharing products, as well as a considerable decrease in exposure to share market downturns, through suitable hedging transactions.

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

- Intesa Sanpaolo Vita has two securitised assets, which at 31 December 2019 had a market value of 3.2 million euro;
- Fideuram Vita has two securitised assets, which at 31 December 2019 had a market value of 2.7 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	31.12.2019	31.12.2018
Total investments (Shareholder return)		
Government bonds	1,463,410	1,302,412
Corporate bonds	409,562	316,680
Equity	519,102	120,679
Derivatives	-120,601	6,322
Other investments	-	-
Total investments (Shareholder return)	**2,271,473**	**1,746,093**
Total investments (Policyholder return)		
Government bonds	56,564	-3,710
Corporate bonds	2,464	-1,362
Equity	1,625,362	-806,630
Derivatives	-48,549	-2,205
Other investments	-	-
Total investments (Policyholder return)	**1,635,841**	**-813,907**
Total investments	**3,907,314**	**932,186**

The determining factor of the year's results was the financial management, with income from investments, net of capital and financial costs amounting to 3,907,314 thousand euro, up on the figure of 2,975,128 thousand euro recorded in the previous year. The most significant change was seen in the instruments linked to Class D investment products.

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)

	31.12.2019	31.12.2018
Investment income and expense	3,907,314	932,186
Investment management expense	-62,128	-56,894
Technical interest	-2,386,798	-164,194
Investment Result	**1,458,388**	**711,098**

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	31.12.2019	31.12.2018
Government bonds	15,359	-2,133
Corporate bonds	61	170
Equity	7,433	10,841
Derivatives	-	-
Other investments	- 47	-
Total investments	**22,807**	**8,878**

The closing balance of investment income from financial management, net of capital and financial charges, was 22.9 million, increasing compared to the previous year's 14 million.

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)

	31.12.2019	31.12.2018
Investment income and expense	28,820	26,586
Investment management expense	-6,013	-17,798
Investment Result	**22,807**	**8,788**

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	31.12.2019	31.12.2018
Total investments (Shareholder return)		
Government bonds	134,485	111,235
Corporate bonds	47,163	661
Equity	3,571	-2,233
Investment funds Collective Investment Undertakings	26,413	-8,494
Structured Bonds	10,202	1,298
Derivatives	-	-
Other investments	-	-
Total investments (Shareholder return)	**221,834**	**102,467**
Total investments (Policyholder return)		
Government bonds	42,966	5,167
Corporate bonds	19,033	-5,838
Equity	221,715	-19,300
Investment funds Collective Investment Undertakings	3,070,281	-1,463,866
Structured Bonds	2,539	-693
Derivatives	- 31,194	-39,399
Other investments	-	-
Total investments (Policyholderr return)	**3,325,340**	**-1,523,928**
Total investments	**3,547,174**	**-1,421,461**

The closing balance of investment income from financial management, net of capital and financial charges, was equal to 3,547 million euro. The result was partly affected by the positive balance of technical interests, offset by the underwriting result.

With regard to the position in terms of asset allocation there was substantial continuity compared to the last part of the previous year, with a focus on risk diversification, also through investments in mutual investment funds.

Income from Class C net investments, made in relation to traditional policies and free assets amounted to 221.8 million. The breakdown of this item is as follows:

- ordinary net income of 149.4 million;
- net earned income of 31.7 million;
- net write-backs of 40.7 million.

Net income from assets consisting of unit-linked policies and pension funds, due entirely to the policyholders, amounted to 3,325 million, including 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.

	31.12.2019	31.12.2018
Investment income and expense	3,547,174	-1,421,461
Investment management expense	-9,148	-9,173
Technical interest	-2,865,298	1,935,415
Investment Result	**672,728**	**504,781**

(euro thousands)

Intesa Sanpaolo Life D.A.C.

The company's share of the return on investments was equal to 2,615 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	31.12.2019	31.12.2018
Policyholder Investment Return	2,609,343	-2,265,292
Shareholder Investment Return	5,633	2,817
Total investments	**2,614,976**	**-2,262,475**

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 Insurance Group income, a value of 194,894 thousand euro was recorded (179,821 thousand euro at 31 December 2018), an increase of 8%, 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 554,418 thousand euro (557,028 thousand at 31 December 2018), a reduction of 2,610 thousand euro, 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Other income/expenses	194,894	179,821	-554,418	-557,028	-359,524	-377,207
Extraordinary income/ expense	-	-	-	-	-	-
Other activities	**194,894**	**179,821**	**-554,418**	**-557,028**	**-359,524**	**-377,207**

Intesa Sanpaolo Vita S.p.A.

The sources of income and costs of Intesa Sanpaolo Vita 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
- 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.

(euro thousands)

	Income		Expense		Result	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Other income/expenses	18,645	12,330	-84,802	-99,690	-66,157	-87,360
Extraordinary income/ expense	4,939	2,948	-553	-1,265	4,386	1,683
Other activities	**23,585**	**15,278**	**-85,356**	**-100,955**	**-61,771**	**-85,677**

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

(euro thousands)

Overall performance	31.12.2019	31.12.2018
Underwriting performance	-83,357	-36,124
Investment performance	1,110,381	459,909
Overhead and administrative expenses	-58,934	-83,389
Performance of other activities	-6,694	-1,354
Other P&L items	-	-51,119
Taxes	-270,948	-64,511
Net result	**690,448**	**223,411**

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Other income/expenses	3,304	2,988	-8,866	-4,919	-5,562	-1,931
Extraordinary income/ expense	1,403	1,133	-780	-458	622	675
Other activities	**4,707**	**4,121**	**-9,646**	**-5,377**	**-4,939**	**-1,256**

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

(euro thousands)

Overall performance	31.12.2019	31.12.2018
Underwriting performance	349,332	304,956
Investment performance	22,807	8,911
Overhead and administrative expenses	-222,780	-195,904
Performance of other activities	-35,951	-33,931
Other technical income and expenses	-511	941
Other P&L items	-483	110
Taxes	-34,299	-26,623
Net result	**78,115**	**58,460**

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Other income/expenses	1,165	708	-7,921	-6,735	-6,756	-6,027
Extraordinary income/ expense	455	4,579	-366	-1,436	89	3,143
Other activities	**1,620**	**5,287**	**-8,287**	**-8,171**	**-6,667**	**-2,884**

Other income amounts to 1.2 million and relates to amounts recovered from other Insurance Group companies for the cost of personnel on secondment. The Other costs item amounts to 7.9 million and includes 4.1 million of interest payable on subordinated loans, 2 million for the amortisation of intangible assets and 0.8 million of costs paid to third parties.

The result of extraordinary activities, which generated net income of 89 thousand euro, is due to contingent gains for 271 thousand, extraordinary income from NAV differences for 182 thousand, capital losses relative to the disposal of the Parent Company's shares recognised as long-term assets for 1 thousand. These shares had been purchased to service the free assignment plan for Company Management (so-called "Risk Takers"), and other extraordinary expenses for 156 thousand, and expenses for NAV differences for 209 thousand.

The balance for the other income components is negative by 492 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 Class D investments and other technical items.

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

		(euro thousands)
Overall performance	**31.12.2019**	**31.12.2018**
Underwriting performance	-11,462	-36,742
Investment performance	672,727	504,781
Overhead and administrative expenses	-18,908	-17,385
Performance of other activities	-6,667	-2,884
Other P&L items	-491,949	-435,236
Taxes	-41,366	-3,115
Net result	**102,376**	**9,419**

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 in the Individual Financial reports, and mainly relate to other costs and non-technical income:

		(euro thousands)
	31.12.2019	**31.12.2018**
Operations expenses	-27,137	-25,555
Fund administration expenses	-6,941	-6,682
Other income and expenses	11,620	-13,195
Other P&L items	7,393	-8,151
Other technical income and expenses	-	-1
Net result	**-15,065**	**-53,584**

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

		(euro thousands)
	31.12.2019	**31.12.2018**
Underwriting performance - local report (A	178,882	174,888
Investment performance (A.3)	5,633	2,817
Other P&L items (A.4)	-15,065	-53,584
Taxes	-21,232	-18,973
Net result	**148,218**	**105,148**

A.5 OTHER INFORMATION

No other information is reported.

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 Insurance 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 policy of the Intesa Sanpaolo Vita Insurance Group and the application of the provisions of the Private Insurance Code and IVASS Regulation no. 22/2016.

In particular, the Regulations of the Insurance Group govern the procedures for direction and coordination by Intesa Sanpaolo Vita, as Parent Company, over other Insurance Group companies.

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, relating to belonging to the Insurance Group and compliance risk), the Parent Company, through the Group's core functions (Audit, Compliance, Risk Management and Actuarial Functions), established during the board meeting of 11 February 2019, contributes to putting in place and maintaining an internal control and risk management system at Insurance Group level;
    - 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 "Insurance Group Governance Documents" (for example the "Policies", "Directives" and

"Guidelines"), the "Rules" and "Operating Guides", containing binding regulatory provisions, which may concern the following: (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 Internal Control 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 articles of association 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 Internal Control 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 policies, together with any further instructions to be followed by the Subsidiaries;
- the criteria for identifying, measuring, assessing, managing and controlling risks;
- the decisions taken on any 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 single 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 Parent Company the agenda of board and shareholders' meetings and, on request, a copy of minutes of resolutions passed by company boards, if not outsourced to the Parent Company;
- 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 intragroup 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

Risk management for the Insurance Group is overseen by the Group Risk Management function, which guarantees a standard approach to audits and the development of operating synergies, as well as assessments of the Insurance Group.

With regard to Intesa Sanpaolo Life, 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.

The Group Compliance function ensures extensive oversight of compliance risk at an Insurance Group level, guaranteeing a standard approach to audits and the development of operating synergies, as well as assessments of the Insurance Group.

In the case of Intesa Sanpaolo Life, the activities of the company's Compliance function are directed and coordinated by the Parent Company.

Details of the activities and relations between functions are also regulated in the Intesa Sanpaolo Vita Compliance Policy, which is consistent with the "Group Compliance Guidelines" that define the Compliance model of the Intesa Sanpaolo Group.

The Group Audit function conducts internal audits, guaranteeing a standard approach to controls and the development of operating synergies.

The Head of the Group Audit function periodically reports to the management and control bodies of the Parent Company, presenting final written reports on the audits conducted in the period, any areas for attention, and any improvement actions already taken or to be implemented. In particular:

- the Head reports every six months to the Internal Control and Risks Committee and to the Board of Directors on activities carried out in the relative period at a Group level;
- 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 Group Actuarial function also provides guidance and coordination for the Actuarial Functions of Companies which are part of the Insurance Group, so that these activities are consistent and coordinated within the Insurance Group.

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

Remuneration system and salary policies

The Insurance Group companies are required to implement the Remuneration Policies defined in the Regulations on Remuneration of the Parent Company Intesa Sanpaolo, by setting out, where necessary, specific mechanisms that also take into account sector regulations and governance constraints, which, as far as the Insurance Group is concerned, are represented by the provisions of IVASS Regulation no. 38/2018.

The Remuneration Policies applied in 2019 were based on the following principles:

- **alignment of the conduct** of management and personnel with the interests of all stakeholders, with a focus on creating value for shareholders, as well as on the social impact for communities;
- **correlation between remuneration and risks undertaken**: steering the behaviour of personnel towards achieving objectives in a framework of rules centred on the control of business risks;
- **focus on medium and long term objectives** considering the Group risk tolerance, through incentive systems that target performance to a period longer than a year;
- **merit** in terms of salary flexibility, in order to recognise bonuses related to achieving results and undertaking risks, competitiveness such as focussing on a competitive salary positioning in relation to the market for key resources and senior managers;
- **fairness**, in terms of relating fixed remuneration to the level of responsibility, measured using the Global Banding system and focussing on the gender pay gap;
- **sustainability**, in order to reduce costs from adopting the policy to within values compatible with available financial resources;
- **meeting legal requirements**, conforming to international, European and national laws and regulations, with a focus on Key Personnel including Risk Takers and Core Functions.

The salary policy guidelines are based on the principle of personnel segregation, according to the role and contribution made to corporate governance processes and to instruments adopted; in this regard, the 2019 Remuneration Policy Report adopted the provisions of IVASS Regulation 38, also concerning **the identification of Key Personnel**.

In General, the Regulations require the Company to ensure the following:

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

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

III. **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.

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 remuneration policies with the long-term interests of Intesa Sanpaolo Vita and the Insurance Group helps to reinforce the protection of the interests of all stakeholders, including policyholders, and the stability of the market.

The remuneration 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 (of the Intesa Sanpaolo Group, on a company and individual level) which are measured by specific performance indicators.

The correlation between remuneration, performance and risk is ensured for all employees through:

- **the adoption of a balanced pay mix**;
- **minimum activation conditions** based on principles of a robust financial position, liquidity and financial sustainability of the variable component of remuneration;
- **funding conditions** of the bonus pool, i.e. mechanisms to determine the amount of financial resources available to fund the incentive system that relates the amount to allocate to the incentive to the performance of the pre-defined conditions. The failure to fulfil even one of these condition means that the Intesa Sanpaolo Group bonus pool is not activated. The principle of financial sustainability is set out also at an individual Company level;
- **measurement of performance** based on several quantitative dimensions (profitability, growth, productivity and cost of risk), as well as qualitative dimensions (e.g. projects, managerial qualities).

The Remuneration Report of the Intesa Sanpaolo Vita Insurance Group was prepared pursuant to Article 71(2) n) of the Regulation and meets the obligations of the combined provisions of Articles 93(6) and 59(1)(2) of the Regulation to report to the Shareholders' Meeting on 2019 Remuneration and Incentive Policies and on the adoption of these Policies.

The Report was presented to the Board of Directors of the USCI on 25 March 2019 and approved by the Shareholders' Meeting on the same date.

Intesa Sanpaolo Vita, as the parent company of the Intesa Sanpaolo Vita Insurance Group, ensures that the remuneration 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 IVASS Regulation no. 38/2018, including companies with head offices based overseas, compatibly with the regulatory framework of the foreign country.

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 intragroup 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, paragraph 2 bb) of the IVASS Regulation 38/2018, in setting out the responsibilities of the executive body of the USCI at an 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 of the USCI to assess, at least once a year, the composition and functioning of the executive body of the USCI overall, and of its committees, expressing guidelines for the professional roles who should be included on the Board, also considering the group structure, and proposing any corrective actions.

For the above purposes, each Director of the USCI in office in 2019 was sent three questionnaires referring to the Board of Directors, Risks Committee and Remuneration Committee respectively, which included questions on the role of the USCI Intesa Sanpaolo Vita and the Insurance Group.

The replies to the questionnaires at an USCI level, processed in an aggregate and anonymous form:

(i) confirmed the following, also for 2019:

- 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.

(ii) an adequate personal contribution to board meetings by each Director, a good assessment of the value and quality of the overall performance of other members, and an adequate assessment of the strategic supervision function of the Board of Directors;

(iii) all members of the Board of Directors, the Remuneration Committee and Internal Control and Risks Committee carried out their duties diligently and independently.

The analysis, which was presented to the Board of Directors on 17 March 2020, indicated that the overall framework was on average positive for 2019, with the composition, functioning and size of the Board of Directors, the Risks Committee and the Remuneration Committee at an USCI level considered to be adequate.

Intesa Sanpaolo Vita S.p.A.

The organisational structure of Intesa Sanpaolo Vita is defined in accordance with that of the Insurance Group, and confirms the differentiation between the core and 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 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 a capacity as Parent Company, within the scope of strategic and organisational governance duties, 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 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 and of the Insurance Group, 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 Senior 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 Senior 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 Senior 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 an appropriate separation of functions is implemented in 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;
- 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;
- sets out the main characteristics of the internal controls and risk management system, expressing its opinion on the overall adequacy thereof based on the reports prepared 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 the various levels are timely 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;
- 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 in office at 31 December 2019 was appointed during the Shareholders' Meeting of 25 March 2019 and comprises 3 standing

members, including the Chair, and 2 substitute members, who 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.

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 231/2001.

The Governance system of Intesa Sanpaolo Vita 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 Functions). 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:

- Chief Executive Officer;
- Heads of control functions;
- Heads of the first-line Organisational Units;
- Head of Organisation, in a capacity as Committee secretary;
- 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, in a capacity as Committee secretary.

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

- For Intesa Sanpaolo Vita:
    - 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:
    - 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:
  - 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 the Parent Company Intesa Sanpaolo.

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

- For Intesa Sanpaolo Vita:
  - 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 Risk Management;
  - Head of the Financial and Market Risks Head Office Department of Intesa Sanpaolo;
  - Chief Executive Officer and Director-General of Intesa Sanpaolo Assicura;
  - Chief Executive Officer and Director-General of Fideuram Vita.

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).

The Board Committees are the Remuneration Committee and the Internal Control and Risks Committee.

The Remuneration Committee comprising three non-executive members of Board of Directors, the majority of whom independent pursuant to Article 2387 of the Civil Code, and from among whom the Chair will be elected, is responsible for advising the Board of Directors on the remuneration policies for corporate bodies and personnel of the Company and Insurance Group.

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 Internal Control and Risks Committee (up to 3 May 2019, the Risks Committee), comprising three members, from whom the Chair is elected, monitors the functioning of the internal controls system and the efficiency and functioning of the process to managefinancial, technical and operational risk of Intesa Sanpaolo Vita and the Insurance Group, and also advises the Board of Directors (with the aim of increasing the effectiveness of its strategic supervision functions with regard to risk governance and management); the Committee meets in separate sessions, one dedicated to the risks of the Company and Insurance Group (including those of other Companies which are a part of the Group), and one dedicated to internal control of the Company and Insurance Group (including those of other Companies which are a part of the Group).

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. It carries out proposing, consultative and instructive tasks. 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 Internal Control and Risks Committee also assists the Board of Directors:

- in the approval of the risk mitigation proposals identified by the Risk Assessment activity;
- 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 Internal Control and Risks Committee usually meets on a monthly basis but it may also be convened by the Chair of the Committee at any time, whenever necessary. 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.

An additional part of the corporate governance system is the five control functions, established by applicable regulations: Risk Management, Compliance, Actuarial, Audit and AML (Anti-Money Laundering).

These functions are independent and play a leading role in overseeing the correct operation of corporate mechanisms. They are called upon to ascertain that the system of rules and procedures that Intesa Sanpaolo Vita has put in place is adequate to ensure the monitoring of the identified risks and can thus protect the interests of all stakeholders.

These functions are separate in organisational terms; the respective roles and responsibilities are described in the Organisational code and in more detail in the respective Policies.

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 to the level of risk undertaken, as well as the need for adjustments, including through support and advisory activities to other company organisational 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 the Audit function presents the audit plan to the Board of Directors, on an annual basis. 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.

All audits shall be concluded with the relevant follow-up on the effectiveness of the adjustments made to the system.

The Risk Management function: supports Senior 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.

The Risk Management structure is independent, also hierarchically, from the operations structures. 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):

The Chief Risk Officer is the Head of the Risk Management Function.

The Compliance function: 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., articles of association, codes of conduct); the function is independent, also hierarchically, from the operations structures.

The Compliance function directly carries out all duties assigned by IVASS Regulation no. 38/2018 with particular reference to the regulatory areas in Article 33(2), considered to be more significant by the Supervisory Authorities and Administrative Body, i.e. for which compliance risk management is direct, in keeping with the indications of trade associations and main market practices.

For all other regulatory areas applicable to the Insurance Group, that pose a compliance risk, for which Specialist Functions with necessary expertise have been identified, the duties assigned by regulations to the Compliance Function are allocated to these functions, save for the responsibility of the Chief Compliance Officer to assess the adequacy of the Specialist Functions to manage compliance risk profiles.

The Chief Compliance Officer is head of the Compliance Function.

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 functionally to the parent company's DPO. The DPO of Intesa Sanpaolo Vita provides management and coordination for all Insurance Group Companies comprising Intesa Sanpaolo Assicura, Intesa Sanpaolo Life and Fideuram Vita.

Within this model, the DPO of Intesa Sanpaolo Vita:

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

Moreover, the DPOs of Fideuram Vita and Intesa Sanpaolo Assicura and Intesa Sanpaolo Life report periodically to the DPO of the Parent Company. The DPO of the USCI reports functionally 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 Insurance Group Company sets up its own AML function and appoints a Head of AML Manager, who reports functionally to the Head of AML of the Parent Company Intesa Sanpaolo.

The AML function 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 senior management in fulfilling their functions as required by current regulations on the reporting of suspicious transactions. The CCO is also Head of suspicious activity reporting.

The AML function reports functionally to the Anti Financial Crime Head Office Department of the Parent Company Intesa Sanpaolo.

Considering Intesa Sanpaolo Vita's role as 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 IVASS Regulation no. 44/2019, involving 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 Parent Company to effectively control the risk borne by each Insurance Group entity, and by the Insurance Group as a whole.

The AML function of Intesa Sanpaolo Vita therefore provides guidance on combating money laundering and terrorist financing for each subsidiary, depending on its respective business. It should be noted that anti-money laundering regulations based on Legislative Decree 231/2007 as amended, do not apply to Intesa Sanpaolo Assicura - that carries out its activities in the Non-life segment - but only regulations on combating terrorist financing, as indicated in Legislative Decree 109/2007 as amended apply.

The AML function of Intesa Sanpaolo Vita directs and coordinates Fideuram Vita and Intesa Sanpaolo Life.

Fideuram Vita, as required by IVASS Regulation no. 44/2019, has outsourced the activities of the Anti-money laundering function since 1 July 2019 to the Ultimate Italian Parent Company (USCI) of the Insurance Group, save for the obligation to appoint the Head of the AML Function.

Therefore, the Company has appointed:

- the head of the AML Unit of Intesa Sanpaolo Vita as the head of the AML function of Fideuram Vita;
- the head of suspicious activity reporting of the USCI as the head of suspicious activity reporting of Fideuram Vita.

Intesa Sanpaolo Life has a Compliance & AML Officer, (PCF15 - Head of Compliance with responsibility for Anti-Money Laundering and Counter Terrorist Financing Legislation) that reports functionally 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 209/2005; - supervises the calculation of technical provisions in the two cases provided for by Article 36k of Italian Legislative Decree 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 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 2019.

Coordination between the executive and supervisory bodies and key functions

In compliance with the Policy on the Internal Control system of the Intesa Sanpaolo Vita Insurance Group and Intesa Sanpaolo Vita, the core and control functions (Audit, Risk Management, Compliance, AML and Actuarial Function) are separated by operational Organisational Units and from each other, in organisational terms, to guarantee their independence, directly reporting to the Board of Directors on activities carried out.

The heads of the core functions are members of the Coordination Committee and Controls Coordination Committee.

Core and control functions are coordinated, through the involvement of the functions in the Controls Coordination Committee, and through the exchange of information flows. The auditing

firm, the Board of Statutory Auditors, the 231 Supervisory Body and the Administration and Finance Governance (GAF) and Regulatory Agenda Organisational Unit also come under the scope of the Policy, as participants in the system of controls.

The information that these functions send to the Board of Directors regarding planned audits and outcomes is governed by the policies 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.

Regarding 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 arrangements.

Changes to the system of Governance

The Company made the following main changes to its governance system during the period:

- the requirements which a Board Director must have to be considered as independent were included in the articles of association; the amendment to the articles of association was approved by the Extraordinary Shareholders' Meeting of 28 March 2019;

- the Risks Committee was changed to the Internal Control and Risks Committee during the board meeting of 3 May 2019;

- the Committees were changed to consolidate steering and coordination between the Parent Company and other Insurance Group companies.

Remuneration system and policies

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

The Remuneration Report of Intesa Sanpaolo Vita meets the obligations in Article 5(2)(l) and 42 of the Regulation, as well as Article 59 of the Regulation on reporting to the Shareholders' Meeting concerning 2019 Remuneration and Incentive Polices and the adoption of 2018 Remuneration Policies.

The Remuneration Report was approved on 25 March 2019 by the Board of Directors and Shareholders' Meeting held on the same date.

Operations with shareholders and persons of influence

Intesa Sanpaolo Vita has agreements in place with the majority shareholder Intesa Sanpaolo 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 and the articles of association.

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):

- on 3 May 2019, the Board of Directors carried out its annual assessment of its members meeting the requirements established by laws and regulations, and initial assessment of new requirements of independence, added to the articles of the association by the Extraordinary Shareholders' Meeting held on 25 March 2019;

- on 13 June 2019, the Board of Directors initially assessed the requirements established by laws and regulations and by the articles of association of a newly appointed coopted Director replacing a Director who had resigned, as well as the new requirements of independence established in the articles of association of another Director.

The Supervisory Authorities were notified of all assessments.

In connection with these assessments all the directors accepted an obligation to keep the company regularly updated on any changes in their situations. As no notifications have been received, all members of the Board of Directors are 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 2019 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 replies to the questionnaires, processed in an aggregate and anonymous form:

(i) confirmed the following for 2019:

- 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.

(ii) an adequate personal contribution to board meetings by each Director, a good assessment of the value and quality of the overall performance of other members;

(iii) an adequate assessment of the strategic supervision function of the Board of Directors;

(iii) all members of the Board of Directors, the Remuneration Committee and Internal Control and Risks Committee carried out their duties diligently and independently.

The analysis, which was presented to the Board of Directors on 17 March 2020, indicated that the overall framework is positive and once again for 2019 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 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 in office until the approval of the Financial Statements at 31 December 2020 comprises 8 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 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 Board of Statutory Auditors of Intesa Sanpaolo Assicura in office at 31 December 2019 was appointed during the Shareholders' Meeting of 18 March 2019 and comprises 3 standing members, including the Chair, and 2 substitute members, who 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 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:
    - Chief Executive Officer and General Manager;
    - Heads of the Core Functions;
    - Heads of the first-line Organisational Units;
    - Data Protection Officer.
- for Intesa Sanpaolo Vita:
    - Head of the Administration, Budget and Management Control Area;
    - Head of the Operations and Organisation Area;
    - Head of Organisation;

- Head of Planning and Control of Intesa Sanpaolo Assicura;
- Head of Personnel and Change Management.

Members of the Investments Committee:

- for Intesa Sanpaolo Assicura:
  - Chief Executive Officer and General Manager;
  - Head of the Actuarial Function;
  - Head of Risk Management.

- for Intesa Sanpaolo Vita:
  - Head of the Risk Management Organisational Unit;
  - 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.

Members of the Risks Committee:

- for Intesa Sanpaolo Assicura:
  - Chief Executive Officer and Director-General;
  - Heads of the Core Functions;
  - Head of Complaints and Litigation;
  - Head of Motor policies;
  - Head of the Actuarial and Reinsurance Department;
  - Head of RE/CPI policies and digital channels;
  - Head of SME and corporate development policies;
  - Head of Operations.

- for Intesa Sanpaolo Vita:
  - Head of Risk Management;
  - Head of Investments;
  - Head of the Administration, Budget and Management Control Area;
  - Head of Finance and Actuarial Area;

- Data Protection Officer.

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, 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 2019.

Coordination between the executive and supervisory bodies and key functions

In line with the Policy on the internal control system of the Intesa Sanpaolo Vita Insurance Group and Intesa Sanpaolo Vita and in compliance with the equivalent policy of Intesa Sanpaolo Assicura, the core functions of Intesa Sanpaolo Assicura (Audit, Risk Management, Compliance and Actuarial Functions) are separated in organisational terms.

The work of the core 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 2019, the following changes took place in the governance system:

- on 30 May 2019 a Board Director without powers was appointed, pursuant to Article 17(3) of Regulation 38, as the company has not set up its own Internal Control and Risks Committee, because this function had been assigned to the Internal Control and Risks Committee established also at an Insurance Group level with the USCI, being suitable for adequate oversight of the specific risk profile of Intesa Sanpaolo Assicura;

- the Audit, Compliance, Risk Management and Actuarial Functions of the company were set up, effective from 1 July 2019, as a specific Organisational Unit directly reporting to the Board of Directors of Intesa Sanpaolo Assicura;

- on the same date, the Heads of the Core Functions were appointed;

- the number of Board members went up from 7 to 8, resolved by the ordinary Shareholders' Meeting of 31 October 2019;

- Regulations of Advisory Committees were changed to consolidate steering and coordination between the Parent Company and other Insurance Group companies.

Remuneration system and policies

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

The Remuneration Report of Intesa Sanpaolo Assicura meets the obligations in Article 5(2)(l) and 42 of the Regulation, as well as Article 59 of the Regulation on reporting to the Shareholders' Meeting concerning 2019 Remuneration and Incentive Polices and the adoption of 2018 Remuneration Policies.

The Remuneration Report was approved on 17 April 2019 by the Board of Directors and Shareholders' Meeting held on the same date.

Operations with shareholders and persons of influence

Intesa Sanpaolo Assicura has the following operations in place:

- with the majority shareholder Intesa Sanpaolo Vita 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;

- with the indirect parent company Intesa Sanpaolo outsourcing contracts for the supply of services relating to Internal Communication, Cybersecurity and Business Continuity Management, Property and Logistics, Operations, Organisation and General Services, Development Policies and Learning Academy, External Relations, Human Resources, Safety, Information Systems, Transformation Center, Company Protection.

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):

- on 18 March 2019, the Board of Directors in office carried out the annual periodic assessment of the requirements of its members;
- on 29 July 2019, the Board of Directors initially assessed the requirements of a newly appointed coopted Director replacing a Director who had resigned;
- on 31 October 2019, the Board of Directors initially assessed the requirements of two newly appointed Directors, one appointed to replace a Director who had passed away, and the other appointed following the increase in the number of Board Directors from 7 to 8, resolved by the ordinary Shareholders' Meeting held on the same date.

The Supervisory Authorities were notified of all assessments.

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

received, all members of the Board of Directors are 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 2019 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 on average, for 2019:

- 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 13 March 2020, indicated that the overall framework on average is positive and once again for 2019 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 is defined in accordance with that of the Insurance Group, and confirms the differentiation between the core, 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 was appointed at the shareholders' meeting on 15 March 2019 and will remain in office until approval of the Financial Statements at 31 December 2021; the Board comprises 8 members including a Chair, a Vice Chair and CEO, who also holds the office of Director-General and a Director appointed to monitor activities, the adequacy and correct functioning of the risk management system pursuant to Article 17(3) of IVASS Regulation no. 38/2018.

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 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 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 at 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 231/2001.

The Governance system of Fideuram Vita also includes the following managerial 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. During annual planning, it proposes the capital and income forecasts for the Finance Area, which may be reviewed during the year. Based on the guidance approved by the Board of Directors, the Committee proposes the performance of activities related to operational and tactical ALM, by implementing investments and monitoring the ALM position of the Company;
- 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.

Members of the Management Committee:

- Chief Executive Officer and General Manager;

- Head of Audit;
- Head of Compliance;
- Head of Risk Management;
- Head of the Actuarial Function;
- Head of AML;
- Customer Relations Manager;
- Sales, Actuarial and Portfolio Manager;
- Administration, Governance and Support Manager;
- Personnel Manager of Fideuram Vita;
- Financial Statements and Securities Portfolio Manager.

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 General Manager;
- Head of Risk Management;
- Administration, Governance and Support Manager;
- Sales, Actuarial and Portfolio Manager;
- Planning and Control Manager;
- Head of the Actuarial Function;
- Head of Managed Products of Fideuram Investimenti;
- Finance and Actuarial Manager of Intesa Sanpaolo Vita;
- Alternative Investments Manager of Intesa Sanpaolo Vita;
- Investments Manager of Intesa Sanpaolo Vita.

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 General Manager;
- Head of Audit;
- Head of Risk Management
- Head of Compliance
- Head of AML
- Head of the Actuarial Function
- Sales, Actuarial and Portfolio Manager

- Administration, Governance and Support Manager

The Risks 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 also attend the following Committee meetings of the USCI:

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

Moreover, the organisational model of Fideuram Vita establishes the following board committees at the USCI:

- Internal Control and Risks Committee
- Remuneration Committee.

As regards the Core Functions (Audit, Risk Management, Compliance, Actuarial Functions), the model adopted by Fideuram Vita assigns relative activities through outsourcing to Intesa Sanpaolo Vita according to specific contractual agreements that do not limit the liability of the Company and that are based on rules in the Company's Outsourcing Policy.

To outsource the activities of the Core Functions to the USCI, in line with applicable regulations, Fideuram Vita:

- has set up the Core Functions as a specific organizational unit, distinctly assigning to each unit only one of the four functions according to the required specializations;
- has assigned ownership of the four Core Functions of the Company to separate persons with adequate expertise and who are suitable for the position, who are not Board members;
- has separated the Core Functions of the Company from the operational functions, in order to guarantee their independence, autonomy and objectivity of judgement.

The roles and responsibilities of the Core Functions are described in the Organisational code and in more detail in the respective Policies and Guidelines.

The duties of each Core Function of Fideuram Vita are described below:

- Audit: the Function assesses the completeness, operation and adequacy of the Internal Controls System with regard to the nature of the activity and to the level of risk undertaken, as well as the need for adjustments, including through support and advisory activities to other company Organisational Units;
- Risk Management: the Function supports Senior 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 Supervisory Bodies;
- Compliance: the Function assesses 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., articles of association, codes of conduct); the Function is independent, also hierarchically, from the operational functions;

- Actuarial function: the Function controls technical provisions, with particular reference to the appropriateness of methodologies and assumptions used the reliability of the processes and data used in the calculation and reasonableness of results, and through controls of the adequacy of the Global underwriting policy and reinsurance arrangements. The Function also helps to effectively apply the risk management system.

Moreover, the AML Function as a specific organisational unit reporting to the Board of Directors constantly checks that the company's procedures are consistent with the aim of preventing and combating the violation of external regulatory requirements (laws and regulations) and self-regulation on the subject of money laundering, terrorist financing and managing embargoes.

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 2019.

Coordination between the executive and supervisory bodies and key functions

In compliance with the Policy on the internal control system of the Intesa Sanpaolo Vita Insurance Group and of Intesa Sanpaolo Vita, the corporate core functions of Fideuram Vita (Audit, Risk Management, Compliance and AML and Actuarial Functions) are separated in organisational terms.

The core 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 policies and guidelines for the core 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 2019 the following changes were made to the company's governance system:

- on 30 May 2019 a Board Director without powers was appointed, pursuant to Article 17(3) of Regulation 38, as the company has not set up its own Internal Control and Risks Committee, because this function had been assigned to the Internal Control and Risks Committee established also at an Insurance Group level with the USCI, being suitable for adequate oversight of the specific risk profile of Intesa Sanpaolo Assicura;
- the Audit Function of the Company was established as a specific Organisational Unit directly reporting to the Board of Directors of Fideuram Vita, effective from 1 July 2019;
- the Heads of the Core Functions were appointed;

- a Head of the AML Function other than the Compliance and AML Manager was appointed, and at the same time an AML organisational unit was set up, reporting hierarchically to the Head of the Compliance and AML Function and functionally to the Board of Directors;
- the "Distribution Monitoring" unit was set up, reporting to the Sales, Actuarial and Portfolio function, effective from 1 January 2019.

During 2019, the Company outsourced its activities or a part of them to Group Companies, in line with its own organisational model. The outsourcing of activities was formalised by entering into specific agreements and complied with the provisions of competent Supervisory Authorities and with applicable internal regulations.

The above changes were notified to the Supervisory Authorities pursuant to Article 5(3) of IVASS Regulation no. 38/2018.

The system of powers was continually updated based on organisational changes taking place during 2019.

Remuneration system and policies

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

The Remuneration Report of Fideuram Vita meets the obligations in Article 5(2)(l) and 42 of the Regulation, as well as Article 59 of the Regulation on reporting to the Shareholders' Meeting concerning 2019 Remuneration and Incentive Polices and the adoption of 2018 Remuneration Policies.

The Remuneration Report was approved on 17 April 2019 by the Board of Directors and Shareholders' Meeting held on the same date.

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 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, 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 assessments all the directors accepted an obligation to keep the company regularly updated on any changes in their situations. As no notifications have been received, all members of the Board of Directors are 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 2019:

- 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 on average 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 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.

At 31 December 2019, the Board of Directors of Intesa Sanpaolo Life comprised 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 is ultimately responsible for defining the strategies and guidelines concerning the business, risk management and internal controls, to ensure 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 board 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 updated at all times 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 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 & Cyber Committee, tasked with preparing, monitoring and proposing mitigation solutions in the ICT security and Cyber risk 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. In submitting the approval of products to the Board of Directors, the Committee gives an opinion on the adequacy of the product in meeting product governance regulations issued by the applicable authorities, with particular care taken to review and identify any impacts of a material nature that can affect the modus vivendi of the Company. 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 (OPGC) which has to implement the product governance policies authorised by the Board of Directors and by the Investment & Product Committee in accordance with European, Italian and Spanish 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 Insurance Group companies, both Italian and foreign, thus including Intesa Sanpaolo Life, 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 effective 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. In addition to oversight of company compliance, the Compliance function supervises AML activities and ensures the conformity of corporate conduct to Fatca\CRS regulations. The Compliance function is part of the second line of defence of the Company's governance and control model.

The Head of Compliance (CLO) attends the meetings of the Risk & Compliance Committee. He also takes part as Chairman of meetings of the Products sub-committee (OPGC) and on request attends the meetings of the Investment & Product Committee and Audit & Reporting Committee.

The main activities of the Head of Compliance (CLO) are summarised in this function's Terms of Reference.

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.

The Head of Actuarial Function performs their duties in accordance with the Solvency II regulations. The Head of the 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 overseen by the Actuarial Function, 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 the Actuarial Function 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 2019.

Coordination between the executive and supervisory bodies and key functions

In compliance with the Policy on the internal control system of the Intesa Sanpaolo Vita Insurance Group and of Intesa Sanpaolo Vita, the corporate core functions of Intesa Sanpaolo Life (Audit, Risk Management, Compliance and AML and Actuarial Functions) are separated in organisational terms.

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.

Remuneration system and salary policies

The remuneration system and remuneration policies of Intesa Sanpaolo Life 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 2019 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 2019 assessment of the Board of Directors was conducted by the Chair. The process is ongoing and will be presented to the Board during the first half of 2020. Overall the assessment of previous years was positive, with minor aspects for improvement, in the governance plan.

B.2 COMPETENCE AND INTEGRITY REQUIREMENTS

Intesa Sanpaolo Vita Insurance Group

At the Board meeting on 8 February 2019 Intesa Sanpaolo Vita, in accordance with Article 71(2)(p) of IVASS Regulation no. 38/2018, adopted the "Policy for identifying and assessing possession of requirements for fitness for office", in a capacity as USCI.

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 Head of the AML Function;
- 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.

At the board meeting on 11 February 2019 Intesa Sanpaolo Assicura 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.

During the board meeting of 11 February 2019, Fideuram Vita implemented the "Policy for identifying and assessing eligibility to hold positions" of Intesa Sanpaolo Vita as the USCI and adopted its own "Policy for identifying and assessing eligibility to hold positions".

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, Parent Company of the Insurance Group, which has been adopted by the Board of Directors of Intesa Sanpaolo Life..

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 approve their appointments, continually check requirements and declare a loss of eligibility.

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 and senior managers.

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 Insurance 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 Policies and Guidelines concerning the management of all the risks to which the Insurance 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 to the USCI with regulations in the country where it does business.

There are four main phases in the Insurance Group's risk management process:

1. Risk identification and assessment;
2. Risk management;
3. Monitoring risk exposure;
4. Reporting.

The first main phase, specifically the Risk Assessment, gives senior 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.

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 Insurance 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 Policies, which constitute the risk management framework.

The final phase involves monitoring and quantification of the risks.

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

- measure their vulnerability to extraordinary yet plausible events;
- allow Senior 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 Internal Control and Risks 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:

- 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;

- 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:

- 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 policy holders;
  - 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.
- 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.
- 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.
- 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 an Insurance Group level and at the level of some Insurance Group subsidiaries at the same date and in the same reporting period;
- Independent review of the ORSA process: the ORSA process is included in the audit and is periodically audited by Internal 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.

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.

In this regard, Intesa Sanpaolo Assicura, in accordance with the Supervisory Authorities, assessed the advisability of adopting specific parameters (USP), to calculate the capital requirement for pricing and reserving risk.

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

Within the ORSA process, the Board of Directors of the USCI, the Senior Management of the USCI and the Internal Control and Risks Committee of the USCI have a fundamental role.

The USCI Board of Directors, in its remit also for the Group: determines and is responsible for the adequacy and effectiveness of the risk management system as part of which it approves the risk management strategy, the risk appetite of the Group, the risk management policies and related limits.

With specific reference to the ORSA process, the Board of Directors sets out and approves the relative Policy, ensures their timely adaptation to significant changes in strategic policies, organisational arrangements and the business environment and promotes full use of the ORSA results for strategic purposes and in the decisions implemented by Group Companies. In addition, the USCI Board of Directors, on the proposal of the USCI Internal Control and Risks Committee:

- determines the Risk Appetite of the Group in line with its global solvency needs, identifying the types of risk it will assume, consistently establishing the relative risk tolerance limits of the Group, which it reviews at least one once a year;
- approves the Insurance Group Risk Map;
- approves the methodologies to measure, review, manage and control significant risks, contained in the Policies on their management;
- ensures that the Group level risk management policy is implemented consistently and continuously within the Group, taking into account the structure, size and specificity, as well as the risks of each Group Company and the mutual interdependencies;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- approves the level of regulatory capital and current and forward-looking economic capital quantified based on the risks identified in the risk map;
- approves the level of current and forward-looking own funds to hedge all the risks identified in the risk map;
- assesses the ORSA process with the support of the core functions;
- approves the ORSA Report expressing a final opinion on the current and forward-looking capital adequacy supported by the relevant reasons;
- approves the capital needs plans and resolves upon the capitalisation measures and other corrective/mitigation measures to protect current and forward-looking capital adequacy.

USCI Senior Management, in it remit also for the Group, is responsible for the overall implementation, maintenance and monitoring of the corporate governance system at Group level, consistent with the Directives of the Board of Directors and in compliance with the roles and tasks attributed to it.

With reference to the internal assessment of the Group's risk and solvency:

- circulates the Policies on risk management and is responsible for their implementation;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- implements the internal risk assessment and Group solvency policy, contributing to ensuring the definition of operating limits and ensuring the prompt verification of the limits themselves, as well as the monitoring of risk exposure and compliance with Group tolerance limits.

The USCI Internal Control and Risks Committee, it its remit also for the Group, assists the USCI Board of Directors in determining the guidelines of the internal control and risk management system at Group level, in the periodic verification of its adequacy and its effective functioning, and in the identification and management of the main business risks. Furthermore, it controls the specific risk profile of Group Companies.

With specific reference to the ORSA process, the Internal Control and Risks Committee:

- takes steps to ensure the full use of the results of the ORSA for the strategic and decision-making purposes of Group Companies;
- assesses the proposals to submit to the Board of Directors for final approval on:
  - ORSA process description;
  - risk appetite level;
  - risk map;
  - current and forward-looking capital level;
  - level of own funds to cover current and forward-looking capital - ORSA Report.

The Risk Committee periodically analyses the results of monitoring the regulatory requirements both in current and forward-looking terms and of the stress tests submitted by Risk Management.

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;
- maturity, including both contractual maturity and any other earlier repayment or surrender opportunity, of the own-fund items;
- the effects that any issue, surrender 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 an Insurance Group level;

- consistency of the assumptions constituting the basis of the capital management plan and related actions compared to the performance of the ordinary operations at Insurance Group level;

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 processes, 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 four main phases in the risk management process:

1. Risk identification and assessment;
2. Risk management;
3. Monitoring risk exposure;
4. Reporting.

The first major phase gives senior 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.

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 time frame 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, the foregoing shall meet the capital profitability enhancement targets.

The identification of the operational limits for this type of activity is instrumental to the principle which, from the standpoint of the prudent management of the capital and of the business' solvency, the capital share which is necessary to face the economic capital shall be invested in high solvency and liquidity assets, and any possible surplus may only 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.

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 31.12.2019		
T	NO VA	VA
1	-0.42%	-0.35%
2	-0.39%	-0.32%
3	-0.34%	-0.27%
4	-0.29%	-0.22%
5	-0.23%	-0.16%
6	-0.16%	-0.09%
7	-0.08%	-0.01%
8	-0.02%	0.05%
9	0.05%	0.12%
10	0.11%	0.18%
11	0.16%	0.23%
12	0.21%	0.28%
13	0.27%	0.34%
14	0.32%	0.39%
15	0.36%	0.43%
16	0.39%	0.46%
17	0.41%	0.48%
18	0.43%	0.50%
19	0.46%	0.53%
20	0.50%	0.57%
21	0.55%	0.62%
22	0.62%	0.69%
23	0.69%	0.75%
24	0.76%	0.82%
25	0.83%	0.90%
26	0.91%	0.97%
27	0.98%	1.04%
28	1.06%	1.12%
29	1.13%	1.19%
30	1.20%	1.26%

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	6,523.7	6,665.1
Solvency Capital Requirement	2,939.2	2,741.8
Solvency ratio	222%	243%

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 so-called Pillar 2 risks;
- assess the significance of the deviation between the risk profile and assumptions underlying the calculation of the capital base;
- assess overall solvency needs considering the planning time horizon, ensuring compliance at all times with requirements in terms of the capital base and RAF;
- make available the ORSA results to Senior 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 and by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

- 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;
- 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:

- 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 policy holders;
    - 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.
- 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.

- 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.
- Preparation and approval of the ORSA Report: Intesa Sanpaolo Vita 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.
- 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.

Within the ORSA process, the Board of Directors, the Senior Management of the Company and the Internal Control and Risks Committee of the Company have a fundamental role.

The Board of Directors of the Company determines and is responsible for the adequacy and effectiveness of the risk management system as part of which it approves the risk management strategy, the risk appetite of ISV, the risk management policies and related limits.

With specific reference to the ORSA process, the Board of Directors sets out and approves the relative Policy, ensures timely adaptation to significant changes in strategic policies, organisational arrangements and the business environment and promotes full use of the ORSA results for strategic purposes and in the decisions implemented by the Company. Moreover, the Board of Directors, on the proposal of the Internal Control and Risks Committee:

- determines the Risk Appetite in line with its global solvency needs, identifying the types of risk it will assume, consistently establishing the relative risk tolerance limits of the Company, which it reviews at least once a year;
- approves the ISV risks map;
- approves the methodologies to measure, review, manage and control significant risks, contained in the Policies on their management;
- ensures that the risk management policy is implemented consistently and continuously within the Company, taking into account its structure, size and specificity, as well as the risks and the mutual interdependencies;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;

- approves the level of regulatory capital and current and forward-looking economic capital quantified based on the risks identified in the risk map;
- approves the level of current and forward-looking own funds to hedge all the risks identified in the risk map;
- assesses the ORSA process with the support of the core functions;
- approves the ORSA Report expressing a final opinion on the current and forward-looking capital adequacy supported by the relevant reasons;
- approves the capital needs plans and resolves upon the capitalisation measures and other corrective/mitigation measures to protect current and forward-looking capital adequacy.

With reference to the internal risk and solvency assessment, Senior Management:

- circulates the rules on risk management and is responsible for their implementation;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- implements the internal risk assessment and solvency policy of the Company, contributing to ensuring the definition of operating limits and ensuring the prompt verification of the limits themselves, as well as the monitoring of risk exposure and compliance with the tolerance limits of the Company.

The Internal Control and Risks Committee assists the Board of Directors in determining the guidelines of the internal control and risk management system, in the periodic verification of its adequacy and its effective functioning, and in the identification and management of the main business risks. Moreover, it monitors the specific risk profile of the Company.

With specific reference to the ORSA process, the Internal Control and Risks Committee:

- takes steps to ensure the full use of the results of the ORSA for strategic and decision-making purposes of the Company;
- assesses the proposals to submit to the Board of Directors for final approval on:
    - ORSA process description;
    - risk appetite level;
    - risk map;
    - methodologies for measuring, assessing, managing and controlling risks;
    - stress test methodologies;
    - level of current and forward-looking economic capital;
    - level of own funds to cover current and forward-looking capital - ORSA Report.

The Internal Control and Risks Committee periodically analyses the results of economic capital monitoring, the regulatory requirements both in current and forward-looking terms and of the stress tests submitted by Risk Management.

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.

Specifically, 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";
- Retention and filing: specific retention 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 fed without errors and omissions in a consistent and timely manner in time for the purposes for which they are 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 they are 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 they are processed. For example, the assessment of the appropriateness requires procedures for the periodic review of compliance of the data with company needs including through

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 abnormalities;
4. Monitoring and reporting.

Internal risk and solvency assessment

The internal risk management process for Intesa Sanpaolo Vita is conducted in accordance with the Insurance Group process. Reference is therefore made to the details of 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 Company Intesa Sanpaolo Assicura is governed in line with the self-assessment of the 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 four main phases in the risk management process:

1. Risk identification and assessment;
2. Risk management;
3. Monitoring risk exposure;
4. Reporting.

The first major phase gives senior 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 Top Measure to understand the relationship between the risk assumed and its 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 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.

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 time frame 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 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.

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 31.12.2019	
T	NO VA
1	-0.42%
2	-0.39%
3	-0.34%
4	-0.29%
5	-0.23%
6	-0.16%
7	-0.08%
8	-0.02%
9	0.05%
10	0.11%
11	0.16%
12	0.21%
13	0.27%
14	0.32%
15	0.36%
16	0.39%
17	0.41%
18	0.43%
19	0.46%
20	0.50%
21	0.55%
22	0.62%
23	0.69%
24	0.76%
25	0.83%
26	0.91%
27	0.98%
28	1.06%
29	1.13%
30	1.20%

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 and by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

- defining the Risk Appetite Framework: Intesa Sanpaolo Assicura 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;
- 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:

- 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.
- 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 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.
- 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.
- preparation and approval of the ORSA Report: Intesa Sanpaolo Assicura 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;

- 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.

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.

Within the ORSA process, the Board of Directors, the Senior Management of the Company and the Internal Control and Risks Committee of the USCI have a fundamental role.

With specific reference to the ORSA process, the Board of Directors sets out and approves the policy for the current and forward-looking risk assessments, ensures their timely adaptation to significant changes in strategic policies, organisational arrangements and the business environment and promotes full use of the ORSA results for strategic purposes and in the decisions implemented by the Company. In addition, the Board of Directors:

- determines the Risk Appetite in line with its global solvency needs, identifying the types of risk it will assume, consistently establishing the relative risk tolerance limits of the Company, which it reviews at least once a year;
- approves the Company's risks map;
- approves the methodologies to measure, review, manage and control significant risks, contained in the Policies on their management;
- ensures that the risk management policy is implemented consistently and continuously within the Company, taking into account its structure, size and specificity, as well as the risks and the mutual interdependencies;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- approves the level of regulatory capital and current and forward-looking economic capital quantified based on the risks identified in the risk map;
- approves the level of current and forward-looking own funds to hedge all the risks identified in the risk map;
- assesses the ORSA process with the support of the core functions;
- approves the results of the ORSA process, expressing a final opinion on the current and forward-looking capital adequacy supported by the relevant reasons;
- approves the capital needs plans and resolves upon the capitalisation measures and other corrective/mitigation measures to protect current and forward-looking capital adequacy.

With reference to the internal risk and solvency assessment, Senior Management:

- circulates the Policies on risk management and is responsible for their implementation;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- implements the internal risk assessment and solvency policy of the Company, contributing to ensuring the definition of operating limits and ensuring the prompt verification of the limits themselves, as well as the monitoring of risk exposure and compliance with the tolerance limits of the Company.

The Internal Control and Risks Committee of the USCI assists the Board of Directors in determining the guidelines of the internal control and risk management system, in the periodic verification of its adequacy and its effective functioning, and in the identification and management of the main business risks. Moreover, it monitors the specific risk profile of the Company.

With specific reference to the ORSA process, the Risk Committee:

- takes steps to ensure the full use of the results of the ORSA for strategic and decision-making purposes of the Company;
- assesses the proposals to submit to the Board of Directors for final approval on:
    - ORSA process description;
    - risk appetite level;
    - risk map;
    - methodologies for measuring, assessing, managing and controlling risks;
    - stress test methodologies;
    - level of current and forward-looking economic capital;
    - level of own funds to cover current and forward-looking capital - ORSA Report.

The Risk Committee periodically analyses the results of monitoring the economic capital and regulatory requirements both in current and forward-looking terms and of the *stress tests* submitted by Risk Management.

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.

Specifically, 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 retention 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 fed without errors and omissions in a consistent and timely manner in time for the purposes for which they are 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 they are 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 they are processed. For example, the assessment of the appropriateness requires procedures for the periodic review of compliance of the data with company needs including through 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 process of managing the risks of the company Fideuram Vita is governed in line with the self-assessment of the 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 four main phases in the risk management process:

1. Risk identification and assessment;
2. Risk management;
3. Monitoring risk exposure;
4. Reporting.

The first major phase gives senior 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 Top Measure to understand the relationship between the risk assumed and its 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 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.

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 time frame 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, the foregoing shall meet the capital profitability enhancement targets.

The identification of the operational limits for this type of activity is instrumental to the principle which, from the standpoint of the prudent management of the capital and of the business' solvency, the capital share which is necessary to face the economic capital shall be invested in high solvency and liquidity assets, and any possible surplus may only 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.

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 31.12.2019		
T	NO VA	VA
1	-0.42%	-0.35%
2	-0.39%	-0.32%
3	-0.34%	-0.27%
4	-0.29%	-0.22%
5	-0.23%	-0.16%
6	-0.16%	-0.09%
7	-0.08%	-0.01%
8	-0.02%	0.05%
9	0.05%	0.12%
10	0.11%	0.18%
11	0.16%	0.23%
12	0.21%	0.28%
13	0.27%	0.34%
14	0.32%	0.39%
15	0.36%	0.43%
16	0.39%	0.46%
17	0.41%	0.48%
18	0.43%	0.50%
19	0.46%	0.53%
20	0.50%	0.57%
21	0.55%	0.62%
22	0.62%	0.69%
23	0.69%	0.75%
24	0.76%	0.82%
25	0.83%	0.90%
26	0.91%	0.97%
27	0.98%	1.04%
28	1.06%	1.12%
29	1.13%	1.19%
30	1.20%	1.26%

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	998,056	1,012,810
Solvency Capital Requirement	474,322	466,093
Solvency ratio	210%	217%

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 so-called Pillar 2 risks;
- assess the significance of the deviation between the risk profile and assumptions underlying the calculation of the capital base;
- assess overall solvency needs considering the planning time horizon, ensuring compliance at all times with requirements in terms of the capital base and RAF;
- make available the ORSA results to Senior 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 Fideuram Vita and by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

- defining the Risk Appetite Framework: Fideuram Vita, in conjunction with the general guidelines of the Insurance Group for undertaking and monitoring risks, has the objective of continually guaranteeing an excellent service for customers and of creating value for all stakeholders;
- 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:

- Identification and monitoring of risks: to assess the risk profile, Fideuram Vita has to identify all risks which the individual Company is or could be exposed to. This identification is aimed at:
    - building an effective risk management system to support the achievement of the company goals while protecting policy holders;
    - 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.
- 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 Fideuram Vita is exposed

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.

- 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.

- Preparation and approval of the ORSA Report: Intesa Sanpaolo Vita 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.
- 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.

Within the ORSA process, the Board of Directors, the Senior Management of the Company and the Internal Control and Risks Committee of the USCI have a fundamental role.

With specific reference to the ORSA process, the Board of Directors sets out and approves the policy for the current and forward-looking risk assessments, ensures their timely adaptation to significant changes in strategic policies, organisational arrangements and the business environment and promotes full use of the ORSA results for strategic purposes and in the decisions implemented by the Company. In addition, the Board of Directors:

- determines the Risk Appetite in line with its global solvency needs, identifying the types of risk it will assume, consistently establishing the relative risk tolerance limits of the Company, which it reviews at least once a year;
- approves the Company's risks map;
- approves the methodologies to measure, review, manage and control significant risks, contained in the Policies on their management;
- ensures that the risk management policy is implemented consistently and continuously within the Company, taking into account its structure, size and specificity, as well as the risks and the mutual interdependencies;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- approves the level of regulatory capital and current and forward-looking economic capital quantified based on the risks identified in the risk map;

- approves the level of current and forward-looking own funds to hedge all the risks identified in the risk map;
- assesses the ORSA process with the support of the core functions;
- approves the results of the ORSA process, expressing a final opinion on the current and forward-looking capital adequacy supported by the relevant reasons;
- approves the capital needs plans and resolves upon the capitalisation measures and other corrective/mitigation measures to protect current and forward-looking capital adequacy.

With reference to the internal risk and solvency assessment, Senior Management:

- circulates the Policies on risk management and is responsible for their implementation;
- critically assesses the outcome of the Risk Assessment process and monitors the follow-up actions to be taken based on its outcome;
- implements the internal risk assessment and solvency policy of the Company, contributing to ensuring the definition of operating limits and ensuring the prompt verification of the limits themselves, as well as the monitoring of risk exposure and compliance with the tolerance limits of the Company.

The Internal Control and Risks Committee of the USCI assists the Board of Directors in determining the guidelines of the internal control and risk management system, in the periodic verification of its adequacy and its effective functioning, and in the identification and management of the main business risks. Moreover, it monitors the specific risk profile of the Company.

With specific reference to the ORSA process, the Risk Committee:

- takes steps to ensure the full use of the results of the ORSA for strategic and decision-making purposes of the Company;
- assesses the proposals to submit to the Board of Directors for final approval on:
    - ORSA process description;
    - risk appetite level;
    - risk map;
    - methodologies for measuring, assessing, managing and controlling risks;
    - stress test methodologies;
    - level of current and forward-looking economic capital;
    - level of own funds to cover current and forward-looking capital - ORSA Report.

The Risk Committee periodically analyses the results of monitoring the economic capital and regulatory requirements both in current and forward-looking terms and of the *stress tests* submitted by Risk Management.

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.

Specifically, 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";
- Retention and filing: specific retention 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 fed without errors and omissions in a consistent and timely manner in time for the purposes for which they are 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 they are 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 they are processed. For example, the assessment of the appropriateness requires procedures for the periodic review of compliance of the data with company needs including through 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 abnormalities;
- Monitoring and reporting.

Internal risk and solvency assessment

The internal risk and solvency process of Fideuram Vita is conducted in accordance with the Insurance 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 Intesa Sanpaolo Life 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 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 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 control system of the 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.

Senior 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 shall ensure the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels. It shall also assess the exercise of the powers assigned to

proxy-holders in the course of major transactions in terms of dimensions and characteristics that have conducted pursuant to 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 overnight, generally within a 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. Said 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 function, 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 Control** - internal audit (hereinafter "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 consistent 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 Senior 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;
- complaints register;
- 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 of companies 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 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 carried out and the identification of the related persons in charge, while ensuring the easy assessment of the recorded information.

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 an Insurance Group level, the organisational model will vary depending on the company's organisational structure. In line with provisions in IVASS Regulation no. 38/2018, with effect from 1 July 2019 the Compliance Function of Intesa Sanpaolo Vita carries out compliance activities for Intesa Sanpaolo Assicura and Fideuram Vita under an outsourcing agreement. Intesa Sanpaolo Life has a local compliance function.

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 approved 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 all other applicable regulatory areas with potential compliance risks, for which Specialist Functions have been identified with the necessary expertise, compliance oversight duties have been assigned to these functions, save for the responsibility of the Compliance Function to:

- establish assessment methodologies and mitigation procedures for compliance risk, in collaboration with the Specialist Functions;
- make an independent assessment on compliance risk and the adequacy of oversight adopted by the Specialist Functions for their mitigation;
- give Company Bodies, in periodic reports, an overall view of areas at most risk, overseen by the Specialist Functions.

Based on this model, the Compliance Risk Assessment is prepared annually, to measure compliance risk by assessing the risks and oversights on an aggregate basis for each applicable direct and indirect regulatory area.

The aggregate assessment of the risks and oversight leads to the formation of a ranking of regulatory areas, which is used to define and prioritise the assessments.

Moreover, IVASS Regulation no. 38/2018 does not rule out any regulatory area from the activities of the Compliance Function, that may take action if it considers significant compliance risks are present.

With regard to compliance risk, the Compliance function also continuously identifies the regulations applicable to the Company and assesses the adequacy of the controls on 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 Compliance risk, and continuously assesses the adequacy of procedures awaiting issue.

The Compliance Function takes part in Product Governance (POG) activities, with the aim of consolidating protection of the insured, guaranteeing the product's conformity to a pre-defined customer target, from as early on as the product launch and design phase. As part of the POG Process, the Compliance Function also clears policies, checking that the pre-contract and contract documentation, commercial manuals and advertising material reflect the indications of regulations.

Lastly, 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.

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 senior management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Senior Management of Intesa Sanpaolo Assicura guarantees that personnel are made aware of their roles and responsibilities. For this purpose, it shall ensure the formalisation and adequate

distribution among staff of the power delegation system and of the procedures which govern the assignment 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

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

The Compliance Function of Intesa Sanpaolo Vita carries out compliance activities on behalf of Intesa Sanpaolo Assicura under an outsourcing agreement.

The Compliance policy of Intesa Sanpaolo Assicura is prepared in accordance with the same document issued by Intesa Sanpaolo Vita, Parent Company of the Insurance Group and which was implemented by the Board of Directors on 30 May 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 function of Intesa Sanpaolo Assicura is implemented in the same way.

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 senior management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Senior Management of Fideuram Vita guarantees that the personnel are made are aware of their roles and responsibilities. For this purpose, it shall ensure the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment 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 Function of Intesa Sanpaolo Vita carries out compliance activities on behalf of Fideuram vita under an outsourcing agreement.

The Compliance policy of Fideuram Vita, is prepared in accordance with the same document issued by Intesa Sanpaolo Vita, 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 senior management implements the system correctly, assessing its adequacy and proper functioning and ensuring that the main business risks are adequately identified and managed.

The Senior Management of Intesa Sanpaolo Life guarantees that personnel are made aware of their roles and responsibilities. For this purpose, it shall ensure the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels.

The internal control system for Intesa Sanpaolo Life 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 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 is prepared in accordance with the same document of Intesa Sanpaolo Vita, 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 Senior 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 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.

Intesa Sanpaolo Vita S.p.A.

The Audit function of the Company operates using its own dedicated unit also for the other Insurance Group companies, in relation to the role of Parent Company, guaranteeing consistency of the audits undertaken, and the development of operating 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 Senior 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 the Audit Function produces an annual action plan for the Board of Directors.

The annual plan takes into account the evidence provided during the Controls Coordination Committee meeting by the control functions and the level of attention required from the various processes/Organisational Units depending on the risk level.

The Head 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 Senior 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. For this purpose, the Head of the Audit function will meet with the management of the audited unit in an exit meeting, as well as the other business units that were involved in identifying and developing 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 carried out consists of a written report with the summary of the interventions implemented to eliminate any findings during the audit and those not yet implemented. As regards the latter aspect - as part of the report - the reasons underlying the change of the previously set terms for the implementation of the planned activities are illustrated.

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

- quarterly, to the Internal Control and Risks Committee and the Board of Directors on the results and recommendations in relation to audits conducted 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) 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 Internal Control and Risks Committee and 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) on any particularly serious situations, breaches or deficiencies;
- during periodic meetings, the 231 Supervisory Body, in the event of interventions concerning 231 risks or requested by it;
- every year, the administrative body, Senior Management and the control body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the principle of confidentiality on 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 Core and 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) 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 Head of Audit.

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:

- organisational structure such as to guarantee 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 area of business being audited, 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 25(1)(l) of IVASS Regulation no. 38/2018;
- is designated and removed by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- is free from the hierarchical and functional relations with the company areas subject to control;
- 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.

With effect from 1 July 2019, the company has set up an Audit function, as a specific organisational unit, outsourcing the activity to the USCI, under an outsourcing agreement; it has also appointed the Head of the function.

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 Senior 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 the Audit Function produces an annual action plan for the Board of Directors.

The annual plan takes into account the evidence provided during the Controls Coordination Committee meeting of the USCI by the control functions and the level of attention required from the various processes/Organisational Units depending on the risk level.

The Head 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 Senior 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. For this purpose, the Head of the Audit function will meet with the management of the audited unit in an exit meeting, as well as the other business units that were involved in identifying and developing 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 carried out consists of a written report with the summary of the interventions implemented to eliminate any findings during the audit and those not yet implemented. As regards the latter aspect - as part of the report - the reasons underlying the change of the previously set terms for the implementation of the planned activities are illustrated.

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

- quarterly, to the Internal Control and Risks Committee of the USCI and the Board of Directors on the results and recommendations in relation to audits conducted 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) 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 Internal Control and Risks Committee of the USCI and 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) on any particularly serious situations, breaches or deficiencies;
- during periodic meetings, the 231 Supervisory Body, in the event of interventions concerning 231 risks or requested by it;

- every year, the administrative body, Senior Management and the control body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the principle of confidentiality on 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 Core and 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) 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 Head of Audit.
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:

- organisational structure such as to guarantee 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 area of business being audited, 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 25(1) of IVASS Regulation no. 38/2018;
- is designated and removed by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- is free from the hierarchical and functional relations with the company areas subject to control;
- 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.

Fideuram Vita S.p.A.

With effect from 1 July 2019, the company has set up an Audit function, as a specific organisational unit, outsourcing the activity to the USCI, under an outsourcing agreement; it has also appointed the Head of the function.

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 Senior 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 the Audit Function produces an annual action plan for the Board of Directors.
The annual plan takes into account the evidence provided during the Controls Coordination Committee meeting of the USCI by the control functions and the level of attention required from the various processes/Organisational Units depending on the risk level.

The Head 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 Senior 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. For this purpose, the Head of the Audit function will meet with the management of the audited unit in an exit meeting, as well as the other business units that were involved in identifying and developing 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 carried out consists of a written report with the summary of the interventions implemented to eliminate any findings during the audit and those not yet implemented. As regards the latter aspect - as part of the report - the reasons underlying the change of the previously set terms for the implementation of the planned activities are illustrated.

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

- quarterly, to the Internal Control and Risks Committee of the USCI and the Board of Directors on the results and recommendations in relation to audits conducted 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) 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 Internal Control and Risks Committee of the USCI and 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) on any particularly serious situations, breaches or deficiencies;
- during periodic meetings, the 231 Supervisory Body, in the event of interventions concerning 231 risks or requested by it;
- every year, the administrative body, Senior Management and the control body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the principle of confidentiality on 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 Core and 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) 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 Head of Audit.

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:

- organisational structure such as to guarantee 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 area of business being audited, 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 25(1) of IVASS Regulation no. 38/2018;
- is designated and removed by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- is free from the hierarchical and functional relations with the company areas subject to control;
- 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 Life D.A.C.

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

Refer to the information given in the paragraph on Intesa Sanpaolo, 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.

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 USCI.

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

The Group Actuarial Function carries out independent audits, and in performing its coordination and steering duties, supervises the contents of documents prepared by the Actuarial Function of individual companies, as well as the completeness of audit activities 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 other members of Function identified as key resources);
- 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 the Actuarial Function and the company representative sign the report on the current and foreseeable performance, as required by paragraph 32 of Annex 14 to ISVAP Regulation no. 22/2008.

Intesa Sanpaolo Assicura S.p.A.

The Actuarial Function of Intesa Sanpaolo Assicura reports directly to the Board of Directors to ensure its independence in control activities.

The activities of the Function are carried out by Intesa Sanpaolo Vita 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 the Actuarial Function 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 , in connection with civil liability insurance for motorised vehicles, the Head of the Actuarial Function 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 Regulation no. 37 of 2018. Together with the legal representative of Intesa Sanpaolo Assicura, 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 of Fideuram Vita reports directly to the Board of Directors to ensure its independence in control activities.

The activities of the Function are carried out by Intesa Sanpaolo Vita under a specific outsourcing agreement.

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

Intesa Sanpaolo Life D.A.C.

The Head of the Actuarial Function reports directly to 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.

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 has adopted and updates the Policy on outsourcing and selecting suppliers of the Insurance Group, that defines the principles used to regulate the decision-making process, the responsibilities, duties and controls applicable to the outsourcing of activities within the Intesa Sanpaolo Vita Group, the Intesa Sanpaolo Group, and to other third parties, thus strengthening the control of risks related to outsourcing decisions.

The Policy:

- establishes that the Insurance Group Companies may, if appropriate, outsource some of the activities and/or processes within their production cycle based on the need to achieve economies of scale and of purpose;
- regulates 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) according to the guidelines of the Regulator and of the Parent Company;
- regulates 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; this choice, which is prevalent but not exclusive (horizontal outsourcing of broad-ranging services) nor mandatory, guarantees, as business areas become more complex to manage, a 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 policy on outsourcing and selecting suppliers of Intesa Sanpaolo Vita regulates the audits and evaluations that the business units receiving the outsourced services must perform, and defines the reports that need to be produced for Senior Management, the Board of Directors and the Regulator, as well as any reports to the 231 Supervisory Body.

Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has implemented the Policy on outsourcing of the Insurance Group and adopted its own Policy on outsourcing and selecting suppliers of Intesa Sanpaolo Assicura to outsource essential services in particular; this choice, which is prevalent but not exclusive (horizontal outsourcing of broad-ranging services) nor mandatory, guarantees, as business areas become more complex to manage, a 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.

Fideuram Vita has implemented the "Policy on outsourcing and selecting suppliers of the Intesa Sanpaolo Vita Insurance Group" and adopted its own "Policy on outsourcing and selecting suppliers", mainly for Intesa Sanpaolo Group Companies and the Insurance Group, for outsourcing essential services in particular; this choice, which is prevalent but not exclusive (horizontal outsourcing of broad-ranging services) not mandatory, guarantees, as business areas become more complex to manage, a 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 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 has also adopted the Group outsourcing guidelines.

The Corporate Governance Office function 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 regulations to observe for preparing contracts and the activities for and frequency of monitoring supply performance, in accordance with contracts and internal 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.

Each quarter, the Corporate Governance function reports to the Board of Directors on the adequacy of control oversight and the actions considered necessary for more efficient and effective controls.

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 control functions, as part of their periodic reports. The report presented during 2019 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. In particular the corporate governance system was reviewed, as provided for by Regulation 38, Article 71(2)(cc), as regards:

- the adequacy of the organisational model;
- the suitability of the system of powers;
- the adequacy and effectiveness of the risk management system;
- the effectiveness and efficiency of the internal control system;
- the effectiveness of the information transmission system;
- he requirements of professionalism, integrity and independence of those who carry out administrative, management and control functions, of the heads and of those who carry out core functions and of other staff able to affect the risk profile.

The outcome of the review process shows that the corporate governance system is adequate for the nature, scope and complexity of risks concerning the Company's activities.

B.9 OTHER INFORMATION

Intesa Sanpaolo Vita Insurance Group

During the first quarter of 2020, the companies made additional organisational changes in order to gradually strengthen the supervision of the control process, operations and business support operations.

With reference to the changes affecting several units in the Insurance Group, please note that at the USCI:

- an Insurance Group Products Session has been set up within the Coordination Committee, with the aim of supporting the Chief Executive Officer in approving the Group's products plan and its main changes.
  The Insurance Group Products session of the Coordination Committee is attended by:
  - For Intesa Sanpaolo Vita:
    - Chief Executive Officer;
    - Heads of control functions;
    - the Heads of the front line Organisational Units (the Head of the Commercial Area acts as secretary);
  - The CEOs and directors general of the Group Companies.
- Following the disposal of the branch, the "Alternative Investments" unit was closed down; continuity for relative services is ensured through the concurrent activation of an outsourcing agreement with the assignee company Eurizon Capital Real Asset SGR, belonging to the Intesa Sanpaolo Group.
  Consequently, the Alternative Investments session of the Investments Committee was closed down and an Alternative Investments Committee was set up, usually meeting quarterly, with the aim of supporting the Board of Directors of the Ultimate Italian Parent Company in formulating guidelines on alternative investments and identifying relative monitoring tools.
  The Alternative Investments Committee is attended by:
  - For Intesa Sanpaolo Vita:
    - 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 (in a capacity as secretary);
    - Head of the Risk Management organisational unit;
  - For Fideuram Vita:
    - CEO and General Manager
    - Risk Management Manager
    - Administration, Governance and Support Manager
  - For Eurizon Capital Real Asset SGR:
    - CEO and General Manager
  - For Intesa Sanpaolo:
    - Head of the Financial and Market Risks Department

    - Chief Lending Officer Governance Area Representative.

- The "Personnel and Change Management" unit has acquired new functions, consequently being renamed "Personnel, Change Management and Sustainability" and with a "Sustainability" section being set up.
- The activities carried out by the second line units "Intesa Sanpaolo Vita personnel management", "Fideuram Vita personnel management" and "Intesa Sanpaolo Assicura personnel management" that have been closed down, have been reallocated to the "Life personnel management" and Non-life personnel management" units.
- In the front line Unit "Financial Reporting, Planning and Management Control Administration Area", renamed "Chief Financial Officer", the third line unit "Actuarial Financial Reporting and Reinsurance" has been renamed "Actuarial Financial Reporting and Reinsurance Accounting", as it no longer manages reinsurance, which is assigned to Intesa Sanpaolo Assicura in a specific outsourcing agreement.

In the second line unit "Information Systems" a new unit "Fideuram Network Products and Applications" has been included, which centralises the management of the systems of the subsidiary Fideuram Vita with the USCI, with the concurrent activation of an outsourcing agreement.

Intesa Sanpaolo Vita S.p.A.

During the first quarter of 2020 the companies made additional organisational changes in order to gradually strengthen the supervision of the control process, operations and the business support operations.

In addition, the following is reported.

With reference to the Chief Executive Officer's staff functions, a "Digital Transformation" unit has been set up.

For the following line functions:

- In the front line Unit "Personnel, Change Management and Sustainability":
    - Following the closure of the second line unit "Development and Empowerment of human capital", the third line units previously reporting to it, have been reallocated as follows:
        - The "Development and wellbeing" and "Focal point initiatives and events" units are second line units directly reporting to the area manager.
        - The "HR Tools" unit, together with the previous second line unit "Organic Planning and Costs" directly reports to the newly established second line unit "Organic costs, tools and regulatory support for HR".
        - The "Focal point Innovation and Change Management", "Focal point Innovation" and "Purchasing and Support Services" units were renamed "Innovation Insurance and Change Management", "Focal point Innovation Insurance" and "Purchasing, Logistics and Support Services" respectively.

    - In the front line Unit "Financial Reporting, Planning and Management Control Administration Area", renamed "Chief Financial Officer":

- The third line unit "Technical Accounting" previously reporting to the "Tax and Technical Accounting" now reports to the "Financial Reporting" unit;
- The "Tax and Technical Accounting" unit was consequently renamed "Tax and Tax Controls", as it had been set up to support the "Tax Controls" unit, which assists the previously existing "Tax" unit;
- The "Studies, Data office and Analytics" and "Analytics" units were renamed "Studies, Data office and New markets" and "New markets and Analytics" respectively.

- In the context of the front line unit "Area Operations and Organisation":
  - The second line unit "Technical Management" was reorganised:
    - consolidating the duties of the reporting unit "Portfolio processing monitoring", renamed "Portfolio processing and operational monitoring";
    - reallocating activities carried out by the portfolio-specialist reporting units "Life Portfolio and CPI" and "Pension Portfolio", that have been closed down, to the newly established units "Customer Management" and "Policies Management" focussed on issue and after sales activities for both portfolios.
  - The second line unit "Information Systems" was reorganised:
    - The previous third line units "Development of applications products and commercial support" and "Development of Portfolio Systems" were merged to form the new unit "Applications and Products of Banca dei Territori and Intesa Sanpaolo Private Banking";
    - The "Applications Monitoring"unit was renamed "Applications and Application Architectures Monitoring".

Intesa Sanpaolo Assicura S.p.A.

The Company highlights the additional organizational changes that occurred after 31 December 2019 and in force on the date of preparation of this report.

With effect from 15 January 2020, the Company:

- reallocated activities related to the stipulation and management of reinsurance arrangements, previously overseen by the Chief Financial Officer structures of Intesa Sanpaolo Vita, consequently modifying the outsourcing agreement and renaming the front line Organisational Unit "Actuarial" as "Actuarial and Reinsurance"";
- divided the second line unit "Actuarial Products" into two second line units called "Actuarial Motor Products" and "Actuarial RE/CPI/PMI/Corporate Products", organised by product cluster, also based on planned business development;
- renamed the "SME Products and Corporate Development" units as "Retail Company Products and Corporate";

Due to the change in the Coordination Committee of the USCI, the Company participates in the newly established Group products session.

In addition, "Analytics", "Distribution monitoring", "Studies", Performance monitoring" management activities were outsourced to Intesa Sanpaolo Vita, as well as "Administration Systems, Finance, Risk and DWH", "Reinsurance Accounting", "Tax controls".

Fideuram Vita S.p.A.

The Company highlights the additional organizational changes that occurred after 31 December 2019 and in force on the date of preparation of this report.

During the first quarter of 2020, the Company made additional organisational changes in order to gradually strengthen the supervision of operating processes and business support operations.

In particular, the front line Function, Administration, Governance and Support was reorganised with:

- the "Information Systems" unit, whose activities were outsourced by the USCI, under a specific outsourcing agreement, no longer being in the scope of activities;
- the reorganisation of the two second line units "Financial Statements and Securities Portfolio" and "Accounting and Treasury" in a single second line Unit called "Administration and Financial Reporting", to which the two third line Units "Accounting and Financial Reporting" and "Securities Administration" report;
- the "Organisation and Support Services" Unit was renamed "Organisational Coordination and Outsourcing Oversight", and at the same time "Outsourcing Oversight" activities were reallocated, so the unit stopped being independent.

The front line function Commercial, Actuarial and Portfolio was renamed "Commercial and Technical Management" following the transition of "Actuarial and Product Development" as a front line unit.

The portfolio processing oversight unit previously included in Actuarial and Production Development has become the second level "Commercial and Technical Management" unit.

During the first two months of the year, changes were also made concerning outsourcing, which was formalised by the stipulation of specific contracts and undertaken in compliance with the provisions of competent Supervisory Authorities and with applicable internal regulations.

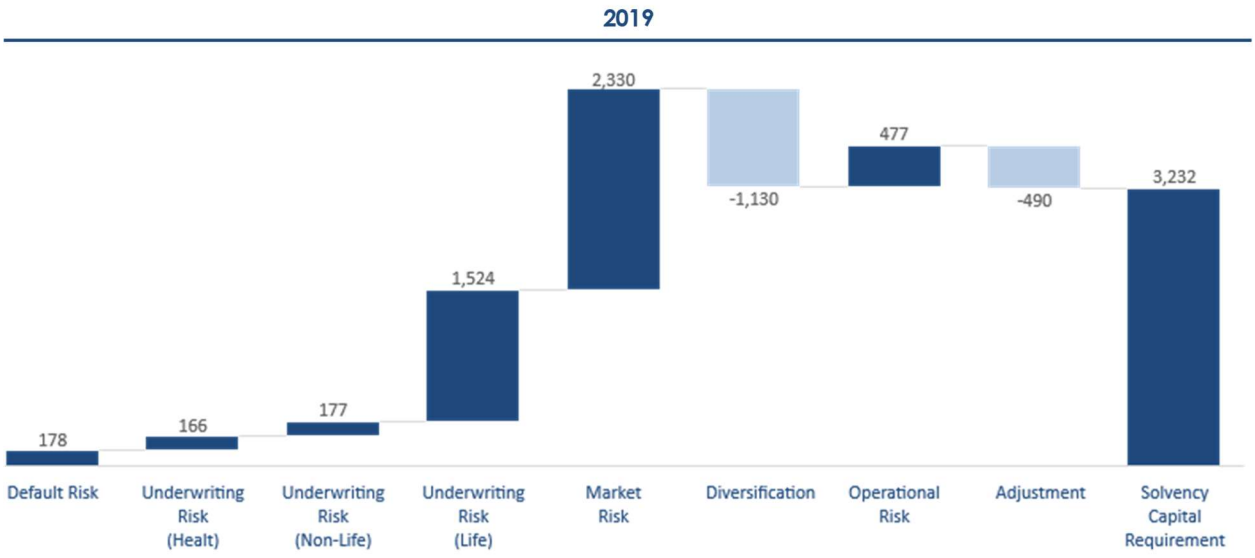
C. RISK PROFILE

Below is the composition of the Insurance Group's capital requirement divided by major risk type.

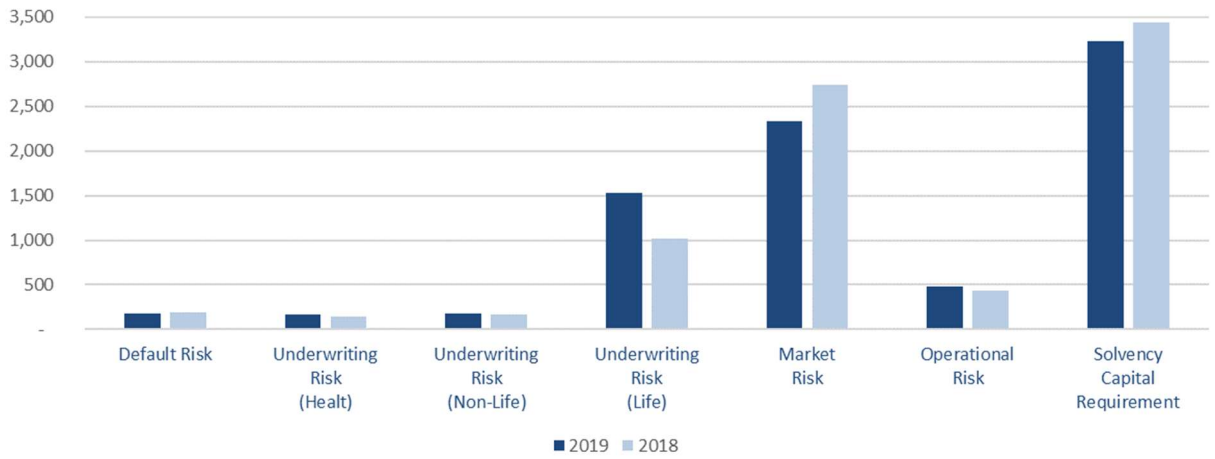
(euro thousands)

Module	31.12.2019	31.12.2018	Delta	%
Solvency Capital Requirement	**3,232,399**	**3,258,903**	**-26,504**	**-1%**
Deferred Tax Adjustment	-490,142	-482,756	-7,386	2%
Solvency Capital Requirement before Adjustment	3,722,541	3,741,659	-19,118	-1%
Operational Risk	**477,022**	**440,846**	**36,176**	**8%**
Basic Solvency Capital Requirement	**3,245,520**	**3,300,813**	**-55,293**	**-2%**
Diversification	-1,129,620	-951,156	-178,464	19%
Market Risk	**2,329,827**	**2,736,943**	**-407,116**	**-15%**
Interest Rate Risk	180,204	321,709	-141,505	-44%
Equity Risk	935,735	774,246	161,489	21%
Property Risk	56,262	68,808	-12,546	-18%
Spread Risk	1,100,612	1,585,176	-484,564	-31%
Concentration Risk	109,919	206,237	-96,318	-47%
Currency Risk	678,179	687,051	-8,871	-1%
Diversification	-731,084	-906,283	175,199	-19%
Underwriting Risk (Life)	**1,524,239**	**1,017,265**	**506,974**	**50%**
Mortality Risk	132,739	128,634	4,105	3%
Longevity Risk	208,177	134,249	73,928	55%
Disability Risk	-	-	-	-
Expenses Risk	236,855	186,290	50,565	27%
Revision Risk	-	-	-	-
Lapse Risk	1,291,960	832,740	459,220	55%
Cat Risk	77,147	70,212	6,935	10%
Diversification	-422,639	-334,859	-87,780	26%
Underwriting Risk (Non-Life)	**176,716**	**167,726**	**8,990**	**5%**
Premium & reserve Risk	153,743	148,763	4,980	3%
Lapse Risk	54,332	42,841	11,491	27%
Cat Risk	39,775	37,304	2,472	7%
Diversification	-71,134	-61,182	-9,952	16%
Underwriting Risk (Health)	**165,857**	**141,985**	**23,872**	**17%**
Cat Risk	2,210	796	1,414	>100%
Mass Accident Risk	*1,144*	*453*	*691*	>100%
Concentration Risk	*410*	*414*	*-3*	*-1%*
Pandemic Risk	*1,846*	*507*	*1,340*	>100%
Diversification	*-1,190*	*-578*	*-612*	>100%
Non- SLT Risk	165,291	141,784	23,507	17%
Reserve Risk	*158,643*	*140,126*	*18,516*	*13%*
Lapse Risk	*46,406*	*21,615*	*24,792*	>100%
Diversification	*-39,758*	*-19,957*	*-19,801*	*99%*
Diversification	-1,644	-595	-1,049	>100%
Default Risk	**178,500**	**188,050**	**-9,550**	**-5%**

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



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



The table and graph show a reduction in the Capital Solvency Requirement, compared to the valuation at 31 December 2018, of approximately 1%, i.e. 27 million euro. A decrease in Market Risk and Credit Risk was recorded, and an increase in Underwriting Risk. 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.

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 (Articles 45d to 45j).

At 31 December 2019 the value of the technical risks of the Life business, according to the Standard Formula, was 1,524 million euro. The main risks of this type to which the Company is exposed are those related to policyholder behaviour (surrender 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 177 million euro while Health technical risks amounts to 166 million euro. The main risks of this type to which the Group is exposed are the underwriting risks.

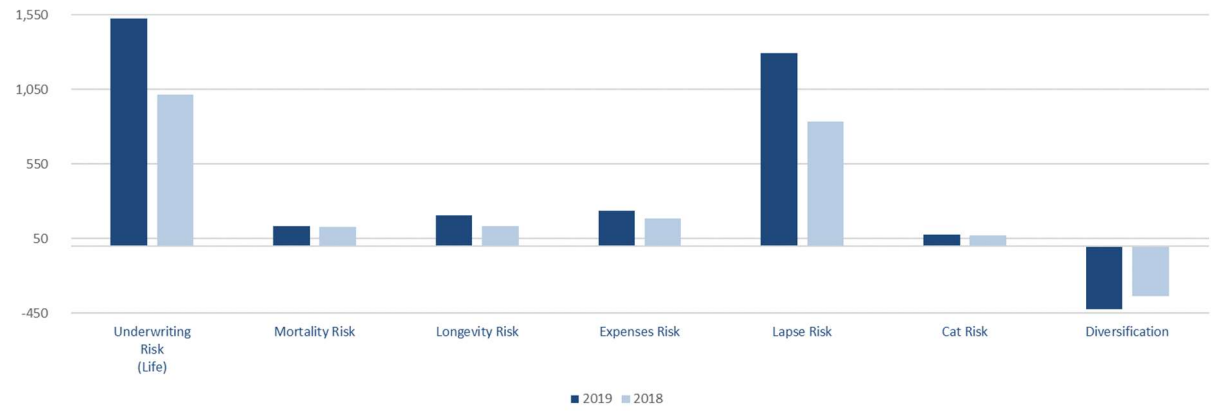
The tables below show a breakdown of the submodules of the Group's technical risks:

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk (Life)	**1,524,239**	**1,017,265**	**506,974**	**50%**
Mortality Risk	132,739	128,634	4,105	3%
Longevity Risk	208,177	134,249	73,928	55%
Disability Risk	-	-	-	-
Expenses Risk	236,855	186,290	50,565	27%
Revision Risk	-	-	-	-
Lapse Risk	1,291,960	832,740	459,220	55%
Cat Risk	77,147	70,212	6,935	10%
Diversification	-422,639	-334,859	-87,780	26%

Compared to the previous valuation of 31 December 2018, the underwriting risk (Life) rose by 50% for a total of approximately 507 million euro. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Life (in millions of euro)

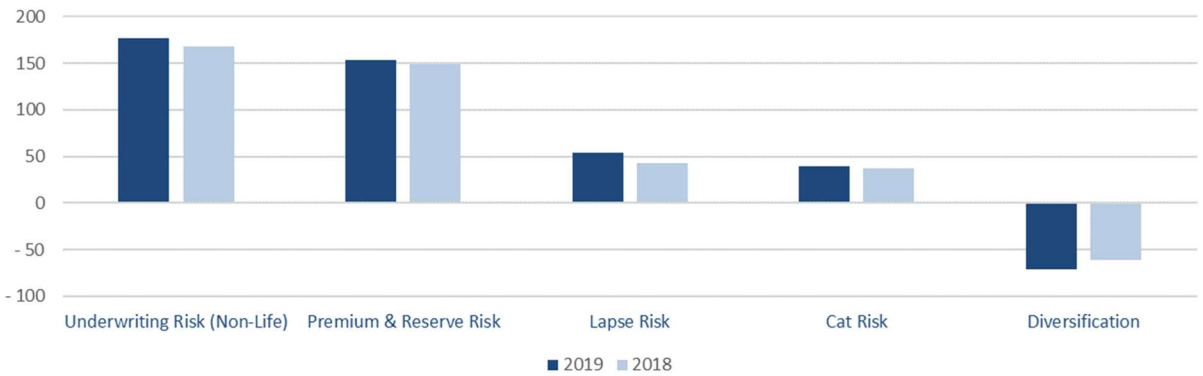


(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk (Non-Life)	**176,716**	**167,726**	**8,990**	**5%**
Premium & Reserve Risk	153,743	148,763	4,980	3%
Lapse Risk	54,332	42,841	11,491	27%
Cat Risk	39,775	37,304	2,472	7%
Diversification	-71,134	-61,182	-9,952	16%

Compared to the previous valuation of 31 December 2018, the underwriting risk (Non-life) rose by 5% for a total of approximately 9 million euro. The increase in the capital solvency requirement for Underwriting Risk is mainly due to the increase in surrender risk. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Non-life (in millions of euro)

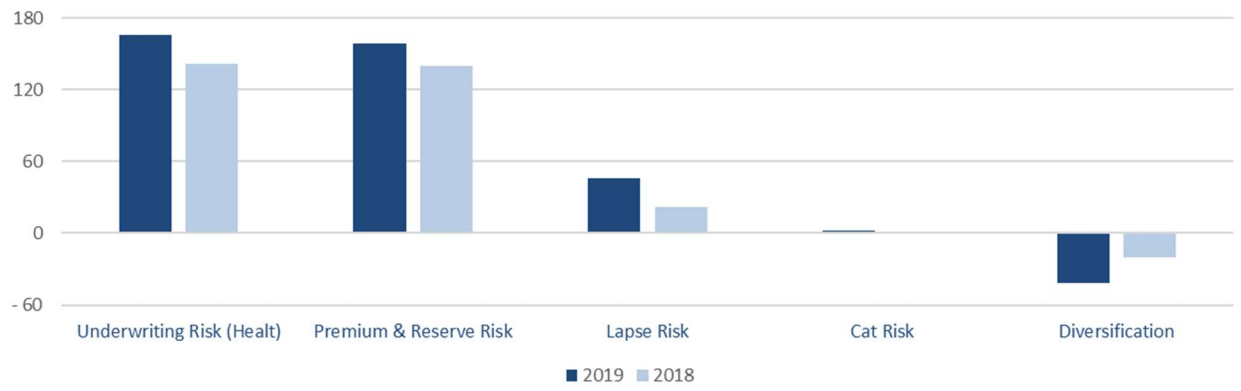


(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk (Health)	**165,857**	**141,985**	**23,872**	**17%**
Cat Risk	2,210	796	1,414	>100%
Mass Accident Risk	1,144	453	691	>100%
Concentration Risk	410	414	-3	-1%
Pandemic Risk	1,846	507	1,340	>100%
Diversification	-1,190	-578	-612	>100%
Non- SLT Risk	165,291	141,784	23,507	17%
Reserve Risk	158,643	140,126	18,516	13%
Lapse Risk	46,406	21,615	24,792	>100%
Diversification	-39,758	-19,957	-19,801	99%
Diversification	-1,644	-595	-1,049	>100%

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 of 31 December 2018, the subscription risk (Health) rose by 17% for a total of approximately 24 million euro. The increase in the capital solvency requirement for Underwriting Risk is mainly due to the increase in surrender risk. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk - Health (in millions of euro)



The diversification effect between the various sub-lines is 22% for the underwriting risk (Life), for the Non-life underwriting risks it is 29%, while for the Health underwriting risk it is 20%.

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 Senior 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".

The risk of underwriting is also managed through the definition and monitoring of Risk Appetite limits for some indicators representative of such a risk. As regards underwriting risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for underwriting risk and eligible own funds of the Company. The Group monitors the guaranteed minimum levels. The monitoring of these limits at 31 December 2019 did not identify any defined thresholds being exceeded.

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 2018.

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 segments present at the year-end date, the capital requirement associated with the catastrophic risk (CAT) net of any reassurance is calculated. 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 operations 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 2019.

C.1.3 Sensitivity analysis

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

As part of the self-assessment, the Insurance Group carries out stress tests by combining the underwriting and market risks in a way that presents the solvency and stability impacts in a collective and reasonably realistic manner.

The results of these analyses are presented in the ORSA Report.

Intesa Sanpaolo Vita S.p.A.

C.1.1 Exposures and their measurement

At 31 December 2019 the value of the technical risks of the Life business, according to the Standard Formula, was 1,349 million euro. The main risks of this type to which the Company is exposed are those related to policyholder behaviour (surrender risk), followed by demographic risks and costs risk.

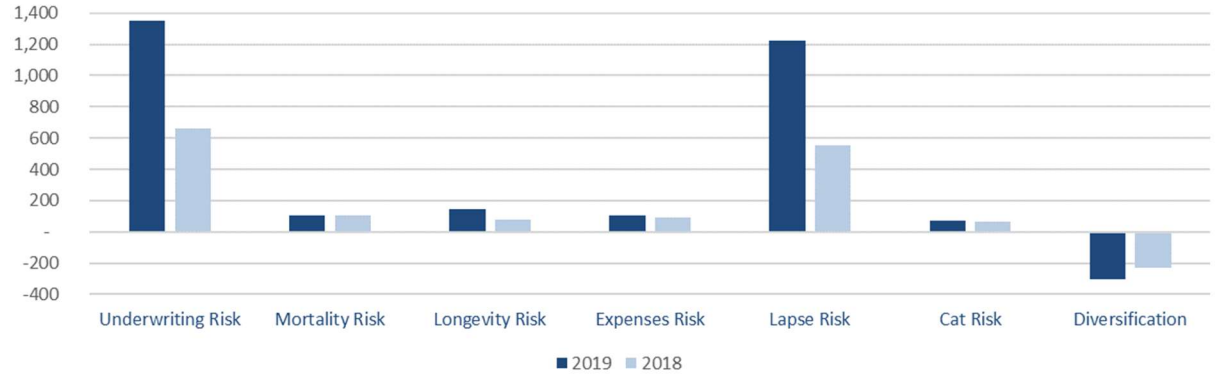
(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk	**1,348,688**	**662,569**	**686,119**	**>100%**
Mortality Risk	105,186	102,401	2,785	3%
Longevity Risk	144,922	77,878	67,045	86%
Expenses Risk	106,586	91,402	15,184	17%
Lapse Risk	1,222,575	555,450	667,125	>100%
Cat Risk	71,321	65,678	5,643	9%
Diversification	-301,902	-230,240	-71,662	31%

The effect of diversification among the various sub-lines was 22% of the underwriting risk, in line with the figure at 31 December 2018.

Compared to the previous valuation of 31 December 2018, the Underwriting risk rose by 103% for a total of approximately 686 million euro. The main difference compared to the previous valuation is due to the increase in the surrender risk (+667 million). Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk (in millions of euro)



The risk of underwriting is also managed through the definition and monitoring of Risk Appetite limits for some indicators representative of such a risk. As regards underwriting risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for underwriting risk and eligible own funds of the Company. The monitoring of these limits at 31 December 2019 did not identify any defined thresholds being exceeded.

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.

At 31 December 2019, the Company had not used optional reinsurance.

Intesa Sanpaolo Assicura S.p.A.

C.1.1 Exposures and their measurement

At 31 December 2019, the valuation according to the standard formula, of the technical risks for the Non-life business was approximately 177 million euro, while for the technical risks of the Health business it was approximately 166 million euro. The main risks of this type to which the Company is exposed are pricing and reserving risks.

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk (Non-Life)	**176,716**	**167,726**	**8,990**	**5%**
Premium & Reserve Risk	153,743	148,763	4,980	3%
Lapse Risk	54,332	42,841	11,491	27%
Cat Risk	39,775	37,304	2,472	7%
Diversification	-71,134	-61,182	-9,952	16%

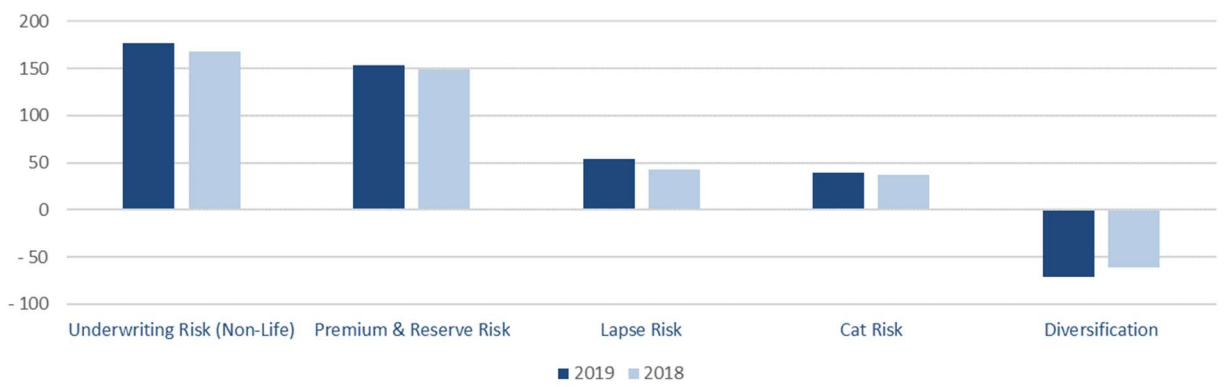
(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk (Health)	**165,857**	**141,985**	**23,872**	**17%**
Cat Risk	2,210	796	1,414	>100%
Mass Accident Risk	1,144	453	691	>100%
Concentration Risk	410	414	-3	-1%
Pandemic Risk	1,846	507	1,340	>100%
Diversification	-1,190	-578	-612	>100%
Non- SLT Risk	165,291	141,784	23,507	17%
Reserve Risk	158,643	140,126	18,516	13%
Lapse Risk	46,406	21,615	24,792	>100%
Diversification	-39,758	-19,957	-19,801	99%
Diversification	-1,644	-595	-1,049	>100%

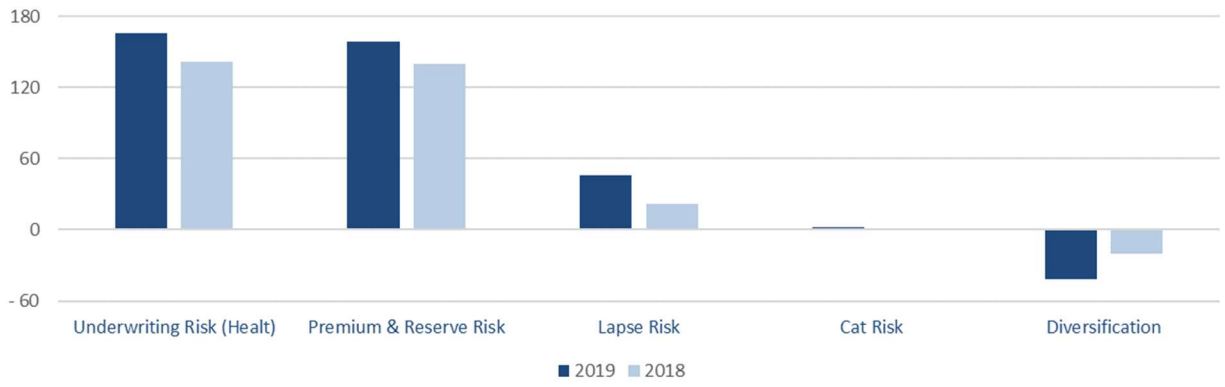
The diversification effect is equal to 29% for the Non-Life business and 20% for the Health business.

Compared to the solvency valuation of 31 December 2018, the underwriting risk of the Non-Life business went up by 5%, for a total of 9 million euro, while the underwriting risk of the Health business went up by 17%, for a total of 24 million euro. The increase in underwriting risk, for both types of business, is mainly due to the increase in surrender risk. Below are charts summarising the changes between the two valuations.

Underwriting Risk - Non-Life (in millions of euro)



Underwriting Risk - Health (in millions of euro)



The underwriting risk is also managed through the definition and monitoring of Risk Appetite limits for some indicators representative of such a risk. With reference to underwriting risk, the Company's Risk Appetite framework has limits on the Combined Ratio of the Company's portfolio total and on the Loss Ratio of the main business lines; there are also limits on the ratio between the capital requirement for underwriting risk (Non-Life and Health) and own eligible funds of the Company. The monitoring of these limits at 31 December 2019 did not identify any defined thresholds being exceeded.

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 sufficient to cover the normal risks of its underwriting without any need for reinsurance arrangements available on the market.

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 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 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

At 31 December 2019, underwriting risk represented approximately 45% of the Company's SCR gross of the diversification effect and tax adjustment, up on the value at the close of the previous year (39%), due, in particular, to the increase in exposure to surrender risk, which is the risk the Company is most exposed to. The table below shows the percentage of the sub-modules on the total underwriting risk diversification.

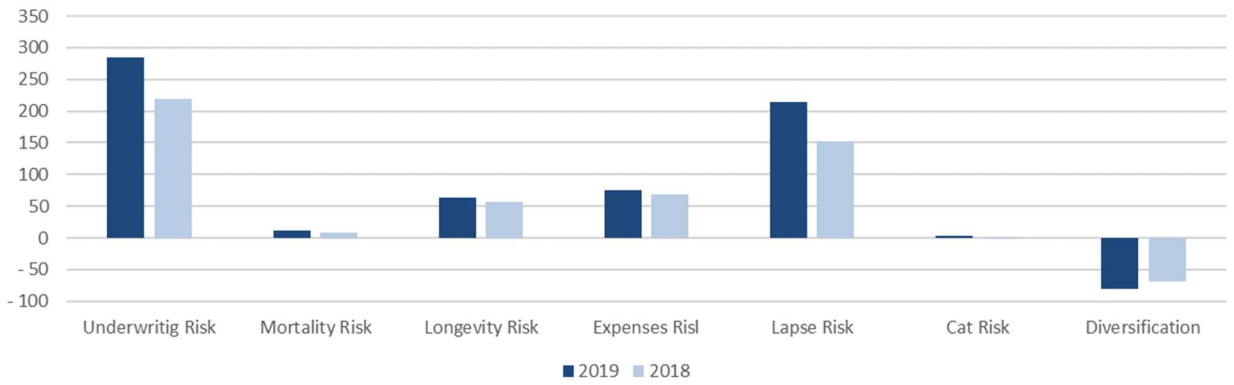
(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk	**284,746**	**219,030**	**65,716**	**30%**
Mortality Risk	11,382	8,845	2,536	29%
Longevity Risk	63,255	56,372	6,883	12%
Disability Risk	-	-	-	-
Expenses Risk	75,138	68,566	6,572	10%
Revision Risk	-	-	-	-
Lapse Risk	213,676	152,122	61,554	40%
Cat Risk	2,548	1,469	1,079	73%
Diversification	-81,253	-68,345	-12,908	19%

The diversification effect is 22.2% of the underwriting risk prior to diversification.

Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk (in millions of euro)



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.

As regards Life underwriting risk according to the standard formula, the Company defined a Risk Appetite limit based on the ratio between the Life Underwriting SCR and eligible Own Funds. Figures at 31.12.2019 confirmed compliance with the set limit.

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 policy. These Policies are also aimed at monitoring and managing underwriting risk.

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

At 31 December 2019 the value of the technical risks, according to the Standard Formula, was 343 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 mortality risk.

The table below shows the percentage of the sub-modules on the total underwriting risk diversification.

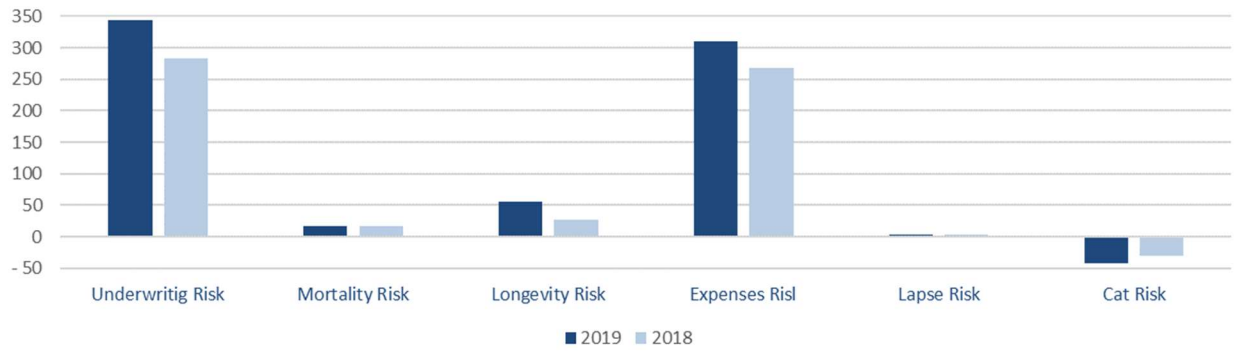
(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Underwriting Risk	**343,358**	**283,516**	**59,842**	**21%**
Mortality Risk	16,172	17,387	-1,215	-7%
Longevity Risk	-	-	-	-
Disability Risk	-	-	-	-
Expenses Risk	55,132	26,322	28,810	>100%
Revision Risk	-	-	-	-
Lapse Risk	310,475	267,630	42,845	16%
Cat Risk	3,277	3,064	213	7%
Diversification	-41,697	-30,889	-10,808	35%

The effect of diversification among the various sub-lines was 12% of the underwriting risk, in line with the figure for 2018.

Compared to the previous valuation of 31 December 2018, the underwriting risk increased by 21%, i.e. 60 million euro. Below is a bar chart summarising the changes between the two valuations.

Underwriting Risk (in millions 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 surrender penalties in the first few years of the policy term. The Company also carefully analyses surrender 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 Intesa Sanpaolo Vita Insurance 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 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 (Articles 45d to 45j).

At 31 December 2019, the value of the Market risks, according to the Standard Formula, was approximately 2,330 million euro. The main risks of this type, to which the Group is exposed, are the spread and share price risks.

The tables below show a breakdown of the submodules of the Group's Market risks:

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Market Risk	**2,329,827**	**2,736,943**	**-407,116**	**-15%**
Interest Rate Risk	180,204	321,709	-141,505	-44%
Equity Risk	935,735	774,246	161,489	21%
Property Risk	56,262	68,808	-12,546	-18%
Spread Risk	1,100,612	1,585,176	-484,564	-31%
Concentration Risk	109,919	206,237	-96,318	-47%
Currency Risk	678,179	687,051	-8,871	-1%
Diversification	-731,084	-906,283	175,199	-19%

The effect of diversification among the various sub-lines was 24% of the market risk, in line with the figure for 2018.

Compared to the previous valuation of 31 December 2018, the Market risk fell by 15% for a total of 407 million euro.

Below is a bar chart summarising the changes between the two valuations.

Market Risk (in millions of euro)

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.

As regards market risk, the Group's Risk Appetite framework establishes limits on the ratio between the capital requirement for market risk and eligible own funds of the Company. The monitoring of this limit at 31 December 2019 did not identify any defined thresholds being exceeded.

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 2018.

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 direct and indirect exposures (bonds and shares) is added. 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 belonging to the financial sector, the market value of all direct and indirect exposures (bonds and shares) is added. This value is then applied to the ISV Group's total technical provisions calculated for the last annual financial statements. The threshold is 0.1% of the value of the group's technical provisions.

Sector concentration - corporate sector

For each issuer belonging to the corporate sector, the market value of all direct and indirect exposures (bonds and shares) is added. This value is then applied to the ISV Group's total technical provisions calculated for the last annual financial statements. The threshold is 0.1% of the value of the group's technical provisions.

Sector concentration - government sector

For each issuer belonging to the government sector, the market value of all direct and indirect exposures (bonds and shares) is added. This value is then applied to the ISV Group's total technical provisions calculated for the last annual financial statements. The threshold is 0.1% of the value of the group's technical provisions.

Concentration for currency

For each currency other than the Euro, the capital requirement is calculated only on the asset side, of this currency associated with the currency risk module. This value is then applied to the ISV Group's capital requirement calculated for the last annual financial statements. 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.

As part of the self-assessment, the Company carries out stress tests by combining the underwriting and market risks in a way that presents the solvency and stability impacts in a collective and reasonably realistic manner. The results of these stress tests are presented in the ORSA Report.

Intesa Sanpaolo Vita S.p.A.

C.2.1 Exposures and their measurement

The company Intesa Sanpaolo Vita has significant exposure to market risk.

At 31 December 2019 the value of the market risks, according to the Standard Formula, was equal to approximately 2,108 million euro. The main risks of this type to which the Company is exposed, are the spread and share price risks.

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Market Risk	**2,108,278**	**2,569,608**	**-461,330**	**-18%**
Interest Rate Risk	156,237	280,923	-124,686	-44%
Equity Risk	971,468	880,148	91,319	10%
Property Risk	56,262	68,808	-12,546	-18%
Spread Risk	955,327	1,420,246	-464,919	-33%
Concentration Risk	106,859	203,658	-96,800	-48%
Currency Risk	464,084	518,898	-54,814	-11%
Diversification	-601,958	-803,073	201,115	-25%

The effect of diversification among the various sub-lines was 22% of the market risk, in line with the figure for 2018.

Compared to the previous valuation of 31 December 2018, the Market risk fell by 18% for a total of 461 million euro. The decrease is due mainly to the decrease in Concentration, Interest Rate and Spread risks, of 97, 125 and 465 million euro respectively. Below is a bar chart summarising the changes between the two valuations.

Market Risk (in millions of euro)

As regards market risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for market risk and eligible own funds of the Company. The monitoring of this limit at 31 December 2019 did not identify any defined thresholds being exceeded.

Intesa Sanpaolo Assicura S.p.A.

C.2.1 Exposures and their measurement

At 31 December 2019 the value of the Market risks, according to the Standard Formula, was 55 million euro. The main risks of this type to which the Company is exposed, are share price and currency risks.

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Market Risk	**55,206**	**23,429**	**31,777**	**>100%**
Interest Rate Risk	1,070	3,676	-2,606	-71%
Equity Risk	44,713	5,276	39,437	>100%
Property Risk	-	-	-	-
Spread Risk	5,155	4,480	675	15%
Concentration Risk	-	-	-	-
Currency Risk	15,261	17,317	-2,056	-12%
Diversification	-10,993	-7,320	-3,674	50%

The diversification effect relative to market risk is equal to 17%.

Compared to the solvency valuation at 31 December 2018, the market risk rose by 136% for a total of approximately 32 million euro. The increase in market risk is mainly due to the increase in share price risk. Below is a bar chart summarising the changes between the two valuations.

Market Risk (in millions of euro)

As regards market risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for market risk and eligible own funds of the Company. Figures at 31 December 2019 confirmed compliance with the set limit.

Fideuram Vita S.p.A.

C.2.1 Exposures and their measurement

At 31 December 2019 the value of the Market risks, according to the Standard Formula, was 284 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)

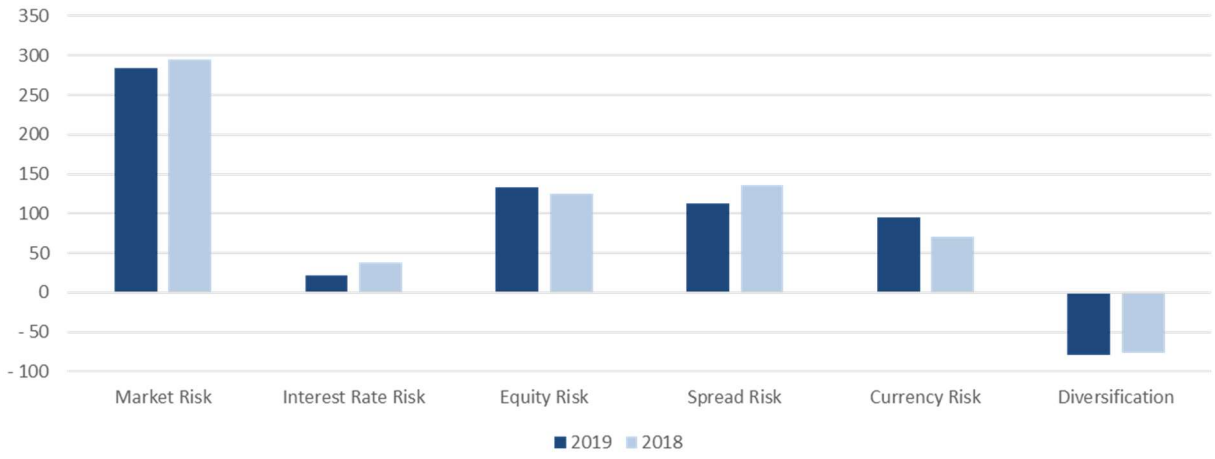
Module	31.12.2019	31.12.2018	Change	
Market Risk	**283,519**	**294,959**	**-11,440**	**-4%**
Interest Rate Risk	21,379	37,995	-16,616	-44%
Equity Risk	133,033	125,416	7,617	6%
Property Risk	-	-	-	-
Spread Risk	112,958	136,201	-23,243	-17%
Concentration Risk	-	-	-	-
Currency Risk	94,826	71,126	23,700	33%
Diversification	-78,677	-75,780	-2,897	4%

The diversification effect is 21.7% of the Market risk prior to diversification.

In terms of the composition of Market risks, there has been a reduction in the percentage of Interest Rate risk and Spread risk, and an increase in Share Price and Currency risk.

The capital absorbed by Market risks has reduced, compared to the figures for 31 December 2018, by 4% overall. The bar chart shows the changes compared to the previous year.

Market Risk (in millions of euro)



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

The market risk is managed within the risk management framework already mentioned in paragraph B.3.

The Company also controls this risk using the principles, processes and operational limits defined in the Policy on investments and in the Policy on the management of assets and liabilities. All activities comply with the Risk Appetite Statement and are consistent with the Company's Risk Appetite.

As regards market risk according to the standard formula, the Company defined a Risk Appetite limit based on the ratio between the Market SCR and eligible Own Funds. Figures at 31.12.2019 confirmed compliance with the set limit.

Intesa Sanpaolo Life D.A.C.

C.2.1 Exposures and their measurement

At 31 December 2019 the value of the Market risks, according to the Standard Formula, was 240 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:

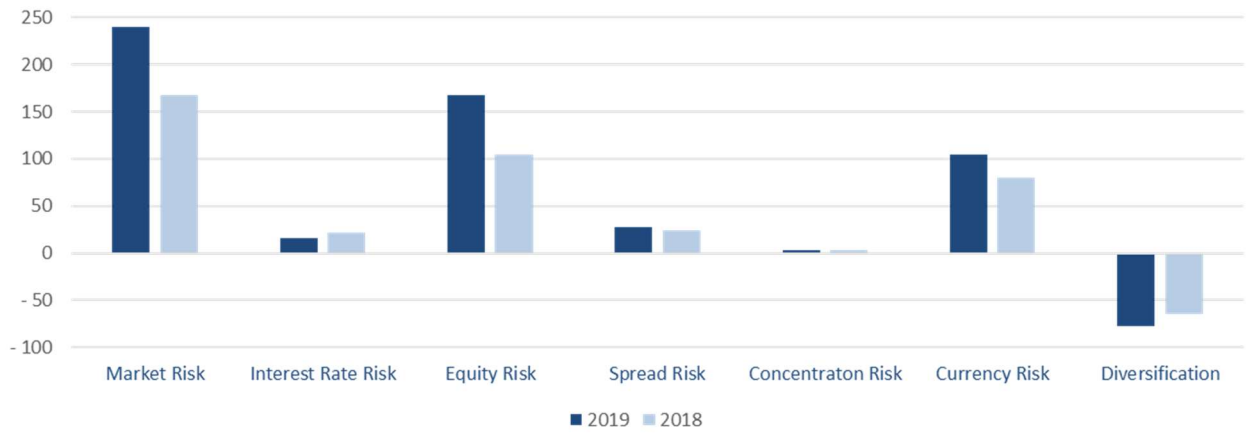
(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Market Risk	**240,400**	**168,141**	**72,259**	**43%**
Interest Rate Risk	15,325	21,505	-6,180	-29%
Equity Risk	167,939	105,029	62,909	60%
Property Risk	-	-	-	-
Spread Risk	27,172	24,249	2,923	12%
Concentration Risk	3,060	2,579	481	19%
Currency Risk	104,009	79,709	24,300	30%
Diversification	-77,105	-64,930	-12,175	19%

The effect of diversification among the various sub-lines was 24% of the market risk, which is below the 39% for 2018.

The capital absorbed by the market risk has increased compared to the figures for 31 December 2018 by 43% overall. The bar chart shows the changes compared to the previous year.

Market Risk (in millions of euro)



C.3 CREDIT RISK

Intesa Sanpaolo Vita Insurance Group

C.3.1 Exposures and their management

The Intesa Sanpaolo Vita Insurance Group 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 (Articles 45d to 45j).

At 31 December 2019 the Credit risks represented about 6% of the Company's Basic Capital Requirement, for a total of approximately 178 million euro.

As regards credit risk, the Group's Risk Appetite framework establishes a limit on the ratio between the capital requirement for credit risk and eligible own funds of the Company. The monitoring of this limit at 31 December 2019 did not identify any defined thresholds being exceeded.

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 2018.

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 management

At 31 December 2019, the value of counterparty risks, according to the Standard Formula, was equal to approximately 120 million euro, considering the diversification effect.

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.

As regards credit risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for market risk and eligible own funds of the Company. The monitoring of this limit at 31 December 2019 did not identify any defined thresholds being exceeded.

Compared to the previous valuation of 31 December 2018, the credit risk fell by 22% for a total of 34 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

At 31 December 2019 the value of the counterparty risks, according to the Standard Formula, was 27 million euro.

During 2019, 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 insured.

As regards credit risk, the Company's Risk Appetite framework establishes limits on the ratio between the capital requirement for market risk and eligible own funds of the Company. Figures at 31 December 2019 confirmed compliance with the set limit.

Compared to the solvency valuation at 31 December 2018, the capital absorbed by counterparty rose by 133% overall for a total of approximately 16 million euro.

The Company's exposure in terms of counterparties shows a high level of credit quality.

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 management

At 31 December 2019, counterparty risk was approximately 2% of the Company's SCR, including the diversification effect and tax adjustment.

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 increased, compared to the figures at 31 December 2018, by approximately 10 million euro overall, for a total of 14.6 million euro.

The Credit risk is managed within the risk management framework already mentioned in paragraph B.3.

As regards Credit risk valued according to the standard formula, the Company defined a Risk Appetite limit based on the ratio between the Credit SCR and eligible Own Funds. Figures at 31.12.2019 confirmed compliance with the set limit.

The Company's exposure in terms of counterparties shows a high level of credit quality.

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 management

At 31 December 2019, the value of the counterparty risks, according to the Standard Formula, was 17 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 fell by 32% compared to the figures at 31 December 2018.

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 Exposures and their management

The Intesa Sanpaolo Vita Insurance 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 Companies also control this risk using the principles, processes and operational limits defined in the Rules on managing liquidity risk.

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 time frame of up to one year in stress situations.

The liquidity risk is of principal importance within the fundamental risk dimensions of the Risk Appetite Framework and is monitored using the following metrics:

- amount of highly liquid securities;
- indicator level of cumulative Cash Flow Matching.

The monitoring of these metrics at 31 December 2019 did not identify any defined thresholds being exceeded.

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 measured with a level 3 fair value, the market value of all direct exposures is added. This value is then applied to the ISV Group's total technical provisions calculated for the last annual financial statements. In case of alternative investment funds, the total commitment is considered instead of the market value of the exposures. The threshold is 0.2% of the value of the group's technical provisions.

With regard to liquidity risk, there were no significant concentrations at the valuation date of 31 December 2019.

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.

The liquidity risk is of principal importance within the Risk Appetite Framework. The Company monitors exposure to liquidity risk with the following metrics:

- highly liquid securities;
- cumulative Cash Flow Matching.

The monitoring of these metrics at 31 December 2019 did not identify any defined thresholds being exceeded.

C.4.4 Profits expected from future premiums

With regard to Intesa Sanpaolo Vita, for the valuation at 31 December 2019, the total EPIFP was 391 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 surrender 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 surrenders 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 at 31 December 2019, the total EPIFP was 45.9 million.

C.4.5 Sensitivity analysis

The AML function monitors liquidity risk monthly. The purpose of monitoring is to identify any current and forward-looking cash imbalances of the Company in given stress scenarios.

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 at 31 December 2019, the total EPIFP was 141 million.

C.4.5 Sensitivity analysis

The liquidity position of the Company 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 at 31 December 2019, the total EPIFP was zero.

C.4.5 Sensitivity analysis

The Company evaluates the impact of certain stressors on liquidity, in 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 Insurance 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.

At 31 December 2019, the valuation according to the standard formula of the operational risks was approximately 477 million euro, inclusive of the diversification effect, compared to the previous valuation of 31 December 2018, operational risk went up by 8%, i.e. 36 million euro.

There are not expected to be any significant changes in the operational risks during the planning period.

By adopting the framework of the Parent Company Intesa Sanpaolo for the management of operational risks, the Intesa Sanpaolo Vita Insurance Group contributes to the internal model of Intesa Sanpaolo 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 Head Office Department.

The absorption of capital for the Company's operational risk which derives from the internal model of the Parent Company Intesa Sanpaolo, 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.

In order to mitigate operational risks, a system of controls has been set up within the Risk Appetite Framework with the aim of keeping operational risks within certain limits.

The Intesa Sanpaolo Vita Insurance Group, together with the Parent Company Intesa Sanpaolo, has also implemented a Business Continuity Management System (BCMS) to minimise the potential financial, regulatory and reputational impact of interruptions to company operations.

This system may be defined as a holistic management process involving the advance identification of the threats to the Group and its individual Companies and their potential impacts on its critical business processes, aimed at the implementation of primarily organisational, infrastructural and technological countermeasures that guarantee its survival, even when it has lost all or part of the assets supporting its operational capability.

The Intesa Sanpaolo Group and, in particular, the Intesa Sanpaolo Vita Insurance Group are focussed on ensuring the continuity of services, processes and critical functions, in order to

contribute to the stability of financial markets, maintain customers' trust, safeguard revenues and mitigate risks.

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 management

At 31 December 2019 the valuation according to the standard formula of operational risks was approximately 342 million euro, inclusive of the diversification effect, compared to the previous valuation of 31 December 2018, operational risk went up by 8%, i.e. approximately 25 million euro.

The main sources of operational risk identified are related to the following circumstances:

- "Customers, products and operating practices" attributable to customer relations, in particular concerning legal proceedings brought by customers;
- "Performance, delivery and management of processes" attributable to unintentional errors in managing operations.

Intesa Sanpaolo Assicura S.p.A.

C.5.1 Exposures and their management

On 31 December 2019, the value of the operational risks of Intesa Sanpaolo Assicura, according to the Standard Formula, was equal to approximately 20 million euro. Compared to the solvency valuation of 31 December 2018, the operational risk rose by 13%, i.e. by approximately 2 million euro.

The main sources of operational risk identified are related to the following circumstances:

- "external offences", attributable to fraudulent activities of persons qualified as external to the Company, usually carried out to obtain personal advantages to the detriment of the Company;
- "Customers, products and operating practices" attributable to customer relations, in particular concerning legal proceedings brought by customers.

Fideuram Vita S.p.A.

C.5.1 Exposures and their management

At 31 December 2019 the value of the operational risks, according to the Standard Formula, was 53 million euro. Compared to the previous valuation of 31 December 2018, operational risk rose by 17%, i.e. by approximately 8 million euro.

The main source of operational risk identified was related to the circumstance "Performance, delivery and management of processes" attributable to unintentional errors in managing the Company's operations.

Intesa Sanpaolo Life D.A.C.

C.5.1 Exposures and their management

At 31 December 2019, the value of the operational risks, according to the Standard Formula, was 80 million euro. Compared to the previous valuation of 31 December 2018, the operational risk rose by 6%, i.e. 4 million euro.

The main sources of operational risk identified are related to the following circumstances:

- "Customers, products and operating practices" attributable to customer relations, in particular concerning legal proceedings brought by customers;
- "Performance, delivery and management of processes" attributable to unintentional errors in managing operations.

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 reference to Cyber Risk and the GDPR, the Intesa Sanpaolo Vita Insurance Group has paid increasing attention to consolidating its own Information System, concerning governance and through a specific technology transformation project.

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.6.2 Concentration of risks

Not applicable.

C.6.3 Risk mitigation techniques

Not applicable.

C.6.4 Sensitivity analysis

Not applicable.

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 exchanged between informed parties in agreement, in a transaction carried out in normal market 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 IAS/IFRS, 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 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 at 31 December 2019. 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:

- assets and liabilities are valued at market prices quoted on active markets according to the definition of the international accounting standards;
- 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);
- 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	-	106,871	-106,871

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 2,295 million euro, compared to 336 million euro DTA entered on the consolidated financial report; the solvency value represents 1.3% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 2,570 million euro, compared to 701 million euro DTL entered on the consolidated financial report; the solvency value represents 1.5% of the total assets 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	2,294,839	335,847	1,958,992
Deferred tax liabilities	2,569,610	700,629	1,868,981

Deferred taxes mainly relate to temporary differences that refer to the adjustments between the value of the consolidated financial statements and the Solvency II value of the investments and 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.

Property, 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	13,911	25,224	-11,313

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 thousand euro, of which 253 thousand euro is attributed to Fideuram Vita and 1,928 thousand euro to Intesa Sanpaolo Vita's shareholding in Intesa Sanpaolo Smart Care S.r.l..

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	2,898	5,073	-2,175

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	**1,482,413**	**1,482,413**	**-**
Equity - Listed	1,460,536	1,460,536	-
Equity - Unlisted	21,877	21,877	-
Bonds	**72,414,052**	**72,409,787**	**4,265**
Government bonds	58,211,453	58,209,721	1,732
Corporate bonds	13,407,022	13,405,758	1,264
Structured note	789,672	788,403	1,269
Collateralised securites	5,905	5,905	-
Collective investments undertakings	**12,276,173**	**12,276,173**	**-**
Derivatives	**245,398**	**245,398**	**-**
Investments	**86,418,036**	**86,413,771**	**4,265**

The total investments represent 49% of total assets on the balance sheet. The main part of the investments is allocated to government stocks (67%) while 16% 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 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	84,196,049	84,196,049	-

Compared to 2018 the component of unit-linked policy assets has increased by 14%, from 74,069 to 84,196 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	14,664	19,769	-5,104
Healt similar to Non-Life	5,427	7,727	-2,299
Life excluding Health and Index- linked and unit-linked	-	112	-112
Reinsurance recoverables	**20,092**	**27,608**	**-7,516**

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 2.1 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 1.6 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	780	780	-
Insurance and intermediaries receivables	109,601	111,709	-2,109
Reinsurance receivables	4,695	4,707	-12
Receivables (trade, not insurance)	3,070,609	3,072,277	-1,668

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	1,059,513	1,059,513	-
Any other assets, not elsewhere shown	244,262	244,456	-194

For the individual companies there are no material differences between the figures in the Individual Financial Statements 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. 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	-	13,868	-13,868

Deferred tax assets

The Company's Solvency Report includes:

- Deferred tax assets (DTA) totalling 2,128 million euro, compared to 182 million euro DTA entered on the statutory financial report (Italian accounting standards); the solvency value represents 2.1% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 2,266 million euro, compared to 8,516 thousand euro DTL entered in the Individual Financial Statements prepared in accordance with Italian accounting standards; the solvency value represents 2.3% 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	2,128,069	181,528	1,946,541
Deferred tax liabilities	2,265,891	8,516	2,257,375

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 carry forwards or unused tax credits for which the corresponding deferred tax assets had not been recognised.

Property, 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	216	216	-

Holdings in related undertakings, including equity investments

For Intesa Sanpaolo 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	1,918,572	209,767	1,708,805

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 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	**1,441,753**	**1,070,942**	**370,811**
Equity - Listed	1,419,876	1,049,884	369,992
Equity - Unlisted	21,877	21,058	819
Bonds	**65,590,933**	**60,210,773**	**5,380,160**
Government bonds	52,647,601	48,122,407	4,525,194
Corporate bonds	12,330,935	11,544,954	785,982
Structured note	609,212	540,412	68,800
Collateralised securites	3,184	3,001	184
Collective investments undertakings	**10,994,706**	**10,534,740**	**459,966**
Derivatives	**245,322**	**27,938**	**217,384**
Investments	**78,272,715**	**71,844,394**	**6,428,321**

The total investments represent 75% of total assets on the balance sheet. The main part of the investments in this category is allocated to government stocks (67%) while 16% are invested in bonds. The remaining 17% is divided between equities (approximately 2%) and collective investments.

The difference between the amount of the asset and liability items relating to financial investments recognised in the Individual Financial Statements prepared in accordance with Italian accounting standards, of 71,844 million euro, and the amount determined for solvency purposes, of 78,273 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	18,889,629	18,889,629	-

Compared to 2018 the component of unit-linked policy assets has increased by 14%, from 16,604 to 18,890 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	-	15	-15
Life excluding Health and Index- linked and unit - linked	-	112	-112
Reinsurance recoverables	**-**	**127**	**-127**

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 127 thousand 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	199	199	-
Insurance and intermediaries receivables	1,796	1,796	-
Reinsurance receivables	116	116	-
Receivables (trade, not insurance)	1,793,852	1,793,852	-

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	627,679	627,679	-
Any other assets, not elsewhere shown	40,206	40,206	-

Intesa Sanpaolo Assicura S.p.A.

Intangible assets

[1] Art. 57 of the Delegated Acts
[2] Art. 42 of the Delegated Acts

There are no intangible assets for Intesa Sanpaolo Assicura. 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	-	11,154	-11,154

Deferred tax assets

The Company's Solvency Report includes:

- Deferred tax assets (DTA) totalling 25 million euro, compared to 19 million euro DTA entered in the Individual Financial Statements prepared in accordance with Italian accounting standards; the solvency value represents 1.7% of the total assets on the financial statements;
- total deferred tax liabilities (DTL) of 80 million euro, compared to the Individual Financial Statements prepared in accordance with Italian accounting standards, which does not show any; the solvency value represents 8.6% 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	25,278	18,810	6,467
Deferred tax liabilities	80,830	-	80,830

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 carry forwards 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 has no equity investments.

Property, 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	301	301	-

Investments (Capital instruments, bonds, UCITS, derivatives)

Below 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	**370**	**359**	**-**
Equity - Listed	370	359	-
Equity - Unlisted	-	-	-
Bonds	**703,122**	**702,718**	**404**
Government bonds	703,122	702,718	404
Corporate bonds	-	-	0
Structured note	-	-	0
Collateralised securites	-	-	-
Collective investments undertakings	**590,417**	**586,878**	**3,539**
Derivatives	-	-	-
Investments	**1,293,909**	**1,289,955**	**3,954**

The total investments represent 85% of total assets in the financial statements. The main part of the investments in this category is allocated to government stocks, 54.3%. 45.6% refers 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 Financial Statements 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	14,664	19,769	-5,104
Life excluding Health and Index- linked and unit - linked	5,427	7,712	-2,285
Reinsurance recoverables	**20,092**	**27,481**	**-7,389**

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 Individual Financial Statements prepared in accordance with Italian accounting standards results in a difference of -7,389 thousand euro between the Individual Financial Statements 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 2.1 million euro, which relates to pipeline premiums.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortages	-	-	-
Insurance and intermediaries receivables	106,522	108,630	-2,109
Reinsurance receivables	3,740	3,740	-
Receivables (trade, not insurance)	35,787	35,787	-

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	20,946	20,946	-
Any other assets, not elsewhere shown	9,733	9,733	-

Fideuram Vita S.p.A.

Intangible assets

There are no intangible assets for Fideuram Vita. 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	-	84,787	-84,787

Deferred tax assets

The Company's Solvency Report includes:

- Deferred tax assets (DTA) totalling 141 million euro, compared to 15.8 million euro DTA entered on the statutory financial report (Italian accounting standards); the solvency value represents 0.4% of the total assets on the financial statements;
- Deferred tax liabilities (DTL) totalling 157 million euro, compared to 1.7 million euro DTL entered on the statutory financial report (Italian accounting standards); the solvency value represents 0.4% 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	141,492	15,825	125,668
Deferred tax liabilities	157,278	1,755	155,522

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 5.86 (separate management only) or 5.75 years (duration modified and weighted by the nominal values of the portfolio also including free assets), for investments, and 7.26 years for the technical provisions.

On the reporting date there were no tax loss carry forwards or unused tax credits for which the corresponding deferred tax assets had not been recognised.

Property, 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	11,059	1	11,058

The Company, adopting IFRS 16 which came into force on 1 January 2019, has recognised the right of use of assets of rental, hire or free loan agreements in the financial statements.

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	253	241	12

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 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	**39,932**	**35,799**	**4,133**
Equity - Listed	39,932	35,799	4,133
Equity - Unlisted	-	-	-
Bonds	**5,947,636**	**5,465,955**	**481,681**
Government bonds	4,706,716	4,273,234	433,482
Corporate bonds	1,057,740	1,016,111	41,629
Structured note	180,460	173,911	6,549
Collateralised securites	2,721	2,700	21
Collective investments undertakings	**556,360**	**548,941**	**7,419**
Derivatives	**75**	**15**	**60**
Investments	**6,544,004**	**6,050,710**	**493,293**

The total investments in this category represent 18% of total assets. The main part of the investments of this type is allocated to government stocks (72%) while 16% are invested in bonds. The remaining component refers to collective investments, 8%. 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	28,050,770	28,050,770	-

Compared to 2018 the component of unit-linked policy assets went up by 13%, from 26,879 to 28,051 million euro, mainly due to the effect of the recovery in financial markets. The weighting of this item in the total assets is 78%.

Amounts recoverable from reinsurance

The run-off of the reinsurance agreements with Fideuram Vita, 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	581	581	-
Insurance and intermediaries receivables	1,283	1,283	-
Reinsurance receivables	825	825	-
Receivables (trade, not insurance)	572,071	572,071	-

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	341,928	341,928	-
Any other assets, not elsewhere shown	194,241	194,499	-258

Intesa Sanpaolo Life D.A.C.

Intangible assets

The difference between the purchase provisions to be amortized is shown below.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deferred acquisition costs	-	385,307	- 385,307

Deferred tax assets

For the purpose of Italian accounting standards the company prepares its accounts according to IAS/IFRS, therefore there are no differences in the amounts.

The company's Solvency Report shows deferred tax assets of 0 million euro, which coincides with the amount on the annual accounts prepared in accordance with IAS. Deferred tax liabilities (DTL)

totalled approximately 86 million euro, compared to 0.7 million euro of DTL entered in the Individual Financial Statements prepared for IAS purposes; the solvency value represents 0.2% 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	-	-	-
Deferred tax liabilities	86,311	795	85,516

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.

Property, 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	2,334	2,334	-

Holdings in related undertakings, including equity investments

Intesa Sanpaolo Life 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	**358**	**358**	**-**
Equity - Listed	358	358	-
Equity - Unlisted	-	-	-
Bonds	**172,361**	**172,361**	**-**
Government bonds	154,014	154,014	-
Corporate bonds	18,347	18,347	-
Structured note	-	-	-
Collateralised securites	-	-	-
Collective investments undertakings	**134,690**	**134,690**	**-**
Derivatives	-	-	**-**
Investments	**307,409**	**307,409**	**-**

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. When there is no listing on an active market or the market does not operate regularly, the fair value of financial instruments is mainly determined through valuation techniques whose purpose is to determine the price of a hypothetical market transaction.

The total investments in this category represent just 1% of total assets. Investments in government stocks represent 50% while 44% 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 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	37,255,649	37,255,649	-

Compared to 2018 the component of unit-linked policy assets has increased by 14%, from 32,585 to 37,255 million euro. The weighting of this item in the total assets is 97%.

Amounts recoverable from reinsurance

The run-off of the reinsurance arrangements with Intesa Sanpaolo Life 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	13	13	-
Receivables (trade, not insurance)	671,557	671,557	-

Other items

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	68,959	68,959	-
Any other assets, not elsewhere shown	82	82	-

D.2 TECHNICAL PROVISIONS

D.2.1 Valuation of technical provisions by Solvency II Business Line

Intesa Sanpaolo Vita Insurance Group

The technical provisions as of 31 December 2019 were calculated in accordance with the Solvency II framework and the national enacting laws.

In particular, 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 at 31 December 2019 for the substantial areas of activity, divided between Best Estimate and Risk Margin. The value of amounts recoverable from the reinsurer after counterparty default adjustment is also indicated.

(euro millions)

Solvency Line of Business	BEL Net of Reinsurance	Reinsurance Recoverable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non Life	**653**	**20**	**673**	**52**	**725**
Non- Life (excluding Health)	395	15	409	27	436
Health (similar to Non-Life)	258	5	264	25	289
Life (excluding Health,Index- linked and unit-linked)	**79,849**	**-**	**79,849**	**814**	**80,662**
Health (similar to Life)	-	-	-	-	-
Life (excluding Health,Index- linked and unit-linked)	79,849	-	79,849	814	80,662
Index linked and unit linked	**81,791**	-	**81,791**	**391**	**82,181**
Total amount	**162,293**	**20**	**162,313**	**1,256**	**163,568**

The amount of the technical provisions, of 163,568.4 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 80,662.4 million euro, and technical provisions for Linked policies, of 82,181.2 million euro. The Linked policies category also includes Pension Funds and the Linked components of multi-line products.

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 Recoverable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non- Life (excluding Health)	-	-	-	-	-
Health (similar to Non-Life)	2	-	2	-	2
Health (similar to Life)	-	-	-	-	-
Life (excluding Health,Index- linked and unit-	73,407	-	73,407	786	74,193
Index linked and unit linked	17,928	-	17,928	132	18,061
Total amount	**91,337**	**-**	**91,337**	**918**	**92,255**

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 Recoverable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Non- Life (excluding Health)	395	15	409	27	436
Health (similar to Non-Life)	257	5	262	25	287
Total amount	**651**	**20**	**671**	**52**	**723**

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 Recoverable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Life (excluding Health,Index- linked and unit-	6,442	-	6,442	28	6,470
Index linked and unit linked	27,463	-	27,463	118	27,581
Total amount	**33,905**	**-**	**33,905**	**146**	**34,051**

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 Recoverable	BEL Gross of Reinsurance	Risk Margin	Technical Provisions Gross of Reinsurance
Index linked and unit linked	36,400		36,400	140	36,539

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.

At 31 December 2019 the risk margin of the Intesa Sanpaolo Vita Insurance Group was 1,255.8 million euro.

Operating assumptions

One of the inputs needed for the calculation of technical provisions is the operational assumptions 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 non-life 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 at 31 December 2019, the Group companies used the risk-free rate curve published by EIOPA. Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 7 bps, coinciding with the EIOPA adjustment at 31 December 2019. 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 at 31 December 2018, the following is reported with reference to Intesa Sanpaolo Vita:

- fine tuning of switch modelling relative to PIP products: in the YE18 valuation, the segment III portion was allocated to a single fund, whose commission profile had been obtained as the weighted average of the actual funds involved. With the YE19 evaluation, the number of segment III funds was expanded, to focus on specific modelling, in terms of fund characteristics and the rules of the Life Cycle Style chosen by the individual policyholder;
- the commission percentage for Eurizon Capital, for separate management assets as well as segment III and VI funds was revised;
- the minimum yields guaranteed were revised due to contract changes;
- the adoption of the quotas rule when calculating trail commission introduced for the business, starting from 01.07.2019.

For Fideuram Vita, the following methodology changes were made compared to the valuation at 31 December 2018:

- the transition to the new actuarial calculation engine called MG ALFA, which is used by the Intesa Sanpaolo Vita Insurance Group USCI, to replace Risk Agility Financial Modelling (RAFM);
- the principle used to determine recurring premiums for the open pension fund was fine-tuned;
- the projection of Unit Linked Guaranteed according to a deterministic approach, having demonstrated the immateriality of the difference in the BEL between a stochastic and deterministic valuation.

Updates to changes to commission agreements for some products were also considered.

For Intesa Sanpaolo Assicura, note the following:

- the adoption of a specific inflation assumption to estimate future expenses for the premiums BEL calculation;
- the adoption of the forward-looking Loss Ratio assumption diversified for future premiums and the provision for portions of premiums.

For Intesa Sanpaolo Life, note the following:

- the separate modelling of total and partial surrenders which were previously combined;
- the change in the procedures for estimating future SCR for the purposes of calculating the Risk Margin.

For Intesa Sanpaolo Life and Intesa Sanpaolo Assicura there were no major changes.

Comparison between the technical provisions in the IAS/IFRS consolidated financial statements and Solvency II

The table below represents the comparisons between the technical provisions in the IAS/IFRS consolidated financial statement and the provisions in Solvency II referred to the Intesa Sanpaolo Vita Group.

(euro millions)

Solvency Line of Business	Solvency II value	Statutory accounts value	Difference	Risk Margin
Non- Life	**724.8**	**962.2**	**-237.6**	**51.8**
Non- Life (excluding Health)	436	568	- 132	27
Health (similar to Non-Life)	289	394	- 106	25
Life (excluding Index- linked and unit- linked)	**80,662.4**	**79,471.3**	**1,191.1**	**813.5**
Health (similar to Life)	-	-	-	-
Life (excluding Health,Index- linked and unit-linked)	80,662	79,471	1,191	814
Index linked and unit linked	**82,181**	84190	**-2,009**	**391**
Other Provisions	**-**	**5**	**-5**	**-**
Total amount	**163,568**	**164,629**	**-1,060**	**1,256**

The results of reconciliation between the technical provisions of the Individual Financial statements and Solvency II provisions, carried out by the Actuarial Functions of the individual Group companies respectively are provided below.

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 Regulation, the assessment is carried out for each homogeneous risk group, according to the following formula:

$$\mathrm{EPIFP} = \sum_{\mathrm{i}} \max\{0; \Delta \mathrm{BEL}_{\mathrm{i}}\}$$

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.

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.

(euro millions)

Company	EPIFP
Intesa Sanpaolo Vita	390.8
Fideuram Vita	141.2
Intesa Sanpaolo Assicura	45.9
Totale	**577.9**

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, the company Fideuram Vita 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 Solvency II 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 cash 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 future commitments in a 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; Some examples may concern the Protection LoB, Saving products without profit participation and without guarantees, and 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 surrender, 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 at 31 December 2019 and the endpoint is the statutory technical provisions at 31 December 2019.

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 the Company Intesa Sanpaolo Assicura, include the "Loss Ratio" prospect, the "Expense Ratio", 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

Premium provision

The differences between the local premium provision and the best estimate of the premium provision on 31 December 2019, 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

For Fideuram Vita, see above, in relation to Intesa Sanpaolo Vita.

Operating assumptions

The main operational scenarios considered in the calculation of the best estimate by the company 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

For Fideuram Vita, see above, in relation to the company Intesa Sanpaolo Vita.

Intesa Sanpaolo Life D.A.C.

Best Estimate

See above, in relation to Intesa Sanpaolo Vita.

Operating assumptions

The main operational scenarios considered in the calculation of the best estimate by the company Intesa Sanpaolo Life relate to the propensity to surrender (total or partial), 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

As regards the company Intesa Sanpaolo Vita:

- given the non-materiality of the Non-Life portfolio, Technical Provisions were valued as a

whole and considered as equal to statutory reserves net of the reserve component for reinsurers, without therefore considering the Risk Margin component;

- with reference to the coinsurance portfolio with the company Poste Vita, in a capacity as principal insurer, the BEL were obtained by reproportioning the revaluable portfolio BEL, based on the ratio of values of the Local GAAP mathematical provision;
- the reinsurance was not considered for the purposes of calculating the Technical Provisions, as it was immaterial; therefore the BEL and consequently the Technical Provisions net of reinsurance were equal to the BEL and Technical Provisions valued gross of reinsurance.

As regards the company Fideuram Vita:

- given the negligible weight of reinsurance, amounts recoverable from relative arrangements were determined by using a simplified methodology;
- 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 2019 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 surrenders, 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 the company 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 100 bps;
- a decrease of 100 bps 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 at 31 December 2019, the Company Intesa Sanpaolo Vita and the Company Fideuram Vita used a volatility adjustment of 7 bps, coinciding with the EIOPA adjustment at 31 December 2019.

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	91,540	918	92,458	6,524	2,939	1,323	222%

** Eligible to meet the Solvency Capital Requirement*

If the volatility adjustment is zeroed, the Solvency Ratio would fall by 21 percentage points to 222%, 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 portfolios.

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	33,926	146	34,072	998	474	213	210%

** Eligible to meet the Solvency Capital Requirement*

If the volatility adjustment is zeroed, the Solvency Ratio would fall by 7 percentage points to 210.4%, 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.

Fideuram Vita, in complying with the principle of materiality and proportionality evaluated amounts recoverable from reinsurance arrangements (RR), defining a simplified methodology; based on this approach, the amount of the RR was not material.

Intesa Sanpaolo Life D.A.C.

For Intesa Sanpaolo Life, 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	13,902	13,902	-

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	11,468	8,041	3,426

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 the company Intesa Sanpaolo Assicura.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deposit from reinsurers	868	868	-

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 IFRS/IAS, on condition that these standards 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	56,207	56,207	-
Debts owed to credit insitutions	12,712	12,712	-

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 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	1,298,961	1,646,984	-348,023
Reinsurance payables	20,981	20,994	-12
Payables (trade, not insurance)	1,148,782	1,160,126	-11,344
Any other liabilities, not elsewhere shown	527,925	545,840	-17,915

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 63,919 thousand euro.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	1,599,989	1,536,070	63,919

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	7,383	7,383	-

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 of the 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 3,881 thousand euro.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	6,161	2,280	3,881

Financial liabilities

Regarding the derivatives, the revaluation according to fair value results in a difference of approximately 453 thousand euro compared to the statutory figure.

No differences in the valuation of payables to banks were recorded.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	56,207	56,659	-453
Debts owed to credit insitutions	12,712	12,712	-

Other liabilities

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	834,914	834,914	-
Reinsurance payables	17	17	-
Payables (trade, not insurance)	879,585	879,642	-58
Any other liabilities, not elsewhere shown	183,898	183,898	-

Subordinated liabilities

The subordinated liabilities of 1,447 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	1,447,370	1,394,255	53,115

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 a 10-year duration issued on 21/7/2017 for 600 million euro, agreed with Intesa Sanpaolo.

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	1,752	1,752	-

Pension obligations

The Solvency valuation from the application of IAS 19, has generated a revaluation of liabilities of 579 thousand euro.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	1,082	503	579

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	23,354	23,354	-
Reinsurance payables	20,952	20,952	-
Payables (trade, not insurance)	63,861	63,867	-6
Any other liabilities, not elsewhere shown	29,215	29,215	-

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	2,162	2,659	-497

Pension obligations

The Solvency valuation from the application of IAS 19, has generated a revaluation of liabilities of 2,415 thousand euro.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	4,225	1,810	2,415

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	311,419	311,419	-
Reinsurance payables	-	-	-
Payables (trade, not insurance)	26,105	14,996	11,110
Any other liabilities, not elsewhere shown	292,662	292,651	11

Subordinated liabilities

The subordinated liabilities of 153 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. Therefore, 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	152,620	145,133	7,486

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	2,605	2,605	-

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 348 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 8,7 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	129,274	477,274	-348,000
Reinsurance payables	12	12	-
Payables (trade, not insurance)	181,812	181,812	-
Any other liabilities, not elsewhere shown	22,150	13,377	8,773

Subordinated 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. If there is no active market, fair value is calculated by using measurement techniques that establish, as a final analyses, what price the product would have at the measurement date, in open trading driven 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 between the above-mentioned methods is not optional since they have to be applied on a hierarchical basis: if a price expressed on an active market is available, no other measurement approaches can be used.

The purpose of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. 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 Group's solvency position, and that of the individual Company. 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.

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 of belonging 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 Company, 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 phases:

- determining the Excess of Assets Over Liabilities in a consistent market context;
- including any subordinated loans;
- adjustments for transferability and fungibility;
- Tiering and quantitative limits for admissibility 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.

At 31 December 2019 the total basic own funds amounted to 7,698 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 4,092 million euro;
- Subordinated loans of 1,600 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 2019 were 238% and 411%, respectively.

With regard to the quality of the own funds, indicated by the tiering of each item, 80% of the eligible own funds are classified in the highest most reliable level (Tiering 1 unrestricted) while 10% is classified in the medium level (Tiering 1 restricted), which relates to a particular category of subordinated loans with no maturity. The remaining 10% 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 were recognised in the Solvency Group Financial Statements at 31 December 2019:

- 10 loans with indeterminate maturity granted by the parent company Intesa Sanpaolo and Cassa di Risparmio di Firenze to the value of 20,375 thousand euro (Individual accounts and Solvency II);

- 1 subordinated bond on the Luxembourg market, the nominal value of which is 750,000 thousand euro, while the Solvency II value is 783,888 thousand euro;
- 1 loan with fixed maturity granted by the parent company Intesa Sanpaolo to the value of 643,106 thousand euro (Individual accounts and Solvency II);
- 1 bond relating to the Company 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 equal to 152,620 thousand euro.

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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	4,092,172	4,092,172	-	-	-	3,460,588	3,460,588	-	-	-
Subordinated liabilities	1,599,989	-	804,263	795,726	-	1,559,775	-	793,334	766,441	-
Total amount	**7,698,128**	**6,098,139**	**804,263**	**795,726**	**-**	**7,026,330**	**5,466,555**	**793,334**	**766,441**	**-**

Compared to 2018, an increase was registered in Own Funds equal to 671,798 thousand euro, of which 94% attributable to the increase in the reconciliation reserve and the remaining portion to subordinated liabilities.

80% of 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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	4,092,172	4,092,172	-	-	-	3,460,588	3,460,588	-	-	-
Subordinated liabilities	1,157,106	-	804,263	352,843	-	1,132,912	-	793,334	339,578	-
Total amount	**7,255,245**	**6,098,139**	**804,263**	**352,843**	**-**	**6,599,467**	**5,466,555**	**793,334**	**339,578**	**-**

There is a reduction of 10% in the total eligible own funds compared to 2018, while 84% 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 1,600 to 1,157 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 2019 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

The Company 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 82% of subordinated liabilities in relation to the Insurance Group.

Below is an illustration of the Company's own funds:

(euro thousands)

Basic Own Funds	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	3,569,176	3,569,176	-	-	-	3,073,984	3,073,984	-	-	-
Subordinated liabilities	1,447,370	-	804,263	643,106	-	1,412,813	-	793,334	619,479	-
Total amount	**6,665,066**	**5,217,696**	**804,263**	**643,106**	**-**	**6,135,316**	**4,722,504**	**793,334**	**619,479**	**-**

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 3,569,176 thousand euro and comprises:

- Annual profits including distributed dividends, equal to 504,471 thousand euro, and profits carried forward of 695,068 thousand euro;
- Legal reserves: 64,085 thousand euro;
- Other Statutory reserves: 981,241 thousand euro;
- Other reserves: 8,428 thousand euro;

- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 1,820,355 thousand euro.

With regard to the subordinated loans, below are details of the main loans on the financial statements of Intesa Sanpaolo Vita:

- a 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: a solvency value at 31/12/2019 equal to 784 million euro;
- a non-convertible subordinated bond of 10-year duration issued on 21/7/2017 for 600 million euro: a solvency value at 31/12/2019 equal to 643 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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	3,569,176	3,569,176	-	-	-	3,073,984	3,073,984	-	-	-
Subordinated liabilities	1,051,024	-	804,263	246,761	-	1,042,472	-	793,334	249,138	-
Total amount	**6,268,721**	**5,217,696**	**804,263**	**246,761**	**-**	**5,764,976**	**4,722,504**	**793,334**	**249,138**	**-**

There is an increase of 9% of the total eligible own funds compared to 2018. As for the Insurance Group, the Company Intesa Sanpaolo Vita has maintained 83% 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 1,447 to 1,051 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

Compared to 2018, total own funds went up by 21%, while Encumbrances increased, equal to 68& and the dividend coupon for the parent company was 504,471 million euro. The increase is also due to the 16% increase in the reconciliation reserve relating only to the Solvency component. Moreover, subordinated securities went up by 2%.

(euro thousands)

	31.12.2019	31.12.2018	Change	%
Equity- Statutory	**3,397,341**	**2,809,872**	**587,469**	**21%**
Adjustment on assets	**10,069,672**	**4,829,768**	**5,239,905**	**108%**
Goodwill and other intangible assets	-13,868	-10,602	-3,266	31%
Properties and plants	-	-	-	-
Holdings in financial and credit insitutions	-	-	-	-
Holdings in other entities	1,708,805	1,435,538	273,267	19%
Financial instruments	6,428,321	2,584,970	3,843,351	149%
Deferred tax assets	1,946,541	820,480	1,126,061	137%
Reinsurance receivables	-127	-618	491	-79%
Adjustment on technical provisions	**-5,429,529**	**-1,834,572**	**-3,594,957**	**196%**
Life technical provisions	-6,258,562	-2,634,164	-3,624,398	138%
Life technical provisions - Index linked and unit- linked	829,019	799,259	29,760	4%
Other technical provisions	14	332	-318	-96%
Adjustment on other liabilities	**-2,313,860**	**-1,081,697**	**-1,232,163**	**114%**
Deferred tax liabilities	-2,257,375	-1,060,477	-1,196,898	113%
Financial liabilities	453	225	228	101%
Pension benefit obligations	-3,880	-3,146	-734	23%
Other adjustments	-53,057	-18,299	-34,758	>100%
Reconciliation reserve	**2,326,284**	**1,913,498**	**412,785**	**22%**
Subordinated liabilities includes in Basic Own Funds	**1,447,370**	**1,412,813**	**34,557**	**2%**
Dividend	**-504,471**	**-**	**-504,471**	**0%**
Encumbrances	**-1,457**	**-867**	**-590**	**68%**
Total Own Funds	**6,665,066**	**6,135,316**	**1,034,221**	**17%**

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 at 31 December 2019 considered for Solvency II purposes are as follows:

- 10 loans with indeterminate maturity granted by the parent company Intesa Sanpaolo and Cassa di Risparmio di Firenze to the value of 20,375 thousand euro (Individual accounts prepared according to Italian accounting standards and Solvency II);
- 1 subordinated bond on the Luxembourg market, the nominal value of which is 750,000 thousand euro, while the Solvency II value is 783,888 thousand euro.
- 1 loan with fixed maturity granted by the parent company Intesa Sanpaolo to the value of 600,000 thousand euro for a total of 643,106 thousand euro (Individual accounts prepared according to Italian accounting standards and Solvency II).

Intesa Sanpaolo Vita e Fideuram Vita, adopting the "grandfathering" principle, divided subordinated loans between *Tier 1–restricted* (the loans described above in a. and b.), and Tier 2 (the loan described above 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: at 31 December 2019 the value was equal to 27,912 thousand euro, 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 571,429 thousand euro) 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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	543,147	543,147	-	-	-	403,997	403,997	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Total amount	**571,060**	**571,060**	**-**	**-**	**-**	**431,910**	**431,910**	**-**	**-**	**-**

The reconciliation reserve calculated according to the Solvency II principles amounts to 543,147 thousand euro and comprises:

- Annual profits net of the foreseeable dividends, equal to 78,115 thousand euro, and profits carried forward of 63,478 thousand euro;
- Legal reserves: 6,849 thousand euro;
- Other Statutory reserves: 202,689 thousand euro;
- Other reserves: 25,713 thousand euro;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 166,303 thousand euro.

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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	543,147	543,147	-	-	-	403,997	403,997	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Total amount	**571,060**	**571,060**	**-**	**-**	**-**	**431,910**	**431,910**	**-**	**-**	**-**

There is an increase of 32% of the total eligible own funds compared to 2018.

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 2018 shows an increase of 32% in total own funds and a considerable increase in Encumbrances equal to 100%. The assets are further strengthened by the increase of 57% in the reconciliation provision.

(euro thousands)

	31.12.2019	31.12.2018	Change	%
Equity- Statutory	**404,757**	**326,012**	**78,745**	**24%**
Adjustment on assets	**-10,231**	**-7,689**	**-2,542**	**33%**
Goodwill and other intangible assets	-11,154	-6,932	-4,222	61%
Financial instruments	3,954	1,094	2,860	>100%
Deferred tax assets	6,467	4,089	2,378	58%
Other adjustments	-9,498	-5,940	-3,559	60%
Adjustment on technical provisions	**258,307**	**165,678**	**92,629**	**56%**
Non- Life technical provisions	144,872	115,044	29,828	26%
Riserve tecnice riassicurazione	106,676	46,803	59,873	>100%
Other technical provisions	6,759	3,831	2,928	76%
Adjustment on other liabilities	**-81,404**	**-51,907**	**-29,497**	**57%**
Deferred tax liabilities	-80,830	-51,411	-29,419	57%
Pension benefit obligations	-579	-548	-31	6%
Other adjustments	6	52	-47	-91%
Reconciliation reserve	**166,672**	**106,082**	**60,590**	**57%**
Encumbrances	**-370**	**-184**	**-186**	**>100%**
Total Own Funds	**571,060**	**431,910**	**139,149**	**32%**

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.

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: at 31 December 2019 the value was 357,447, attributable entirely to the Life business;
- reconciliation reserve: this item is equal to 502,743 thousand euro and was calculated by taking into account the Excess of Assets over Liabilities (equal to 861,231 thousand euro) net of share capital (equal to 357,447 thousand euro) and encumbrances (equal to 1,041 thousand euro);
- subordinated loans: the total is 152,620 thousand euro, 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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	502,743	502,743	-	-	-	369,539	369,539	-	-	-
Subordinated liabilities	152,620	-	-	152,620	-	146,963	-	-	146,963	-
Total amount	**1,012,810**	**860,190**	**-**	**152,620**	**-**	**873,949**	**726,986**	**-**	**146,963**	**-**

The reconciliation provision at 31 December 2019 totalled 502,743 thousand euro and is formed of the following elements:

- Profits reserve of 102,376 thousand euro;
- Statutory reserves of 17,161 thousand euro;
- Other reserves of 319,400 thousand euro;
- Differences in valuation between the principles used for the statutory accounts and those for the solvency accounts, equal to 64,848 thousand euro;
- Encumbrance, equal to 1,041 thousand euro.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels.

(euro thousands)

Eligible Own Funds	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	502,744	502,744	-	-	-	369,539	369,539	-	-	-
Subordinated liabilities	41,948	-	-	41,948	-	37,799	-	-	37,799	-
Total amount	**902,139**	**860,191**	**-**	**41,948**	**-**	**764,785**	**726,986**	**-**	**37,799**	**-**

There is an increase of 18% of the total eligible own funds compared to 2018. The Company 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 153 to 42 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 considered as eligible for up to a maximum of 20% of the same MCR as provided for in the Solvency II directive.

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 2018 it can be seen there is an increase of 16% on the total own funds.

(euro thousands)

	31.12.2019	31.12.2018	Change	%
Equity- Statutory	**796,384**	**693,377**	**103,007**	**15%**
Adjustment on assets	**544,985**	**195,541**	**349,444**	**>100%**
Goodwill and other intangible assets	-84,787	-77,353	-7,434	10%
Properties and plants	11,058	-	11,058	-
Holdings in financial and credit insitutions	11	-34	45	>100%
Financial instruments	493,293	221,277	272,016	>100%
Deferred tax assets	125,668	51,932	73,736	>100%
Other assets	-258	-281	23	-8%
Adjustment on technical provisions	**-304,091**	**-89,110**	**-214,981**	**>100%**
Life technical provisions	-770,453	-499,930	-270,523	54%
Life technical provisions - Index linked and unit- linked	466,362	410,820	55,542	14%
Adjustment on other liabilities	**-176,047**	**-71,755**	**-104,292**	**>100%**
Deferred tax liabilities	-155,522	-68,351	-87,171	>100%
Financial liabilities	-7,486	-1,829	-5,657	>100%
Pension benefit obligations	-2,415	-2,106	-309	15%
Other adjustments	-10,624	531	-11,155	>100%
Reconciliation reserve	**64,848**	**34,676**	**30,172**	**87%**
Subordinated liabilities includes in Basic Own Funds	**152,620**	**146,963**	**5,657**	**4%**
Total Basic Own Funds	**1,013,851**	**875,016**	**138,835**	**16%**
Encumbrances	**-1,041**	**-1,068**	**27**	**-3%**
Total Own Funds	**1,012,810**	**873,948**	**138,862**	**16%**

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 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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	1,239,418	1,239,418	-	-	-	1,103,559	1,103,559	-	-	-
Capital contribution	104,444	104,444	-	-	-	104,444	104,444	-	-	-
Total amount	**1,344,497**	**1,344,497**	**-**	**-**	**-**	**1,208,638**	**1,208,638**	**-**	**-**	**-**

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- Share capital: at 31 December 2019 the value was 625 thousand euro;
- the share premium reserve, with a value of approximately 10 thousand euro;
- the capital reserve of 104,444 thousand euro;

- reconciliation reserve: this item is calculated by taking into account the Excess of Assets over Liabilities (equal to 1,239,418 thousand euro) net of share capital (equal to 625 thousand euro), net of the capital contribution (of 104,444 thousand euro).

The reconciliation provision is made up as follows:

(euro thousands)

Reconciliation reserve	**31.12.2019**	**31.12.2018**
Reconciliation at the beginning of the year	1,103,559	1,034,002
IFRS Net Income	130,885	124,816
Adjustment AFS Reserve	7,393	-8,151
Depreciation due tax assets relation to the claims	10,089	-11,517
Adjustment on balance sheet	-18,310	6,582
Adjustment on the risk margin	55,489	-2,209
Dividend	-50,000	-40,000
Other	314	36
Reconciliation year to date	**1,239,418**	**1,103,559**

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	31.12.2019	Tiering 31.12.2019				31.12.2018	Tiering 31.12.2018			
		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	1,239,418	1,239,418	-	-	-	1,103,559	1,103,559	-	-	-
Capital contribution	104,444	104,444	-	-	-	104,444	104,444	-	-	-
Total amount	**1,344,497**	**1,344,497**	**-**	**-**	**-**	**1,208,638**	**1,208,638**	**-**	**-**	**-**

There is an increase of 11% of the total eligible own funds compared to 2018. The Company 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 2018 it can be seen there is an increase of 11.2% on the total own funds. The assets are further strengthened by the increase of 6.7% in the reconciliation provision.

(euro thousands)

	31.12.2019	31.12.2018	Change	%
Equity- Statutory	**745,885**	**647,667**	**98,218**	**15%**
Adjustment on assets	**-385,307**	**-370,251**	**-15,057**	**4%**
Goodwill and other intangible assets	-385,307	-370,251	-15,057	4%
Properties and plants	-	-	-	-
Holdings in financial and credit insitutions	-	-	-	-
Financial instruments	-	-	-	-
Deferred tax assets	-	-	-	-
Other assets	-	-	-	-
Adjustment on technical provisions	**730,208**	**686,065**	**44,143**	**6%**
Life technical provisions	-	-	-	-
Life technical provisions - Index linked and unit- linked	716,239	673,216	43,023	6%
Other technical provisions	13,969	12,849	1,120	9%
Adjustment on other liabilities	**253,711**	**245,157**	**8,555**	**3%**
Deferred tax liabilities	-85,516	-80,139	-5,377	7%
Financial liabilities	-	-	-	-
Pension benefit obligations	-	-	-	-
Insurance and intermediaries payables	348,000	354,461	-6,461	-2%
Other adjustments	-8,773	-29,166	20,393	-70%
Reconciliation reserve	**598,612**	**560,971**	**37,641**	**7%**
Subordinated liabilities includes in Basic Own Funds	**-**	**-**	**-**	**-**
Total Own Funds	**1,344,498**	**1,208,639**	**135,859**	**11%**

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 at 31 December 2019 was 3,232 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	31.12.2019	31.12.2018	Change	
Solvency Capital Requirement	**3,232,399**	**3,258,903**	**-26,504**	**-1%**
Deferred Tax Adjustment	**-490,142**	**-482,756**	-7,386	2%
Solvency Capital Requirement before Adjustr	3,722,541	3,741,659	-19,118	-1%
Operational Risk	477,022	440,846	**36,176**	**8%**
Basic Solvency Capital Requirement	**3,245,520**	**3,300,813**	**-55,293**	**-2%**
Diversification	**-1,129,620**	**-951,156**	-178,464	19%
Market Risk	2,329,827	2,736,943	**-407,116**	**-15%**
Interest Rate Risk	**180,204**	**321,709**	-141,505	-44%
Equity Risk	935,735	774,246	161,489	21%
Property Risk	56,262	68,808	-12,546	-18%
Spread Risk	1,100,612	1,585,176	-484,564	-31%
Concentration Risk	109,919	206,237	-96,318	-47%
Currency Risk	678,179	687,051	-8,871	-1%
Diversification	-731,084	-906,283	175,199	-19%
Underwriting Risk (Life)	1,524,239	1,017,265	**506,974**	**50%**
Mortality Risk	**132,739**	**128,634**	4,105	3%
Longevity Risk	208,177	134,249	73,928	55%
Disability Risk	-	-	-	-
Expenses Risk	236,855	186,290	50,565	27%
Revision Risk	-	-	-	-
Lapse Risk	1,291,960	832,740	459,220	55%
Cat Risk	77,147	70,212	6,935	10%
Diversification	-422,639	-334,859	-87,780	26%
Underwriting Risk (Non-Life)	176,716	167,726	**8,990**	**5%**
Premium & reserve Risk	**153,743**	**148,763**	4,980	3%
Lapse Risk	54,332	42,841	11,491	27%
Cat Risk	39,775	37,304	2,472	7%
Diversification	-71,134	-61,182	-9,952	16%
Underwriting Risk (Health)	165,857	141,985	**23,872**	**17%**
Cat Risk	**2,210**	**796**	1,414	>100%
Mass Accident Risk	1,144	453	691	>100%
Concentration Risk	410	414	-3	-1%
Pandemic Risk	1,846	507	1,340	>100%
Diversification	-1,190	-578	-612	>100%
Non- SLT Risk	165,291	141,784	23,507	17%
Reserve Risk	158,643	140,126	18,516	13%
Lapse Risk	46,406	21,615	24,792	>100%
Diversification	-39,758	-19,957	-19,801	99%
Diversification	-1,644	-595	-1,049	>100%
Default Risk	178,500	188,050	**-9,550**	**-5%**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts and amounts to 1,764 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 equal to 7,698 million euro. With reference to Article 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 4,466 million euro.

Intesa Sanpaolo Vita S.p.A.

The SCR of the Company on 31 December 2019 is 2,742 million euro. In calculating the SCR, the Company uses the Volatility Adjustment.

(euro thousands)

Module	31.12.2019	31.12.2018	Change	
Solvency Capital Requirement	**2,741,792**	**2,768,203**	**-26,411**	**-1%**
Deferred Tax Adjustment	-412,068	-406,465	-5,603	1%
Solvency Capital Requirement before Adjustment	3,153,860	3,174,668	-20,808	-1%
Operational Risk	**341,959**	**317,186**	**24,772**	**8%**
Basic Solvency Capital Requirement	**2,811,902**	**2,857,482**	**-45,580**	**-2%**
Diversification	-764,796	-528,412	-236,384	45%
Market Risk	**2,108,278**	**2,569,608**	**-461,330**	**-18%**
Interest Rate Risk	156,237	280,923	-124,686	-44%
Equity Risk	971,468	880,148	91,319	10%
Property Risk	56,262	68,808	-12,546	-18%
Spread Risk	955,327	1,420,246	-464,919	-33%
Concentration Risk	106,859	203,658	-96,800	-48%
Currency Risk	464,084	518,898	-54,814	-11%
Diversification	-601,958	-803,073	201,115	-25%
Underwriting Risk (Life)	**1,348,688**	**662,569**	**686,119**	**>100%**
Mortality Risk	105,186	102,401	2,785	3%
Longevity Risk	144,922	77,878	67,045	86%
Disability Risk	-	-	-	-
Expenses Risk	106,586	91,402	15,184	17%
Revision Risk	-	-	-	-
Lapse Risk	1,222,575	555,450	667,125	>100%
Cat Risk	71,321	65,678	5,643	9%
Diversification	-301,902	-230,240	-71,662	31%
Default Risk	**119,732**	**153,717**	**-33,985**	**-22%**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts and amounts to 1,234 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 at 31 December 2019 was 230 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	31.12.2019	31.12.2018	Change	
Solvency Capital Requirement	**230,021**	**192,646**	**37,375**	**19%**
Deferred Tax Adjustment	-72,638	-60,835	-11,803	19%
Solvency Capital Requirement before Adjustment	302,659	253,481	49,178	19%
Operational Risk	**20,135**	**17,825**	**2,310**	**13%**
Basic Solvency Capital Requirement	**282,524**	**235,656**	**46,868**	**20%**
Diversification	-142,531	-109,177	-33,354	31%
Market Risk	**55,206**	**23,429**	**31,777**	**>100%**
Interest Rate Risk	1,070	3,676	-2,606	-70.9%
Equity Risk	44,713	5,276	39,437	>100%
Property Risk	-	-	-	0.0%
Spread Risk	5,155	4,480	675	15.1%
Concentration Risk	-	-	-	0.0%
Currency Risk	15,261	17,317	-2,056	-11.9%
Diversification	-10,993	-7,320	-3,674	50.2%
Underwriting Risk (Non-Life)	**176,716**	**167,726**	**8,990**	**5.4%**
Premium & reserve Risk	153,743	148,763	4,980	3.3%
Lapse Risk	54,332	42,841	11,491	26.8%
Cat Risk	39,775	37,304	2,472	6.6%
Diversification	-71,134	-61,182	-9,952	16.3%
Underwriting Risk (Health)	**165,857**	**141,985**	**23,872**	**16.8%**
Cat Risk	2,210	796	1,414	>100%
Mass Accident Risk	1,144	453	691	>100%
Concentration Risk	410	414	-3	-0.8%
Pandemic Risk	1,846	507	1,340	>100%
Diversification	-1,190	-578	-612	>100%
Non- SLT Risk	165,291	141,784	23,507	16.6%
Reserve Risk	158,643	140,126	18,516	13.2%
Lapse Risk	46,406	21,615	24,792	>100%
Diversification	-39,758	-19,957	-19,801	99.2%
Diversification	-1,644	-595	-1,049	>100%
Default Risk	**27,276**	**11,693**	**15,583**	**>100%**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts and amounts to 103,5 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

Fideuram Vita S.p.A.

At 31 December 2019, the SCR of Fideuram Vita amounted to 466 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	31.12.2019	31.12.2018	Change	
Solvency Capital Requirement	**466,093**	**419,994**	**46,099**	**11%**
Deferred Tax Adjustment	-40,833	-35,589	-5,244	15%
Solvency Capital Requirement before Adjustment	506,926	455,583	51,343	11%
Operational Risk	**52,841**	**45,187**	**7,654**	**17%**
Basic Solvency Capital Requirement	**454,084**	**410,395**	**43,689**	**11%**
Diversification	-128,789	-107,983	-20,806	19%
Market Risk	**283,519**	**294,959**	**-11,440**	**-4%**
Interest Rate Risk	21,379	37,995	-16,616	-44%
Equity Risk	133,033	125,416	7,617	6%
Property Risk	-	-	-	0%
Spread Risk	112,958	136,201	-23,243	-17%
Concentration Risk	-	-	-	0%
Currency Risk	94,826	71,126	23,700	33%
Diversification	-78,677	-75,780	-2,897	4%
Underwriting Risk	**284,746**	**219,030**	**65,716**	**30%**
Mortality Risk	11,382	8,845	2,537	29%
Longevity Risk	63,255	56,372	6,883	12%
Disability Risk	-	-	0	0%
Expenses Risk	75,138	68,566	6,572	10%
Revision Risk	-	-	0	0%
Lapse Risk	213,676	152,122	61,554	40%
Cat Risk	2,548	1,469	1,079	73%
Diversification	-81,253	-68,345	-12,908	19%
Default Risk	**14,609**	**4,390**	**10,219**	**>100%**

No simplifications have been used to calculate the SCR.

At 31 December 2019, the MCR amounted to 209 million euro.

Intesa Sanpaolo Life D.A.C.

At 31 December 2019, the SCR of Intesa Sanpaolo Life amounted to 483 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	31.12.2019	31.12.2018	Change	
Solvency Capital Requirement	**482,569**	**392,241**	**90,328**	**23%**
Deferred Tax Adjustment	-68,938	-56,034	-12,904	23%
Solvency Capital Requirement before Adjustment	551,507	448,275	103,232	23%
Operational Risk	**80,179**	**75,833**	**4,346**	**6%**
Basic Solvency Capital Requirement	**471,328**	**372,442**	**98,886**	**27%**
Diversification	-129,249	-104,049	-25,200	24%
Market Risk	**240,400**	**168,141**	**72,259**	**43%**
Interest Rate Risk	15,325	21,505	-6,180	-29%
Equity Risk	167,939	105,029	62,910	60%
Property Risk	-	-	-	-
Spread Risk	27,172	24,249	2,923	12%
Concentration Risk	3,060	2,579	481	19%
Currency Risk	104,009	79,709	24,300	30%
Diversification	-77,105	-64,930	-12,175	19%
Underwriting Risk	**343,358**	**283,516**	**59,842**	**21%**
Mortality Risk	16,172	17,387	-1,215	-7%
Longevity Risk	-	-	-	-
Disability Risk	-	-	-	-
Expenses Risk	55,132	26,322	28,810	>100%
Revision Risk	-	-	-	-
Lapse Risk	310,475	267,630	42,845	16%
Cat Risk	3,277	3,064	213	7%
Diversification	-41,697	-30,889	-10,808	35%
Default Risk	**16,819**	**24,834**	**-8,015**	**-32%**

No simplifications have been used to calculate the SCR.

At 31 December 2019, the MCR amounted to 217.1 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 Insurance 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.

GLOSSARY AND 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	Italian term
As a whole		Elemento unico
Best Estimate	BE/BEL	Best Estimate
Cash Flow		Flussi di cassa
Certainty equivalent	CE	Certo equivalente
Combined Ratio		Indicator relating the cost of claims, commission and general expenses to net premiums collected
Contract boundaries		Contractual limits
Cost of Capital	CoC	Costo del Capitale
Credit protection insurance	CPI	Credit insurance cover
Deferred Tax Assets	DTA	Deferred Tax Assets
Deferred Tax Liabilities	DTL	Deferred Tax Liabilities
Dread disease		Insurance cover for serious illnesses
Excess of loss	XL	Type of reinsurance arrangement for excess of loss
Certainty Equivalent		Certainty equivalent approach
Dynamic Policyholder Behaviour		Dynamic policyholder behaviour
Standard formula		Formula used to calculate the Group SCR
Excess of Assets Over Liabilities		Eccesso delle attività sulle passività
Expected Profits Included in Future Premiums	EPIFP	Method to calculate Expected Profits Included in Future Premiums
Expert Judgement		Giudizio esperto
Expense Ratio		Indicator that refers general expenses to net premiums collected
Future Discretionary Benefits	FDB	Future discretionary benefits
Homogeneous Risk Groups	HRG	Gruppi di rischio omogenei
Lines of Business	LoB	Linee di Business
Long Term Guarantees Measures	LGT	Misure di garanzie a lungo termine
Loss Ratio		Indicator that refers the cost relative to claims to net collected premiums
Management Actions	FMG	Future Management Actions
Market Consistent		Market valuation
Market Value Balance Sheet	MVBS	Financial Statements prepared according to Solvency II
Minimum Capital Requirement	MCR	Minimum capital requirement

Non-Similar To Life Technique	Non-SLT	Health products with characteristics similar to the Non-Life business
Reference Curve		Curva di riferimento
Ring Fenced Funds	RFF	Separate funds
Risk Appetite Framework	RAF	Risk Appetite
Risk Free Curve		Curva priva di rischio
Risk Margin	RM	Risk Margin
Risk Neutral		Neutrali rispetto al rischio
Run Off		Existing portfolio
Non Hedgeable Risks		Rischi non immunizzabili
Similar To Life Technique	SLT	Health products with characteristics similar to the Life business
Solvency Capital Requirement	SCR	Requisito Patrimoniale di Solvibilità
Solvency Ratio	SR	Margine di Solvibilità
Statutory Reserve		Riserva civilistica
Technical Provisions	TP	Riserve tecniche
Unbundling		Scomposizione del contratto
Underwriting Risks		Rischi di sottoscrizione
Volatility Adjustment	VA	Aggiustamento di volatilità

In order to guarantee consistency in the representation of data, the Solvency regulations have defined the insurance business lines as follows:

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 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 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

QRT INTESA SANPAOLO VITA GROUP

QRT Intesa Sanpaolo Vita Group: S.02.01.02

Annex I
S.02.01.02
Balance sheet

(in migliaia di euro)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	2.294.839
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	13.911
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	86.420.934
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	2.898
Equities	R0100	1.482.413
Equities - listed	R0110	1.460.536
Equities - unlisted	R0120	21.877
Bonds	R0130	72.414.052
Government Bonds	R0140	58.211.453
Corporate Bonds	R0150	13.407.022
Structured notes	R0160	789.672
Collateralised securities	R0170	5.905
Collective Investments Undertakings	R0180	12.276.173
Derivatives	R0190	245.398
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	84.196.049
Loans and mortgages	R0230	780
Loans on policies	R0240	780
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	20.092
Non-life and health similar to non-life	R0280	20.092
Non-life excluding health	R0290	14.664
Health similar to non-life	R0300	5.427
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	109.601
Reinsurance receivables	R0370	4.695
Receivables (trade, not insurance)	R0380	3.070.609
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	1.059.513
Any other assets, not elsewhere shown	R0420	244.262
Total assets	**R0500**	**177.435.283**

(in migliaia di euro)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	724.782
Technical provisions – non-life (excluding health)	R0520	436.069,0
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	409.174,3
Risk margin	R0550	26.894,6
Technical provisions - health (similar to non-life)	R0560	288.713
Technical provisions calculated as a whole	R0570	1.817
Best Estimate	R0580	261.997,2
Risk margin	R0590	24.898,8
Technical provisions - life (excluding index-linked and unit-linked)	R0600	80.662.447
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	80.662.447
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	79.848.975
Risk margin	R0680	813.472
Technical provisions – index-linked and unit-linked	R0690	82.181.172
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	81.790.668
Risk margin	R0720	390.504
Other technical provisions	R0730	0,0
Contingent liabilities	R0740	0,0
Provisions other than technical provisions	R0750	13.902
Pension benefit obligations	R0760	11.468
Deposits from reinsurers	R0770	868,3
Deferred tax liabilities	R0780	2.569.610
Derivatives	R0790	56.207
Debts owed to credit institutions	R0800	12.712
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	1.298.961
Reinsurance payables	R0830	20.981
Payables (trade, not insurance)	R0840	1.148.782
Subordinated liabilities	R0850	1.599.989
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	1.599.989
Any other liabilities, not elsewhere shown	R0880	527.925
Total liabilities	R0900	**170.829.806**
Excess of assets over liabilities	R1000	**6.605.478**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(in migliaia di euro)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				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	13.927	260.805	-	85.993	14.715	248	126.369	58.451	22	10.508	12.190	88.376					671.604
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	985	8.219	-	1.553	470	145	5.474	1.038	-108	9.467	3.102	2.289					32.633
Net	R0200	12.941	252.586	-	84.440	14.245	103	120.895	57.414	129	1.041	9.088	86.087					638.970
Premiums earned																		
Gross - Direct Business	R0210	11.006	201.957	-	82.381	14.664	81	92.874	50.806	1.678	8.259	10.826	73.361					547.893
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	719	6.270	-	1.033	470	34	3.275	1.057	283	7.850	2.958	2.667					26.616
Net	R0300	10.287	195.687	-	81.348	14.194	47	89.599	49.749	1.395	409	7.868	70.693					521.277
Claims incurred																		
Gross - Direct Business	R0310	4.194	61.250	-	63.123	7.920	4	23.730	12.339	-281	450	2.026	2.659					177.414
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	311	4.027	-	639	1.248	-	850	161	-94	292	1.565	299					9.298
Net	R0400	3.883	57.223	-	62.484	6.672	4	22.880	12.178	-187	158	461	2.360					168.115
Changes in other technical provisions																		
Gross - Direct Business	R0410	-282	-1.893	-	-	-	-	-548	-	-30	-	-	-					-2.752
Gross - Proportional reinsurance accepted	R0420																	-
Gross - Non- proportional reinsurance accepted	R0430																	-
Reinsurers'share	R0440	-	-	-	-	-	-	-	-	-	-	-	-					-
Net	R0500	-282	-1.893	-	-	-	-	-548	-	-30	-	-	-					-2.752
Expenses incurred	R0550	4.015	89.410	-	23.956	4.135	18	41.992	18.312	122	-200	5.717	31.698					219.174
Other expenses	R1200																	4.017
Total expenses	R1300																	223.191

(in migliaia di euro)

		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**	-	7.533.425	10.124.982	278.946	-	-	-	-	17.937.353
Reinsurers' share	**R1420**	-	270	63	762	-	-	-	-	1.095
Net	**R1500**	-	7.533.155	10.124.919	278.184	-	-	-	-	17.936.257
Premiums earned										
Gross	**R1510**	-	7.533.425	10.124.982	278.946	-	-	-	-	17.937.353
Reinsurers' share	**R1520**	-	270	63	762	-	-	-	-	1.095
Net	**R1600**	-	7.533.155	10.124.919	278.184	-	-	-	-	17.936.257
Claims incurred										
Gross	**R1610**	-	6.216.136	6.599.583	38.361	-	-	-	-	12.854.080
Reinsurers' share	**R1620**	-	468	45	613	-	-	-	-	1.126
Net	**R1700**	-	6.215.667	6.599.538	37.748	-	-	-	-	12.852.954
Changes in other technical provisions										
Gross	**R1710**	-	-2.485.629	-10.084.780	-59.981	-	-	-	-	-12.630.391
Reinsurers' share	**R1720**	-	-	-	1	-	-	-	-	1
Net	**R1800**	-	-2.485.629	-10.084.780	-59.982	-	-	-	-	-12.630.392
Expenses incurred	**R1900**	-	175.257	594.760	82.898	-	-	-	-	852.915
Other expenses	**R2500**									4.361
Total expenses	**R2600**									857.276

QRT Intesa Sanpaolo Vita Group: S.22.01.22

Annex I
S.22.01.22
Impact of long term guarantees and transitional measures

(in migliaia di euro)

		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	163.568.401	-	-	198.795	-
Basic own funds	R0020	7.698.128	-	-	-156.144	-
Eligible own funds to meet Solvency Capital Requirement	R0050	7.698.128	-	-	-156.144	-
Solvency Capital Requirement	R0090	3.232.399	-	-	197.295	-

QRT Intesa Sanpaolo Vita Group: S.23.01.22

Annex I
S.23.01.22
Own funds

(in migliaia di euro)

		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	4.092.172	4.092.172			
Subordinated liabilities	R0140	1.599.989		804.263	795.726	
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	7.698.128	6.098.139	804.263	795.726	-
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	7.698.128	6.098.139	804.263	795.726	-
Total available own funds to meet the minimum consolidated group SCR	R0530	7.698.128	6.098.139	804.263	795.726	
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	7.698.128	6.098.139	804.263	795.726	-
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	7.255.245	6.098.139	804.263	352.843	
Minimum consolidated Group SCR	R0610	1.764.214				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	411%				
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	7.698.128	6.098.139	804.263	795.726	
Group SCR	R0680	3.232.399				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	238%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	6.605.478
Own shares (included as assets on the balance sheet)	R0710	2.868
Forseeable dividends, distributions and charges	R0720	504.471
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	4.092.172
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	531.995
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	45.929
Total EPIFP	R0790	577.924

QRT Intesa Sanpaolo Vita Group: S.25.01.22

Annex I
S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

(in migliaia di euro)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	3.689.496		
Counterparty default risk	R0020	178.500		
Life underwriting risk	R0030	1.512.874		
Health underwriting risk	R0040	165.857		
Non-life underwriting risk	R0050	176.716		
Diversification	R0060	-1.245.640		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	4.477.803		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	477.022
Loss-absorbing capacity of technical provisions	R0140	-1.232.283
Loss-absorbing capacity of deferred taxes	R0150	-490.142
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	3.232.399
Capital add-on already set	R0210	
Solvency capital requirement	R0220	3.232.399
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	1.764.214
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	3.232.399

QRT Intesa Sanpaolo Vita Group: 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
0,0000	1,0000	0,0000	Consolidata per direzione unitaria	2	1,0000	1		1
1,0000	1,0000	1,0000		1	1,0000	1		1
1,0000	1,0000	1,0000		1	1,0000	1		1
	1,0000			1	1,0000	1		1

QRT INTESA SANPAOLO VITA S.P.A.

QRT Intesa Sanpaolo Vita: S.02.01.02

Annex I
S.02.01.02
Balance sheet

(in migliaia di euro)

Assets		Solvency II value
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	2.128.069
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	216
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	80.191.286
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	1.918.572
Equities	R0100	1.441.753
Equities - listed	R0110	1.419.876
Equities - unlisted	R0120	21.877
Bonds	R0130	65.590.933
Government Bonds	R0140	52.647.601
Corporate Bonds	R0150	12.330.935
Structured notes	R0160	609.212
Collateralised securities	R0170	3.184
Collective Investments Undertakings	R0180	10.994.706
Derivatives	R0190	245.322
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	18.889.629
Loans and mortgages	R0230	199
Loans on policies	R0240	199
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	1.796
Reinsurance receivables	R0370	116
Receivables (trade, not insurance)	R0380	1.793.852
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	627.679
Any other assets, not elsewhere shown	R0420	40.206
Total assets	**R0500**	**103.673.049**

(in migliaia di euro)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1.817
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	1.817
Technical provisions calculated as a whole	R0570	1.817
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	74.192.861
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	74.192.861
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	73.406.957
Risk margin	R0680	785.904
Technical provisions – index-linked and unit-linked	R0690	18.060.611
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	17.928.241
Risk margin	R0720	132.370
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	7.383
Pension benefit obligations	R0760	6.161
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	2.265.891
Derivatives	R0790	56.207
Debts owed to credit institutions	R0800	12.712
Financial liabilities other than debts owed to credit institutions	R0810	12.712
Insurance & intermediaries payables	R0820	834.914
Reinsurance payables	R0830	17
Payables (trade, not insurance)	R0840	879.585
Subordinated liabilities	R0850	1.447.370
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	1.447.370
Any other liabilities, not elsewhere shown	R0880	183.898
Total liabilities	**R0900**	**97.949.425**
Excess of assets over liabilities	**R1000**	**5.723.625**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(in migliaia di euro)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												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	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross - Direct Business	**R0110**	4	691	-	-	-	-	-	-	-	-	-	-	696
Gross - Proportional reinsurance accepted	**R0120**		-		-	-	-	-	-	-	-	-	-	0
Gross - Non-proportional reinsurance accepted	**R0130**													
Reinsurers' share	**R0140**	-	40	-	-	-	-	-	-	-	-	-	-	40
Net	**R0200**	4	652	-	-	-	-	-	-	-	-	-	-	656
Premiums earned														
Gross - Direct Business	**R0210**	4	732											736
Gross - Proportional reinsurance accepted	**R0220**													
Gross - Non-proportional reinsurance accepted	**R0230**													
Reinsurers' share	**R0240**	-	47	-	-	-	-	-	-	-	-	-	-	47
Net	**R0300**	4	685	-	-	-	-	-	-	-	-	-	-	689
Claims incurred														
Gross - Direct Business	**R0310**	-	-523	-	-	-	-	-	-	-	-	-	-	-523
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-	-	-	-	-	0
Gross - Non-proportional reinsurance accepted	**R0330**													0
Reinsurers' share	**R0340**	-	-310	-	-									-310
Net	**R0400**	-	-213	-	-									-213
Changes in other technical provisions		-	-	-	-									0
Gross - Direct Business	**R0410**	-	176											176
Gross - Proportional reinsurance accepted	**R0420**													0
Gross - Non- proportional reinsurance accepted	**R0430**													0
Reinsurers'share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-	0
Net	**R0500**	-	176	-	-	-	-	-	-	-	-	-	-	176
Expenses incurred	**R0550**	1	411	-	-	-	-	-	-	-	-	-	-	412
Other expenses	**R1200**													
Total expenses	**R1300**													412

(in migliaia di euro)

		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**	0	6.480.992	2.415.916	276.457	0	0	0	0	9.173.365
Reinsurers' share	**R1420**	0	0	0	528	0	0	0	0	528
Net	**R1500**	0	6.480.992	2.415.916	275.930	0	0	0	0	9.172.838
Premiums earned		0	0	0	0	0	0	0	0	0
Gross	**R1510**	0	6.480.992	2.415.916	276.457	0	0	0	0	9.173.365
Reinsurers' share	**R1520**	0	0	0	528	0	0	0	0	528
Net	**R1600**	0	6.480.992	2.415.916	275.930	0	0	0	0	9.172.838
Claims incurred		0	0	0	0	0	0	0	0	0
Gross	**R1610**	0	5.863.916	1.317.117	36.512	0	0	0	0	7.217.545
Reinsurers' share	**R1620**	0	0	0	206	0	0	0	0	206
Net	**R1700**	0	5.863.916	1.317.117	36.306	0	0	0	0	7.217.339
Changes in other technical provisions		0	0	0	0	0	0	0	0	0
Gross	**R1710**	0	-1.679.225	-2.288.679	-60.200	0	0	0	0	-4.028.103
Reinsurers' share	**R1720**	0	0	0	1	0	0	0	0	1
Net	**R1800**	0	-1.679.225	-2.288.679	-60.201	0	0	0	0	-4.028.104
Expenses incurred	**R1900**	0	166.210	84.280	82.639	0	0	0	0	333.129
Other expenses	**R2500**									2.392
Total expenses	**R2600**									335.521

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(in migliaia di euro)

		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**	72.887.751,7		16.273.888,4	1.654.352,6		-	519.205,3	-	-	91.335.198,1
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**	72.887.751,7		16.273.888,4	1.654.352,6		-	519.205,3	-	-	91.335.198,1
Risk Margin	**R0100**	742.308,2	132.369,5			43.595,6			-	-	918.273,4
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-							-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions - total	**R0200**	73.630.059,9	18.060.610,6			562.801,0			-	-	92.253.471,4

Annex I
S.17.01.02
Non-life Technical Provisions

(in migliaia di euro)

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		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	Non-proportional property reinsurance	
		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	1.815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.817
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	1	1.815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.817
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	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Best Estimate of Claims Provisions	R0250			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Best estimate - gross	R0260			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Best estimate - net	R0270			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Risk margin	R0280	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	R0320	1	1.815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.817
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	1	1.815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.817
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	150															169
Future expenses and other cash-out flows	R0380	2	14															16
Cash in-flows																		
Future premiums	R0390	20	27															47
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	0	1.445															1.446
Future expenses and other cash-out flows	R0420	0	232															232

QRT Intesa Sanpaolo Vita: 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)

(in migliaia di euro)

	Year	Development 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-10	R0150				103								R0150		103
N-9	R0160												R0160		
N-8	R0170		55										R0170		55
N-7	R0180	55	251	55	79								R0180		440
N-6	R0190	55	110										R0190		165
N-5	R0200	103	55										R0200		158
N-4	R0210	203											R0210		203
N-3	R0220		258	55									R0220		313
N-2	R0230												R0230		
N-1	R0240	103											R0240		103
N	R0250												R0250		
													Total R0260		1.541

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

(in migliaia di euro)

	Year	Development 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								57				R0180	
N-6	R0190							114					R0190	
N-5	R0200												R0200	
N-4	R0210					220							R0210	
N-3	R0220												R0220	
N-2	R0230			334									R0230	
N-1	R0240		270										R0240	
N	R0250	694											R0250	1.678
													Total R0260	1.678

QRT Intesa Sanpaolo Vita: S.22.01.21

Annex I
S.22.01.21
Impact of long term guarantees and transitional measures

(in migliaia di euro)

		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	92.255.288	-	-	204.378	-
Basic own funds	R0020	6.665.066	-	-	-141.389	-
Eligible own funds to meet Solvency Capital Requirement	R0050	6.665.066	-	-	-141.389	-
Solvency Capital Requirement	R0090	2.741.792	-	-	197.361	-
Eligible own funds to meet Minimum Capital Requirement	R0100	6.268.721	-	-	-123.627	-
Minimum Capital Requirement	R0110	1.233.806	-	-	88.812	-

QRT Intesa Sanpaolo Vita: S.23.01.01

Annex I
S.23.01.01
Own funds

(in migliaia di euro)

		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	3.569.176	3.569.176			
Subordinated liabilities	R0140	1.447.370		804.263	643.106	
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	6.665.066	5.217.696	804.263	643.106	-
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					

(in migliaia di euro)

		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	6.665.066	5.217.696	804.263	643.106	-
Total available own funds to meet the MCR	R0510	6.665.066	5.217.696	804.263	643.106	
Total eligible own funds to meet the SCR	R0540	6.665.066	5.217.696	804.263	643.106	-
Total eligible own funds to meet the MCR	R0550	6.268.721	5.217.696	804.263	246.761	
SCR	R0580	2.741.792				
MCR	R0600	1.233.806				
Ratio of Eligible own funds to SCR	R0620	243%				
Ratio of Eligible own funds to MCR	R0640	508%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	5.723.625
Own shares (held directly and indirectly)	R0710	1.457
Foreseeable dividends, distributions and charges	R0720	504.471
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	0
Reconciliation reserve	R0760	3.569.176
Expected profits		0
Expected profits included in future premiums (EPIFP) - Life business	R0770	390.784
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	390.784

QRT Intesa Sanpaolo Vita: S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(in migliaia di euro)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	2.108.278		
Counterparty default risk	R0020	119.732		
Life underwriting risk	R0030	1.348.688		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-764.796		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	2.811.902		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	341.959
Loss-absorbing capacity of technical provisions	R0140	-1.164.463
Loss-absorbing capacity of deferred taxes	R0150	-412.068
Capital requirement for business operated in accordance with Art. 4	R0160	
Solvency capital requirement excluding capital add-on	R0200	2.741.792
Capital add-on already set	R0210	
Solvency capital requirement	R0220	2.741.792

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	

QRT Intesa Sanpaolo Vita: S.28.02.01

Annex I
S.28.02.01
Minimum Capital Requirement - Both life and non-life insurance activity

(in migliaia di euro)

		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	293	-

(in migliaia di euro)

		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	1	4	-	-
Income protection insurance and proportional reinsurance	R0030	1.815	652	-	-
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 reinsurance	R0070				
Fire and other damage to property insurance and proportional reinsurance	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				

(in migliaia di euro)

		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	-	2.615.371

(in migliaia di euro)

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP	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			70.060.553	
Obligations with profit participation - future discretionary benefits	R0220			2.827.199	
Index-linked and unit-linked insurance obligations	R0230			17.928.241	
Other life (re)insurance and health (re)insurance obligations	R0240			519.205	
Total capital at risk for all life (re)insurance obligations	R0250				48.205.266

Overall MCR calculation

		C0130
Linear MCR	R0300	2.615.664
SCR	R0310	2.741.792
MCR cap	R0320	1.233.806
MCR floor	R0330	685.448
Combined MCR	R0340	1.233.806
Absolute floor of the MCR	R0350	3.700
		C0130
Minimum Capital Requirement	R0400	1.233.806

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	293	2.615.371
Notional SCR excluding add-on (annual or latest calculation)	R0510	308	2.741.484
Notional MCR cap	R0520	138	1.233.668
Notional MCR floor	R0530	77	685.371
Notional Combined MCR	R0540	138	1.233.668
Absolute floor of the notional MCR	R0550	2.500	3.700
Notional MCR	R0560	2.500	1.233.668

QRT INTESA SANPAOLO ASSICURA S.P.A.

QRT Intesa Sanpaolo Assicura: S.02.01.02

Annex I
S.02.01.02
Balance sheet

(in migliaia di euro)

Assets		Solvency II value
		C0010
Goodwill	R0010	0
Deferred acquisition costs	R0020	0
Intangible assets	R0030	-
Deferred tax assets	R0040	25.278
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	301
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1.293.909
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	370
Equities - listed	R0110	370
Equities - unlisted	R0120	0
Bonds	R0130	703.122
Government Bonds	R0140	703.122
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	590.417
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	20.092
Non-life and health similar to non-life	R0280	20.092
Non-life excluding health	R0290	14.664
Health similar to non-life	R0300	5.427
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	106.522
Reinsurance receivables	R0370	3.740
Receivables (trade, not insurance)	R0380	35.787
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	20.946
Any other assets, not elsewhere shown	R0420	9.733
Total assets	R0500	**1.516.308**

(in migliaia di euro)

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	722.965
Technical provisions – non-life (excluding health)	R0520	436.069
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	409.174
Risk margin	R0550	26.895
Technical provisions - health (similar to non-life)	R0560	286.896
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	261.997
Risk margin	R0590	24.899
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	0
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	1.752
Pension benefit obligations	R0760	1.082
Deposits from reinsurers	R0770	868
Deferred tax liabilities	R0780	80.830
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	23.354
Reinsurance payables	R0830	20.952
Payables (trade, not insurance)	R0840	63.861
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	29.215
Total liabilities	**R0900**	**944.879**
Excess of assets over liabilities	**R1000**	**571.429**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(in migliaia di euro)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				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	13.922	260.113	-	85.993	14.715	248	126.369	58.451	22	10.508	12.190	88.376					670.908
Gross - Proportional reinsurance accept	R0120	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance ac	R0130																	-
Reinsurers' share	R0140	985	8.179	-	1.553	470	145	5.474	1.038	-108	9.467	3.102	2.289					32.594
Net	R0200	12.937	251.934	-	84.440	14.245	103	120.895	57.414	129	1.041	9.088	86.087					638.314
Premiums earned																		
Gross - Direct Business	R0210	11.002	201.225	-	82.381	14.664	81	92.874	50.806	1.678	8.259	10.826	73.361					547.157
Gross - Proportional reinsurance accept	R0220	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance ac	R0230																	-
Reinsurers' share	R0240	719	6.222	-	1.033	470	34	3.275	1.057	283	7.850	2.958	2.667					26.569
Net	R0300	10.283	195.003	-	81.348	14.194	47	89.599	49.749	1.395	409	7.868	70.693					520.588
Claims incurred																		
Gross - Direct Business	R0310	4.194	61.772	-	63.123	7.920	4	23.730	12.339	-281	450	2.026	2.659					177.936
Gross - Proportional reinsurance accept	R0320																	
Gross - Non-proportional reinsurance ac	R0330																	
Reinsurers' share	R0340	311	4.337	-	639	1.248	-	850	161	-94	292	1.565	299					9.608
Net	R0400	3.883	57.436	-	62.484	6.672	4	22.880	12.178	-187	158	461	2.360					168.328
Changes in other technical provisions																		
Gross - Direct Business	R0410	-282	-2.069	-	-	-	-	-548	-	-30	-	-	-					-2.928
Gross - Proportional reinsurance accept	R0420																	
Gross - Non- proportional reinsurance ac	R0430																	
Reinsurers'share	R0440																	
Net	R0500	-282	-2.069	-	-	-	-	-548	-	-30	-	-	-					-2.928
Expenses incurred	R0550	4.014	88.999	-	23.956	4.135	18	41.992	18.312	122	-200	5.717	31.698					218.762
Other expenses	R1200																	4.017
Total expenses	R1300																	222.780

Annex I
S.17.01.02
Non-life Technical Provisions

(in migliaia di euro)

		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**	-438	173.193		37.143	4.182	184	99.190	3.451	1.143	931	1.193	102.100					422.273
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	149	1.456		542	0	133	1.656	23	622	620	173	610					5.985
Net Best Estimate of Premium Provisions	**R0150**	-587	171.737		36.600	4.182	51	97.534	3.429	521	311	1.020	101.489					416.288
Claims provisions																		
Gross	**R0160**	3.636	85.606		82.347	2.075	62	29.028	23.854	2.701	3.914	1.163	14.514					248.899
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	155	3.667		1.328	527	0	973	689	1.546	3.378	869	974					14.107
Net Best Estimate of Claims Provisions	**R0250**	3.481	81.939		81.019	1.548	62	28.055	23.165	1.155	536	293	13.540					234.792
Total Best estimate - gross	**R0260**	3.198	258.799		119.490	6.257	246	128.218	27.305	3.844	4.845	2.356	116.613					671.172
Total Best estimate - net	**R0270**	2.894	253.676		117.620	5.730	113	125.589	26.593	1.676	847	1.313	115.029					651.080
Risk margin	**R0280**	1.118	23.781		3.279	293	19	10.635	2.450	105	34	237	9.843					51.793
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**	4.316	282.580		122.769	6.550	265	138.853	29.755	3.949	4.879	2.592	126.456					722.965
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	304	5.123		1.870	527	133	2.629	712	2.168	3.999	1.042	1.584					20.092
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	4.012	277.457		120.899	6.022	133	136.224	29.043	1.781	880	1.550	124.872					702.873

QRT Intesa Sanpaolo Assicura: 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)

(in migliaia di euro) *(in migliaia di euro)*

		Development year																		
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	11	12	13	14	15 & +		*(in migliaia di euro)* In Current year	*(in migliaia di euro)* 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	-	-
N-14	R0110	-	-	-	-	-	23	2	35	(1)	-	-	-	-		-	-	R0110	-	60
N-13	R0120	-	-	-		325	50	37	28	88	144	74	38		32			R0120	32	816
N-12	R0130	-	-		1.141	358	153	431	283	0	73	123	4	(3)				R0130	-3	2.562
N-11	R0140	-		3.099	747	430	202	125	157	35	52	-	(7)					R0140	-7	4.840
N-10	R0150		15.759	3.016	1.191	503	388	151	45	29	33	63						R0150	63	21.178
N-9	R0160	18.440	15.997	5.499	1.450	1.236	286	239	190	79	367							R0160	367	43.782
N-8	R0170	16.873	24.995	6.439	4.008	2.075	1.585	566	533	313								R0170	313	57.387
N-7	R0180	20.673	26.566	11.892	4.290	2.318	938	662	650									R0180	650	67.988
N-6	R0190	28.523	32.541	15.772	2.988	1.561	939	2.111										R0190	2.111	84.435
N-5	R0200	32.571	33.580	6.434	1.969	997	527											R0200	527	76.079
N-4	R0210	35.778	30.036	9.078	1.761	1.274												R0210	1.274	77.927
N-3	R0220	37.900	29.417	11.811	4.544													R0220	4.544	83.673
N-2	R0230	38.538	29.446	10.409														R0230	10.409	78.393
N-1	R0240	42.975	42.516															R0240	42.516	85.490
N	R0250	56.441																R0250	56.441	56.441
																		Total R0260	119.237	741.051

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

(in migliaia di euro) *(in migliaia di euro)*

		Development year																	*(in migliaia di euro)* Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +		
		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	-	-	-	-	-	-	-	-	-	128	51	34	10				R0130	
N-11	R0140	-	-	-	-	-	-	-	-	2.402	1.698	1.490	740					R0140	
N-10	R0150	-	-	-	-	-	-	-	745	577	350	186						R0150	
N-9	R0160	-	-	-	-	-	-	2.075	1.563	1.134	564							R0160	
N-8	R0170	-	-	-	-	-	7.583	4.993	2.509	1.274								R0170	
N-7	R0180	-	-	-	-	13.253	8.674	4.809	2.978									R0180	
N-6	R0190	-	-	-	16.242	12.447	7.601	3.654										R0190	
N-5	R0200	-	-	17.705	12.689	8.986	4.516											R0200	
N-4	R0210	-	25.121	12.028	8.612	4.604												R0210	
N-3	R0220	85.397	35.279	17.193	10.511													R0220	
N-2	R0230	88.146	34.290	19.209														R0230	
N-1	R0240	99.814	44.250															R0240	
N	R0250	154.773																R0250	
																		Total R0260	

QRT Intesa Sanpaolo Assicura: S.23.01.01

Annex I
S.23.01.01
Own funds

(in migliaia di euro)

		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	543.147	543.147			
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	571.060	571.060	-	-	-
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					

(in migliaia di euro)

		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	571.060	571.060	-	-	-
Total available own funds to meet the MCR	R0510	571.060	571.060	-	-	
Total eligible own funds to meet the SCR	R0540	571.060	571.060	-	-	-
Total eligible own funds to meet the MCR	R0550	571.060	571.060	-	-	
SCR	R0580	230.021				
MCR	R0600	103.509				
Ratio of Eligible own funds to SCR	R0620	248%				
Ratio of Eligible own funds to MCR	R0640	552%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	571.429
Own shares (held directly and indirectly)	R0710	370
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	543.147
Expected profits		-
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	45.929
Total Expected profits included in future premiums (EPIFP)	R0790	45.929

QRT Intesa Sanpaolo Assicura: S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(in migliaia di euro)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	55.206		
Counterparty default risk	R0020	27.276		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	165.857		
Non-life underwriting risk	R0050	176.716		
Diversification	R0060	-142.531		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	282.524		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	20.135
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-72.638
Capital requirement for business operated in accordance with Art. 4	R0160	0
Solvency capital requirement excluding capital add-on	R0200	230.021
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	230.021
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	

QRT Intesa Sanpaolo Assicura: 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

(in migliaia di euro)

		C0010
MCRNL Result	R0010	139.368

(in migliaia di euro)

		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	2.894	13.064
Income protection insurance and proportional reinsurance	R0030	253.676	251.934
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	117.620	84.440
Other motor insurance and proportional reinsurance	R0060	5.730	14.245
Marine, aviation and transport insurance and proportional reinsurance	R0070	113	103
Fire and other damage to property insurance and proportional reinsurance	R0080	125.589	120.895
General liability insurance and proportional reinsurance	R0090	26.593	57.414
Credit and suretyship insurance and proportional reinsurance	R0100	1.676	129
Legal expenses insurance and proportional reinsurance	R0110	847	1.041
Assistance and proportional reinsurance	R0120	1.313	8.962
Miscellaneous financial loss insurance and proportional reinsurance	R0130	115.029	86.087
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
MCR_L Result	R0200	

(in migliaia di euro)

		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

(in migliaia di euro)

		C0070
Linear MCR	R0300	139.368
SCR	R0310	230.021
MCR cap	R0320	103.509
MCR floor	R0330	57.505
Combined MCR	R0340	103.509
Absolute floor of the MCR	R0350	2.500
		C0070
Minimum Capital Requirement	R0400	103.509

QRT FIDEURAM VITA S.P.A.

QRT Fideuram Vita: S.02.01.02

Annex I
S.02.01.02
Balance sheet

(in migliaia di euro)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	141.492
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	11.059
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6.544.256
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	253
Equities	R0100	39.932
Equities - listed	R0110	39.932
Equities - unlisted	R0120	-
Bonds	R0130	5.947.636
Government Bonds	R0140	4.706.716
Corporate Bonds	R0150	1.057.740
Structured notes	R0160	180.460
Collateralised securities	R0170	2.721
Collective Investments Undertakings	R0180	556.360
Derivatives	R0190	75
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	28.050.770
Loans and mortgages	R0230	581
Loans on policies	R0240	581
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	1.283
Reinsurance receivables	R0370	825
Receivables (trade, not insurance)	R0380	572.071
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	341.928
Any other assets, not elsewhere shown	R0420	194.241
Total assets	**R0500**	**35.858.507**

(in migliaia di euro)

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	6.469.586
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	6.469.586
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	6.442.018
Risk margin	R0680	27.568
Technical provisions – index-linked and unit-linked	R0690	27.581.219
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	27.462.819
Risk margin	R0720	118.399
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	2.162
Pension benefit obligations	R0760	4.225
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	157.278
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	311.419
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	26.105
Subordinated liabilities	R0850	152.620
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	152.620
Any other liabilities, not elsewhere shown	R0880	292.662
Total liabilities	**R0900**	**34.997.275**
Excess of assets over liabilities	**R1000**	**861.231**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(in migliaia di euro)

		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	-	1.052.433	2.795.252	2.489	-	-	-	-	3.850.174
Reinsurers' share	R1420	-	270	-	235	-	-	-	-	505
Net	R1500	-	1.052.163	2.795.252	2.254	-	-	-	-	3.849.669
Premiums earned		-								
Gross	R1510	-	1.052.433	2.795.252	2.489	-	-	-	-	3.850.174
Reinsurers' share	R1520	-	270	-	235	-	-	-	-	505
Net	R1600	-	1.052.163	2.795.252	2.254	-	-	-	-	3.849.669
Claims incurred										
Gross	R1610	-	352.220	2.429.113	1.849	-	-	-	-	2.783.181
Reinsurers' share	R1620	-	468	-	407	-	-	-	-	875
Net	R1700	-	351.752	2.429.113	1.442	-	-	-	-	2.782.306
Changes in other technical provisions										
Gross	R1710	-	(806.405)	(3.126.843)	218	-	-	-	-	(3.933.029)
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	(806.405)	(3.126.843)	218	-	-	-	-	(3.933.029)
Expenses incurred	R1900	-	9.047	27.874	259	-	-	-	-	37.180
Other expenses	R2500									1.969
Total expenses	R2600									39.149

QRT Fideuram Vita: S.12.01.02

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(in migliaia di euro)

			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**	6.444.825		26.841.523	621.296		-	-2.807	-	-	33.904.837
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**	6.444.825		26.841.523	621.296		-	-2.807	-	-	33.904.837
Risk Margin	**R0100**	27.552	118.399			17			-	-	145.968
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-							-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions - total	**R0200**	6.472.377	27.581.219			-2.790			-	-	34.050.805

QRT Fideuram Vita: S.22.01.21

Annex I
S.22.01.21
Impact of long term guarantees and transitional measures

(in migliaia di euro)

		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	34.050.805	-	-	21.328	-
Basic own funds	R0020	1.012.810	-	-	-14.755	-
Eligible own funds to meet Solvency Capital Requirement	R0050	1.012.810	-	-	-14.755	-
Solvency Capital Requirement	R0090	466.093	-	-	8.229	-
Eligible own funds to meet Minimum Capital Requirement	R0100	902.139	-	-	-14.014	-
Minimum Capital Requirement	R0110	209.742	-	-	3.703	-

QRT Fideuram Vita: S.23.01.01

Annex I
S.23.01.01
Own funds

(in migliaia di euro)

		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	502.744	502.744			
Subordinated liabilities	R0140	152.620			152.620	
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	1.012.810	860.191		152.620	-
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	1.012.810	860.191		152.620	-
Total available own funds to meet the MCR	R0510	1.012.810	860.191		152.620	
Total eligible own funds to meet the SCR	R0540	1.012.810	860.191		152.620	-
Total eligible own funds to meet the MCR	R0550	902.139	860.191		41.948	
SCR	R0580	466.093				
MCR	R0600	209.742				
Ratio of Eligible own funds to SCR	R0620	217%				
Ratio of Eligible own funds to MCR	R0640	430%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	861.231
Own shares (held directly and indirectly)	R0710	1.041
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	502.744
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	141.211
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	141.211

QRT Fideuram Vita: S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(in migliaia di euro)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	283.519		
Counterparty default risk	R0020	14.609		
Life underwriting risk	R0030	284.746		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-128.789		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	454.084		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	52.841
Loss-absorbing capacity of technical provisions	R0140	-50.635
Loss-absorbing capacity of deferred taxes	R0150	-40.833
Capital requirement for business operated in accordance with Art. 4	R0160	
Solvency capital requirement excluding capital add-on	R0200	466.093
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	466.093
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	

QRT Fideuram Vita: 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

(in migliaia di euro)

		C0040
MCR_L Result	R0200	421.957

(in migliaia di euro)

		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	6.444.825	
Obligations with profit participation - future discretionary benefits	R0220	171.782	
Index-linked and unit-linked insurance obligations	R0230	27.462.819	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		273.161

Overall MCR calculation

(in migliaia di euro)

		C0070
Linear MCR	R0300	421.957
SCR	R0310	466.093
MCR cap	R0320	209.742
MCR floor	R0330	116.523
Combined MCR	R0340	209.742
Absolute floor of the MCR	R0350	3.700
		C0070
Minimum Capital Requirement	R0400	209.742

QRT INTESA SANPAOLO LIFE D.A.C.

QRT Intesa Sanpaolo Life: S.02.01.02

Annex I
S.02.01.02
Balance sheet

(in migliaia di euro)

Assets		Solvency II value
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	2.334
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	307.409
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	358
Equities - listed	R0110	358
Equities - unlisted	R0120	-
Bonds	R0130	172.361
Government Bonds	R0140	154.014
Corporate Bonds	R0150	18.346
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	134.690
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	37.255.649
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	13
Receivables (trade, not insurance)	R0380	671.557
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	68.959
Any other assets, not elsewhere shown	R0420	82
Total assets	**R0500**	**38.306.003**

(in migliaia di euro)

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	36.539.343
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	36.399.608
Risk margin	R0720	139.735
Other technical provisions	R0730	0
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	2.605
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	86.311
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	129.274
Reinsurance payables	R0830	12
Payables (trade, not insurance)	R0840	181.812
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	22.150
Total liabilities	**R0900**	**36.961.506**
Excess of assets over liabilities	**R1000**	**1.344.497**

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

(in migliaia di euro)

		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	-	-	4.913.813	-	-	-	-	-	4.913.813
Reinsurers' share	R1420	-	-	63	-	-	-	-	-	63
Net	R1500	-	-	4.913.751	-	-	-	-	-	4.913.751
Premiums earned										
Gross	R1510	-	-	4.913.813	-	-	-	-	-	4.913.813
Reinsurers' share	R1520	-	-	63	-	-	-	-	-	63
Net	R1600	-	-	4.913.751	-	-	-	-	-	4.913.751
Claims incurred										
Gross	R1610	-	-	2.853.354	-	-	-	-	-	2.853.354
Reinsurers' share	R1620	-	-	45	-	-	-	-	-	45
Net	R1700	-	-	2.853.309	-	-	-	-	-	2.853.309
Changes in other technical provisions										
Gross	R1710	-	-	-4.669.259	-	-	-	-	-	-4.669.259
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-4.669.259	-	-	-	-	-	-4.669.259
Expenses incurred	R1900	-	-	482.606	-	-	-	-	-	482.606
Other expenses	R2500									
Total expenses	R2600									482.606

QRT Intesa Sanpaolo Life: S.12.01.02

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

(in migliaia di euro)

			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**	-		36.399.608	-		-		36.399.608
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**	-		36.399.608	-		-		36.399.608
Risk Margin	**R0100**	-	139.735			-			139.735
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0110**	-	-			-			-
Best estimate	**R0120**	-							-
Risk margin	**R0130**	-	-			-			-
Technical provisions - total	**R0200**	-	36.539.343			-			36.539.343

QRT Intesa Sanpaolo Life: S.23.01.01

Annex I
S.23.01.01
Own funds

(in migliaia di euro)

		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	1.239.418	1.239.418			
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	1.344.497	1.344.497	-	-	-
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					

(in migliaia di euro)

		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	1.344.497	1.344.497	-	-	-
Total available own funds to meet the MCR	R0510	1.344.497	1.344.497	-	-	
Total eligible own funds to meet the SCR	R0540	1.344.497	1.344.497	-	-	-
Total eligible own funds to meet the MCR	R0550	1.344.497	1.344.497	-	-	
SCR	R0580	482.569				
MCR	R0600	217.156				
Ratio of Eligible own funds to SCR	R0620	279%				
Ratio of Eligible own funds to MCR	R0640	619%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1.344.497
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	1.239.418
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	-

QRT Intesa Sanpaolo Life: S.25.01.21

Annex I

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

(in migliaia di euro)

		Gross solvency capital	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	240.400		
Counterparty default risk	R0020	16.819		
Life underwriting risk	R0030	343.358		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-129.249		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	471.328		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	80.179
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-68.938
Capital requirement for business operated in accordance with Art. 4	R0160	
Solvency capital requirement excluding capital add-on	R0200	482.569
Capital add-on already set	R0210	
Solvency capital requirement	R0220	482.569

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	

QRT Intesa Sanpaolo Life: S.28.01.01

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

(in migliaia di euro)

		C0040
MCR_L Result	R0200	256.196

(in migliaia di euro)

		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	36.399.608	
Other life (re)insurance and health (re)insurance obligations	R0240	-	
Total capital at risk for all life (re)insurance obligations	R0250		1.997.495

Overall MCR calculation

(in migliaia di euro)

		C0070
Linear MCR	R0300	256.196
SCR	R0310	482.569
MCR cap	R0320	217.156
MCR floor	R0330	120.642
Combined MCR	R0340	217.156
Absolute floor of the MCR	R0350	3.700
		C0070
Minimum Capital Requirement	R0400	217.156

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.

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2019 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, 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 2019, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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 enough 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 2019 in accordance with 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 based on the International Financial Reporting Standards endorsed by the European Union. We audited those consolidated financial statements and issued our audit report thereon on 2 April 2020.

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 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 based on 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 enough 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, 1 July 2020

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2019, 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

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 Insurance Group included in the Group SFCR, as at 31 December 2019, 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, 1 July 2020

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 Vita S.p.A.

Opinion

We have audited the following parts of the 2019 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, 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 2019, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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 enough 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 2019 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 2 April 2020.

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 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 based on 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 enough 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, 1 July 2020

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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.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.25.01.21 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 2019, 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

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 2019, 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, 1 July 2020

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2019 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 2019, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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. 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 2019 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 27 February 2020.

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, 1st July 2020

KPMG S.p.A.

(signed on the original)

Andrea Azzali
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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.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. 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 2019, 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 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 2019, 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, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes.

Milan, 1st July 2020

KPMG S.p.A.

(signed on the original)

Andrea Azzali
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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
Fideuram Vita S.p.A.

Opinion

We have audited the following parts of the 2019 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 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 Fideuram 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 Fideuram Vita S.p.A. included in the Group SFCR, as at 31 December 2019, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

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 Fideuram 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 2019 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 27 February 2020.

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.05.01.01 Premiums, claims and expenses by line of business", "S.12.01.01 Life and Health SLT Technical Provisions", "S.22.01.01 Impact of long-term guarantees and transitional measures", "S.25.01.01 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 Fideuram 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.

Rome, 1 July 2020

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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.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 Formula" and "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" templates (the "SCR and MCR Templates") for Fideuram 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 2019, 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 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 SFCR of the Intesa Sanpaolo Vita Insurance Group, as at 31 December 2019, 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, 1 July 2020

KPMG S.p.A.

(signed on the original)

Benedetto Gamucci
Director of Audit