Solvency and Financial Condition Report
Intesa Sanpaolo Vita Insurance Group
December 31st, 2016

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

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Introduction

On 31 December 2016 the Intesa Sanpaolo Vita Insurance Group (the "Insurance Group" or the "Group") was formed of 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", collectively the "Companies") as well as Intesa Sanpaolo Smart Care S.r.l. ("Intesa Sanpaolo Smart Care"), whose mission is to develop and market hardware/software and online services with the aim of consolidating and extending the Non-Life and Life insurance lines.

This "Single Report on Solvency and Financial Condition of the Intesa Sanpaolo Vita Insurance Group" (the "Report") was prepared in accordance with:

- the provisions on public disclosures contained in Articles 290 - 303 of Title I, Chapter XII of Delegated Regulation no. 35/2015 of the European Commission, of 10 October 2014, which supplements Directive No. 138/2009 of the European Parliament 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;
- IVASS Regulation No. 33/2016, concerning public disclosure and reporting to IVASS, which contains supplementary provisions regarding the content of the Solvency and Financial Condition Report and the Regular Supervisory Report to IVASS ("Regular Supervisory Report").

This Report is accompanied by the reports of the auditing firm engaged by Intesa Sanpaolo Vita in the auditing for Section D "Information on valuation for solvency purposes" and sub-section E.1 "Own Funds", according to the provisions of Article 47f(7) of the Code of Private Insurance, and in accordance with the IVASS Letter to the Market of 07 December 2016.

It should be noted that:

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

Therefore the amounts taken from the Group Financial Statements and from those of the Group Companies, as shown in this document, follow the above-mentioned accounting standards.

This Report was approved by the Board of Directors of Intesa Sanpaolo Vita on 22 June 2017 as required by Article 47i of the Private Insurance Code.

Summary of contents

During the financial year 2016, the Intesa Sanpaolo Vita Group pursued the objectives set out in the Business Plan of the Intesa Sanpaolo Group, with measures aimed at enhancing efficiency, restructuring costs, and achieving greater commercial penetration.

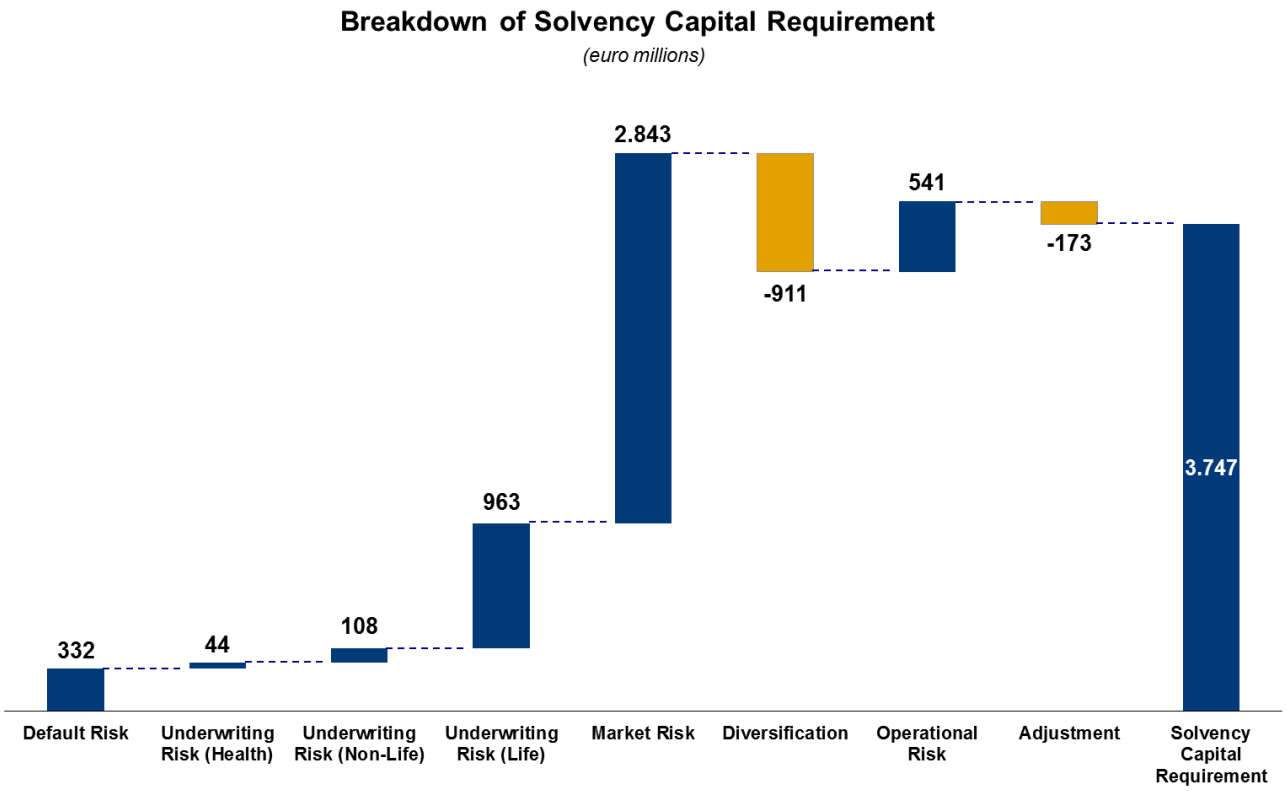
Section A of this document illustrates the activities and the results achieved by the Group, and by each company. It provides the quantitative information provided for in the reference Solvency regulations, and where possible links the aggregate values to the corresponding income statement values on each Local financial report.

The Group's governance system is proportionate to the nature, scope and complexity of the activities of the Group Companies and to their risk profile, as illustrated in more detail in Section B.

The Group has a risk management system tailored to each insurance company, as described in Section C. The risk management system is formalised through internal regulation policies issued by each company according to the guidelines of the Insurance Parent Company, (Article 30a of the Code of Private Insurance).

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.

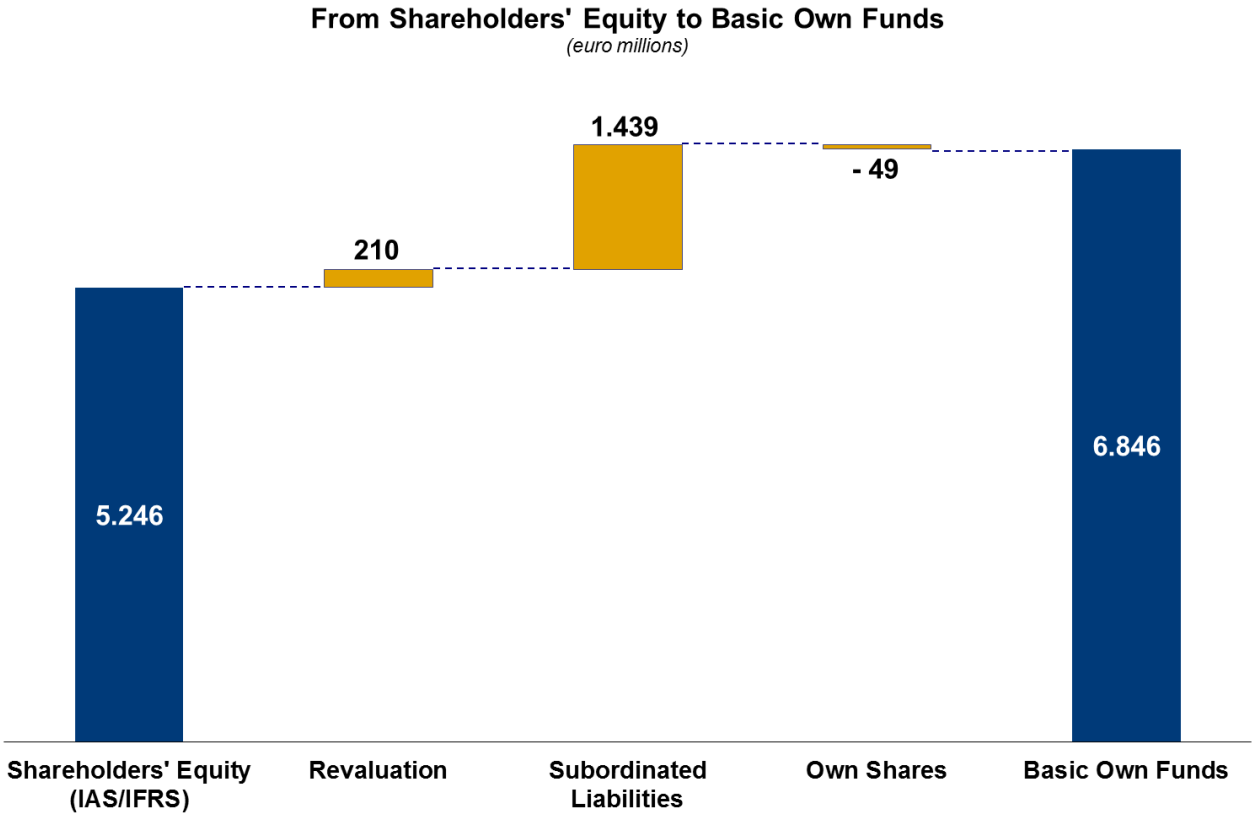
With reference to the risks measured for the purposes of quantifying the regulatory capital requirements, below is an indication of the contribution made by each risk to the solvency capital requirement.



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

To determine the own funds eligible to cover the solvency capital requirement, each company is required to prepare its own report on its financial situation for solvency purposes (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 the solvency ratio of the group and of the individual insurance companies.

Below is a representation of the own funds of the Insurance Group compared to the net assets of the Consolidated Financial Statements of the Intesa Sanpaolo Vita Insurance Group on 31 December 2016.

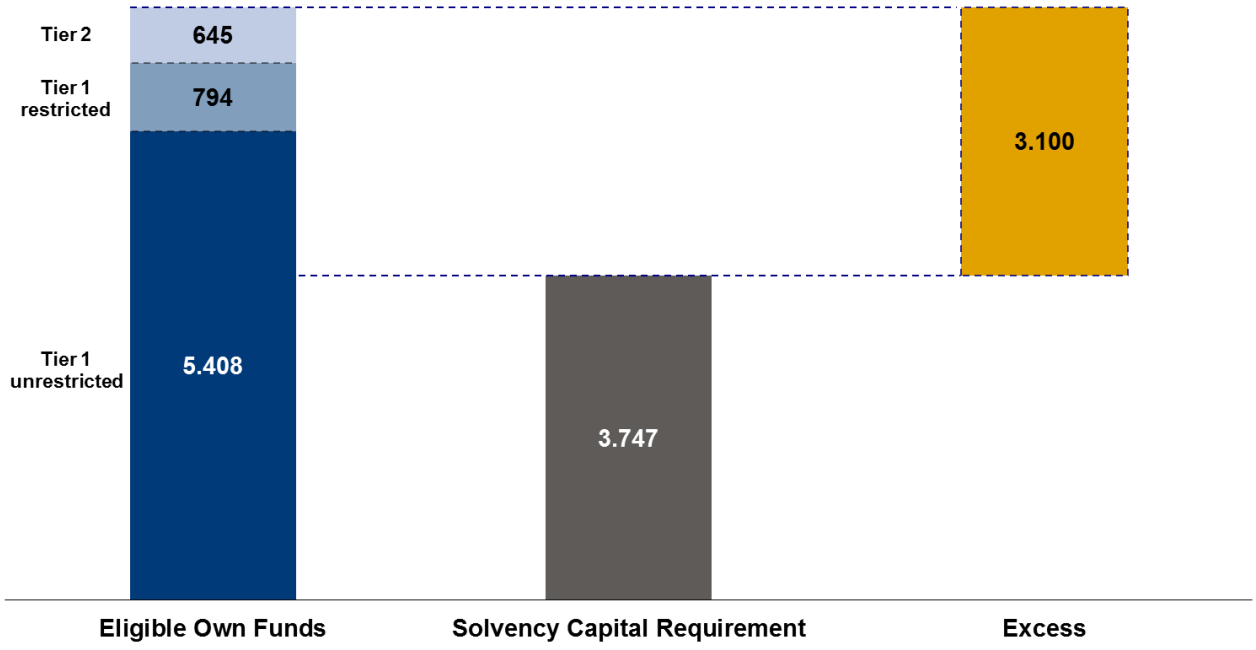


Section E, Capital Management, focuses on representing the solvency position of the Intesa Sanpaolo Vita Insurance Group, and of each company in the consolidation area.

Below is a comparison between the own funds and the Solvency Capital Requirement of the Intesa Sanpaolo Vita Insurance Group on 31 December 2016, with a summary of the key Solvency II indicators for each insurance company and for the insurance group as a whole.

Comparison between Own Funds and Solvency Capital Requirement

(euro millions)



(euro thousands)

		Intesa Sanpaolo Vita	Intesa Sanpaolo Assicura	Fideuram Vita	Intesa Sanpaolo Life	Intesa Sanpaolo Vita Insurance Group
A.	Solvency Capital Requirement (SCR)	3.258.447	144.277	454.704	249.964	3.746.843
B.	Minimum Capital Requirement (MCR)	1.466.301	64.924	204.617	112.484	1.848.326
C.	Eligible Own Funds to meet the SCR	6.039.706	268.156	796.629	911.783	6.846.409
D.	Eligible Own Funds to meet the MCR	5.783.830	268.156	741.589	911.783	6.571.078
C. / A.	Ratio Eligible Own Funds on SCR	185%	186%	175%	365%	183%
D. / B.	Ratio Eligible Own Funds on MCR	394%	413%	362%	811%	356%

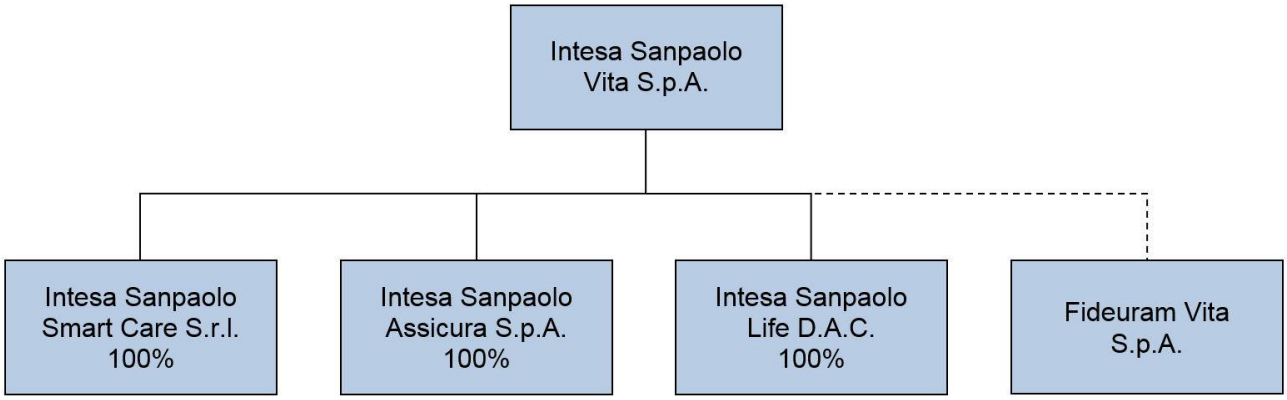
A. Activities and results

A.1 Activities

A.1 Activities - Intesa Sanpaolo Vita Insurance Group

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

The Group structure is represented below:



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

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

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

The Group operates in the Life and Pensions insurance sector, in which it is a leader on the Italian market. It also operates in the Non-life segment, through Intesa Sanpaolo Assicura. The production data for 2016, compared against the previous year, are given below.

(euro millions)

Operating data	31/12/2016	31/12/2015	Change	
Life gross production	23.933,0	27.524,1	-3.591,2	-13,0%
Premiums related to traditional products	7.531,8	11.669,4	-4.137,6	-35,5%
Premiums related to Index-linked and unit-linked products	15.754,7	15.331,9	422,8	2,8%
Gross collection related to pension products	646,5	522,9	123,6	23,6%
Non-Life premiums	393,8	285,9	107,9	37,7%
Life new production	23.650,6	27.206,9	-3.556,3	-13,1%
Life payments	-14.072,2	-15.244,1	1.171,9	-7,7%
Life net production	9.860,7	12.280,0	-2.419,3	-19,7%

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

Through Fideuram Vita S.p.A., the Group also relies on a network of more than 5500 financial advisers and private bankers located in every major Italian city and region, belonging to Fideuram S.p.A., Sanpaolo Invest Sim and Intesa Sanpaolo Private Banking.

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

On 31 December 2016, the consolidated accounts of the Intesa Sanpaolo Vita Insurance Group showed a net profit of 691.1 million euro compared to 658.7 million euro for the previous year, an increase of 4.9%.

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

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

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

- carries out intragroup operations in accordance with the principles of sound and prudent management, and does not carry out any operation that could adversely affect the solvency of the group or of the companies involved, or that could cause harm to 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 (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 annually to IVASS, via the Italian parent company, on significant intergroup operations, highly significant operations and those to be reported in all circumstances (monthly, as promptly as possible) (Section IV).

A.1 Activities - Intesa Sanpaolo Vita S.p.A.

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

For a graphic representation of Intesa Sanpaolo Vita's position within the Insurance Group, referred 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 Parent Company of the Intesa Sanpaolo Banking Group.

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

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

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

The company operates in the following areas of activity:

A. Non-life insurance obligations
- "Medical costs insurance";
- "Income protection insurance".

D. Life insurance obligations
- "Insurance with profit participation";
- "Index-linked and unit-linked insurance";
- "Other life insurance", which are risk-only policies.

During 2016, the main events affecting the Company were the following:

- the company has continued to consolidate the strategic decisions made in 2015, aimed at rebalancing the collection of premiums between LoB I and LoB III, by suspending the collection of pure LoB I policies and focusing on the marketing of multi-line policies through retail and private channels;
- During 2016, the strategic lines followed by Intesa Sanpaolo Vita, which apply to the whole perimeter of the Insurance Group, focused on the following aspects:
    - encouraging customer-focused product innovation, in accordance with the new legislative and regulatory framework;
    - guaranteeing adequate levels of capitalisation for the Insurance Group companies and therefore paying particular attention to compliance with the requirements of the Solvency II regulations which came into force on 1 January 2016;
    - favour continuous monitoring, control and management by developing an adequate corporate culture for the complete control of risks;
    - invest in human resources, by favouring measures to promote dialogue and incentivise team working, partly by introducing projects to encourage innovation and talent promotion;
    - optimise the financial control of Asset and Liability Management;
    - control expenditure, with particular attention on Cost Management.

These strategic lines led to the excellent results that were achieved during the year, in line with the indications of the 2014-2017 Business Plan of the Intesa Sanpaolo Group. Therefore, during 2016, Intesa Sanpaolo Vita:

- consolidated its prominent position on the national Life insurance market;
- further reduced the cost of premium collection and portfolio coverage compared to previous years, thanks to specific product approaches such as the introduction of multi-line policies, and by keeping a strong focus on Linked products;
- continued to implement a policy of reducing risks and consolidating the system of internal controls.

From a commercial point of view, 2016 saw a reduction in the collection of premiums compared to 2015, but highlighted a different type of output, mainly in the Life segment. The products highlighted are the multi-line and pensions business. Gross inflows for the year, of just over 10 billion euro, were down on the almost 15 billion the previous year.

In terms of the retail network, the contribution by the Regional Banks Division of Intesa Sanpaolo corresponded to 71% of the total, with a reduction of 40% compared to the previous year. Meanwhile the Private Banking Division increased its inflows by 20%, compared to 2015. Bank branches that are not part of the Intesa Sanpaolo Group made a contribution of 1% to global inflows.

Payouts, inclusive of liquidation costs, amounted to 8.234 million euro (net of the sums to be paid), which is a reduction of 18% on the previous year. The percentage attributed to the Regional Banks Division accounts for 89% of the entire amount, while the share of the Private Banking Division represents just under 8%. The share of the financial advisers of the Banca Fideuram and Sanpaolo Invest networks accounts for 0.1%, and liquidations attributed to the non-Intesa Sanpaolo Group Banks represent 3% of the total.

With reference to the Non-life classes, the portfolio is closed to new production and indicates premiums for the year of 1.3 million euro compared to 1.4 million euro for 2015. The contribution made by claims, on the income statement, equates to costs of 0.2 million euro, which is an increase compared to the 0.19 million euro of net income, recorded in the previous year.

The economic effects of the increase in technical provisions gross of reinsurance and net of the change in the provision for payouts highlight a negative profit contribution totalling 3.274 million euro. This highlights an increase in the provision for Separate Management products of 917 million euro, and an increase of 2.227 million euro in the provisions for UCITS-linked policies.

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

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

- In August 2016 Intesa Sanpaolo Vita paid a dividend of 504 million euro, as provided for in the resolution passed by the Meeting of Shareholders on 30 August 2016;
- The contract sale and purchase of 6 listed and unlisted stocks to a counterparty of the Intesa Group for a total of 459 million euro;
- A derivatives contract was signed, with the counterparty being a bank in the Intesa Group, with a notional value of 19 million euro.

A.1 Activities - Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura S.p.A. - Company operating in the Non-life insurance business.

Share capital: euro 27,912,000.
Head office and General Management in Turin, Corso Inghilterra 3. Administration offices in Turin, Corso Inghilterra 3, and in Milan, Viale Stelvio 55/57.
Tax Identification number and Turin Companies Register number: 06995220016.
Number of registration on the Register of insurance and reinsurance companies: 1.00125.

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

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

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

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

Intesa Sanpaolo Assicura operates nationally, mainly through the bank branches of the Intesa Sanpaolo Group, to retail its Home and Family, Motor, Business, Health, Finance, Lifestyle and Cards products. For the retail of the Finance and Business (Creditor Protection) and Motor policies, in 2016 the company relied on the Intesa Sanpaolo Group banks, and the retail network Accedo (formerly Intesa Sanpaolo Personal Finance). The subsidiary also relies on the financial advice network of the Fideuram Group - Intesa Sanpaolo Private Banking, for the retail of the Fideuram Health policy, and also has management-only agreements with extracaptive banks.

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

A. 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 2016. During the year 2016, there was a growth in the collection of premiums and in the related performance indicators. Risk parameters were at the top level of the sector, in line with the growth plan. Intesa Sanpaolo Assicura carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions. The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2016 were the following:

- Outsourcing contracts were signed for services rendered by the Insurance Group Parent, totalling 4,729 euro thousands;
- Taking out of a collective policy by Intesa Sanpaolo S.p.A. with a premium of 2,200 euro thousands.

A.1 Activities – Fideuram Vita S.p.A.

Fideuram Vita S.p.A. - Company operating in the Life insurance business.
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.

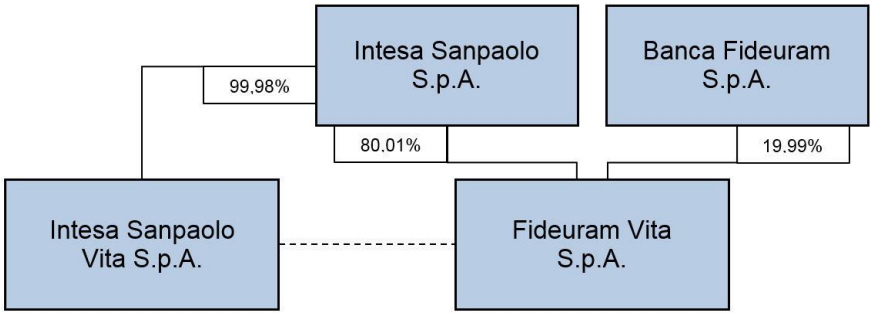
Fideuram Vita is owned as to 80.01% by Intesa Sanpaolo S.p.A. and as to 19.99% by FIDEURAM - Intesa Sanpaolo Private Banking S.p.A. Both are headquartered in Turin, Piazza San Carlo 156. The secondary office of Intesa Sanpaolo S.p.A. is in Milan, Via Monte di Pietà 8. The secondary office of Banca Fideuram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

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

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



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

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

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

D. Life insurance obligations

- "Insurance with profit participation";
- "Index-linked and unit-linked insurance";
- "Other life insurance".

During 2016 there were no significant events that impacted the business of Fideuram Vita. It ended the year 2016 with a positive net result of 58.1 million (based on Local accounting standards). This result was achieved in a context of heightened volatility on the financial markets, with a prevalently negative mood for much of the year, which has affected the results of financial management and the trend in production. Despite the slowdown in receipts compared to the previous year, technical insurance operations have continued to benefit from the steady growth in net commissions from Class D investments.

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

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

- The contract sale and purchase of 45 listed and unlisted stocks with a counterparty from the Intesa Group totalling 572 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 475 million euro;
- The signing of commission agreements with an Intesa Group bank, for new policies launched in 2016, with the total payments amounting to 114 million euro.

A.1 Activities – Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life D.A.C. - Company operating in the Life insurance business.
Share capital: euro 634,869.
Head office in Dublin, 1st Floor, International House, 3 Harbourmaster Place, IFSC - Dublin D01 K8F1.
Irish Companies Register number 284248.

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

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

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

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

The business of Intesa Sanpaolo Life is mainly focused on the retail of Unit Linked policies in Italy. However, the company does intend to extend its retail operations to other European countries.

The company's sole area of activity is:

D. Life insurance obligations

- "Index-linked and unit-linked insurance".

During 2016, the main events affecting the Company were the following:

In February 2016, the subsidiary Intesa Sanpaolo Life launched "ExclusiveInsurance", a new investment product that gives clients access to a wide and varied selection of financial solutions chosen from a panel of 50 funds pre-selected by Intesa Sanpaolo Life and included in the "best in class" for their category (Equity, Fixed Income, Balanced and Flexible).

During the year, Intesa Sanpaolo Life collected premiums of 9 billion euro, with a concentration on unit linked policies. This was against early exits of 2.5 billion.

The principal factors behind the excellent results achieved in 2016 include a series of policies designed to meet the needs of customers, and the availability of an extensive network of agencies and branches within the Intesa Sanpaolo Group.

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. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

In October 2016, the company paid out a dividend of 40 million euro.

A.2 Underwriting results

A.2 Underwriting results - Intesa Sanpaolo Vita Insurance Group

The underwriting results by line of business are detailed below.

- Gross output for the year amounted to 24,300 million euro, of which only 400 relates to the Non-life sector. Of the Life premiums, the largest portion relates to policies linked to investment funds, equal to 16.3 billion euro - this accounts for almost 70% of the entire amount;
- The claims portion, of just over 14 billion euro, is up slightly on last year and mainly related to the Life business (99%). 46% is linked to unit linked products, 53% to policies under separate management, with the remaining 1% from other Life or Non-life policies;
- The change in other technical provisions (approximately - 11.5 billion euro) highlights the increase in the volumes managed by the Insurance Group, which amounted to more than 147 billion euro on 31 December 2016.
- The total costs of the Insurance Group amounted to 850 million euro, less than in the past. This is in line with the Group's cost control policy. These costs include the agents' commission.

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

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Insurance with profit participation	7.265.566,7	-7.446.347,5	-1.208.913,0	-203.533,8	-5.259,8	**-2.204.829,0**
Index-linked and unit-linked insurance	16.341.230,2	-6.470.296,6	-10.343.523,0	-389.069,7		
Other life insurance	324.735,1	-17.868,2	53.490,6	-105.040,0		
Total amount	**23.931.532,0**	**-13.934.512,3**	**-11.498.945,4**	**-697.643,6**		

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Medical expense insurance	6.285,5	-3.998,5	-490,5	-955,9	-2.689,2	**160.267,1**
Income protection insurance	124.943,4	-11.329,7	19,1	-51.645,2		
Motor vehicle liability insurance	69.439,7	-42.388,4	-	-13.697,3		
Other motor insurance	10.294,3	-5.167,5	-45,9	-3.406,4		
Marine, aviation and transport insurance	2,4	-	-	-0,7		
Fire and other damage to property insurance	73.307,3	-4.741,2	-69,0	-32.049,7		
General liability insurance	18.410,2	-2.750,5	-	-5.735,9		
Credit and suretyship insurance	60,4	-3.121,0	-	-203,6		
Legal expenses insurance	202,8	-637,4	-	-747,1		
Assistance	2.751,5	-595,2	-	-1.391,4		
Miscellaneous financial loss	81.748,0	-6.674,3	-	-32.666,0		
Total amount	**387.445,4**	**-81.403,5**	**-586,3**	**-142.499,2**		

The rest of this Section contains the underwriting results of each company, as indicated in each QRT S.05.01, as well as the underwriting results re-presented to provide a comparison with the Local reports.

A.2 Underwriting results – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita ended 2016 with a net business profit of more than 722 million euro compared to the profit of 449 million euro obtained in 2015.

This result was achieved in an economic context that is not particularly favourable either at national or international level. The company's non-permanent investments, which were under valuation on the closing date, generated net write-backs of 57.8 million euro compared to those recorded in the previous year, of 261 million.

The net profits from investments brought in more than 345 million euro compared to the 476 million euro for the previous year.

Apart from the increase in financial income, the balance sheet for 2016 shows a reduction in the costs of the sales network, which was mainly due to a reduction in the collections for the year. New premiums amounted to 10,437.9 million euro, a reduction of 31% compared to the previous year. However, contrary to the trend, the number of life policies on 31 December 2016 had increased by 3,088,535, up by 3% on the previous year. This highlights a reduction in the average premium.

Claims-related costs also fell during the year, standing at 8,243, down by 19% on 2015.

The macroeconomic context in which this result was achieved is characterised by two factors:

1. The continuous reduction in interest rates, which reflects the extension of the European Central Bank's monetary policy measures;
2. The widening of differentials between the yields of the German bonds which was accentuated in the first few months of 2016, following two major geopolitical events on the European market: Brexit in June and the Italian referendum in December.

In this context, the company has continued to consolidate the strategic decisions made in 2015, aimed at rebalancing the premium collection between LoB I and LoB III, by suspending the collection of pure LoB I policies and focusing on the marketing of multi-line policies through retail and private channels.

During 2016, the strategic lines followed by Intesa Sanpaolo Vita, which apply to the whole perimeter of the Insurance category, focused on the following aspects:

- encouraging customer-focused product innovation, in accordance with the new legislative and regulatory framework;
- guaranteeing adequate levels of capitalisation for the Insurance Group companies and therefore paying particular attention to compliance with the requirements of the Solvency II regulations which came into force on 1 January 2016;
- favour continuous monitoring, control and management by developing an adequate corporate culture for the complete control of risks;
- invest in human resources, by favouring measures to promote dialogue and incentivise team working, partly by introducing projects to encourage innovation and talent promotion;
- optimise the financial control of Asset and Liability Management;
- control expenditure, with particular attention on Cost Management.

These strategic lines led to the excellent results that were achieved during the year, in line with the indications of the 2014-2017 Business Plan of the Intesa Sanpaolo Group. Therefore, during 2016, Intesa Sanpaolo Vita:

- consolidated its prominent position on the national Life insurance market;
- further reduced the cost of premium collection compared to previous years, together with the portfolio cover levels thanks to specific product initiatives such as the introduction of multi-line policies, and by keeping a strong focus on Linked policies;
- continued to implement a policy of reducing risks and consolidating the system of internal controls.

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

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Insurance with profit participation	6.867.705,8	-7.169.195,9	-916.812,7	-196.311,8	-3.686,4	**-1.449.450,9**
Index-linked and unit-linked insurance	3.245.389,7	-1.048.426,0	-2.226.639,0	-71.720,4		
Other life insurance	322.973,3	-17.230,7	-130.754,7	-104.742,0		
Total amount	**10.436.068,9**	**-8.234.852,7**	**-3.274.206,4**	**-372.774,2**		

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Medical expense insurance	6,6	-	-0,1	-1,2	-	**549,0**
Income protection insurance	1.232,7	-209,0	19,6	-499,6		
Total amount	**1.239,3**	**-209,0**	**19,5**	**-500,8**		

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)

	Amount
Net premiums	10.437.308
Claims incurred	-8.235.062
Changes in technical provisions	-3.274.187
Expenses	-376.961
Underwriting performance (QRT S.05.01)	**-1.448.902**

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

(euro thousands)

	Amount
Net premiums	10.437.308
Claims incurred	-8.235.062
Changes in technical provisions	-3.274.187
Underwriting expenses	-238.455
Claims management expenses	*-3.952*
Acquisition expenses	*-234.502*
Technical interest	1.364.781
Underwriting performance	**54.386**

This is a summary of the company's economic performance:

(euro thousands)

Overall performance	Amount
Underwriting performance	54.386
Investment performance	1.272.253
Overhead and administrative expenses	-87.764
Performance of other activities	-65.274
Other P&L items	-114.733
Taxes	-336.618
Net result	**722.250**

A.2 Underwriting results – Intesa Sanpaolo Assicura S.p.A.

2016 highlighted a substantial increase in total premiums, which amounted to 392.5 million euro, an increase of 38% compared to the final figure for 2015 (284.5 million euro). Premiums for the period amounted to 299.4 million euro, an increase of 21% compared to 2015.

The main reasons for this increase relate principally to the excellent results for credit protection policies (+79.5% compared to the previous year), which was correlated to the upturn in the real estate and mortgages market, and to the Home and family policies (up by 29.2% on the previous year). The Motor segment showed a slight downturn in receipts; in particular the "Viaggia con Me" travel policy achieved total premiums of 90.5 million euro in 2016, compared to 91.6 million in 2015.

Claims-related costs net of recoveries and the effects of reinsurance rose from 92.2 million euro in 2015 to 95.0 million euro, an increase on the previous year. Despite this increase in claims-related costs, 2016 showed an improvement in the ratio of claims to premiums for the period, net of the reinsurance effects. The new figure is 31.7% compared to 37.2% for 2015.

Operating costs including purchase commission amounted to 126.6 million euro, an increase of approximately 27.6% on the previous year (99.2 million euro) due to the increase in the commission load which is correlated to the increase in volumes. Purchase costs amounted to 97.1 million, an increase of 42.7% compared to 2015, correlated to the increasing volumes and the different portfolio mix which led to the marketing of policies with higher commission rates.

The technical management result was positive at 59.0 million euro (37.4 million euro on 31 December 2015) with a combined ratio of the technical account net of reinsurance of 65% (compared to 72% in 2015).

With regard to financial management, investments on 31 December 2016 including cash assets amounted to 817.2 million euro (678.4 million euro in the previous year).

The financial management result was positive, at 24.6 million euro, and this was mainly thanks to the ordinary income from fixed income stocks and the positive balance of gains/losses from disposals, of 16.9 million euro.

The profit for the year net of taxes amounted to 44 million euro, which was an increase of 49.6% on 2015.

With regard to the reinsurance policy, 2016 showed that there was a slight decrease in total premiums assigned (6,238 euro thousands compared to 6,447 euro thousands during the course of the previous year), accounting for 1.6% of gross booked premiums (2.3% in the previous year). On 31 December 2016 there was a cost of 4,893 euro thousands, of which 3,275 was attributable to proportional arrangements and 1,636 to claim excess agreements.

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

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Medical expense insurance	6.177,3	-3.998,5	-490,3	-954,7	-2.689,2	**72.955,3**
Income protection insurance	76.767,1	-11.120,7	-0,6	-51.145,6		
Motor vehicle liability insurance	71.395,0	-42.388,4	-	-13.697,3		
Other motor insurance	10.792,6	-5.167,5	-45,9	-3.406,4		
Marine, aviation and transport insurance	2,1	-	-	-0,7		
Fire and other damage to property insurance	51.615,5	-4.741,2	-69,0	-32.049,7		
General liability insurance	18.111,1	-2.750,5	-	-5.735,9		
Credit and suretyship insurance	925,0	-3.121,0	-	-203,6		
Legal expenses insurance	149,8	-637,4	-	-747,1		
Assistance	2.704,7	-595,2	-	-1.391,4		
Miscellaneous financial loss	60.803,2	-6.674,3	-	-32.666,0		
Total amount	**299.443,3**	**-81.194,5**	**-605,8**	**-141.998,5**		

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)

	Amount
Net premiums	299.443
Claims incurred	-81.195
Changes in technical provisions	-606
Expenses	-144.688
Underwriting performance (QRT S.05.01)	**72.955**

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

(euro thousands)

	Amount
Net premiums	299.443
Claims incurred	-81.195
Changes in technical provisions	-606
Underwriting expense	-116.286
Claims management expenses	*-12.140*
Acquisition expenses	*-104.146*
Underwriting performance	**101.357**

This is a summary of the company's economic performance:

(euro thousands)

Overall performance	**Amount**
Underwriting performance	101.357
Investment performance	24.180
Overhead and administrative expenses	-28.022
Performance of other activities	-118
Other technical income and expense	-31.927
Other P&L items	79
Taxes	-21.502
Net result	**44.047**

A.2 Underwriting results – Fideuram Vita S.p.A.

2016 saw net premiums for the period of 4,510 million euro, which was a significant decrease compared to the previous year (-31%). This was mainly attributable to the Unit Linked Line of business (-35%), whereas for the separate management LoB, the company saw total growth of +31.8%. The ratio of unit linked premiums includes the quota of retirement income products, specifically pension funds, which accounted for 91% of the total net inflows.

The net claims-related costs saw an increase of 28% on 2015, which was mainly due to the Unit Linked LoB, against a reduction in payments related to LoB I policies, both those under separate management and pure-risk products. The growth compared to the previous year can be explained by the higher redemption payments (+43.2%), claims (+32.5%) and annuities (+8.4%); conversely there was a reduction in payments on maturity (-22.3%).

The change in other technical provisions saw a significant decrease compared to 2015, which was mainly due to a reduction in inflows.

Costs amounted to 39 million euro and mainly impact the unit linked policies.

The total result amounts to -399 million euro. This was partly influenced by the balance of technical interest, which was excluded from the underwriting result. This amounts to 368 million euro. After that component is excluded, the negative result falls to -31 million euro.

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

(euro thousands)

Line of Business	Premiums earned	Claims incurred	Changes in other technical provisions	Expenses incurred	Other expenses	Total underwriting performance
Insurance with profit participation	397.860,9	-277.151,5	-206.350,9	-7.222,0	-1.573,3	**-398.571,7**
Index-linked and unit-linked insurance	4.109.933,9	-2.973.974,5	-1.411.105,5	-29.730,9		
Other life insurance	1.761,8	-637,4	-84,1	-298,1		
Total amount	**4.509.556,6**	**-3.251.763,5**	**-1.617.540,5**	**-37.251,0**		

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)

	Amount
Net premiums	4.509.557
Claims incurred	-3.251.763
Changes in technical provisions	-1.617.540
Expenses	-38.824
Underwriting performance (QRT S.05.01)	**-398.572**

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

(euro thousands)

	Amount
Net premiums	4.509.557
Claims incurred	-3.251.763
Changes in technical provisions	-1.617.540
Underwriting expense	-10.218
Claims management expenses	*-2.147*
Acquisition expenses	*-8.071*
Technical interest	367.539
Underwriting performance	**-2.427**

This is a summary of the company's economic performance:

(euro thousands)

Overall performance	Amount
Underwriting performance	-2.427
Investment performance	503.518
Overhead and administrative expenses	-23.320
Performance of other activities	67.995
Other P&L items	-462.598
Taxes	-25.068
Net result	**58.100**

A.2 Underwriting results – Intesa Sanpaolo Life D.A.C.

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

During the year, the company recognised premiums receipts of almost 9 billion euro. Conversely, liquidations, mainly from redemptions, amounted to 2.5 billion euro of which 1.7 came from redemptions, 0.4 from claims and the rest from maturities or other types of liquidation.

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 performance
Index-linked and unit-linked insurance	8.985.973,7	-2.447.896,1	770,5	-287.618,4	-	6.251.229,6

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).

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

(euro thousands)

Overall performance	**Amount**
Premium collection	8.985.974
Payments to policyholders	2.447.920
Policyholders assets	26.544.206
Net fund margin	195.894
Net deferred income	-88.826
Net claims related income	421
Sundry	48
Underwriting performance	**107.537**

A.3 Investment results

A.3 Investment results - Intesa Sanpaolo Vita Insurance Group

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

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

(euro thousands)

Asset Class	Amount
Real estate investments	22.881
Loans and receivables	9.999
Financial assets available-for-sale	2.570.018
Financial assets held-for-trading	20.600
Financial assets designated at fair value through profit or loss	674.758
Cash and cash equivalents	1.129
Financial liabilities held-for-trading	-93.736
Financial liabilities designated at fair value through profit or loss	-536.108
Other financial liabilities	-75.060
Total investiments	**2.594.481**

Financial management closed with a balance of investment income, net of capital and financial charges, of 2.594 million euro.
With regard to the positioning in terms of asset allocation, there has been continuity compared to the end of the previous year, with a gradual increase in diversification particularly in the Corporate segment, with an extension of the duration of portfolios linked to policies with participation in Group profits.

On 31 December 2016 the Insurance Parent Company held investments in securitisations with a value of 7 million euro. The other Group companies do not hold investments in securitisations.

A.3 Investment results – Intesa Sanpaolo Vita S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Vita are illustrated in the following table. The business classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

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	Amount
Shareholder return	
Government bonds	1.802.497
Corporate bonds	397.258
Equity	100.612
Investment funds Collective Investment Undertakings	231.052
Structured notes	133.617
Derivatives	-59.418
Other investments	380
Total investments (Shareholder return)	**2.605.998**
Policyholder return	
Government bonds	22.425
Corporate bonds	1.785
Equity	43.596
Investment funds Collective Investment Undertakings	177.553
Structured notes	292
Derivatives	-16.167
Other investments	-147.706
Total investiments (Policyholder return)	**81.778**
Total investiments	**2.687.777**

Financial management closed with a balance of investment income net of capital and financial charges of 2.688 million euro.
With regard to the positioning in terms of asset allocation, there has been continuity compared to the end of the previous year, with a gradual increase in diversification particularly in the Corporate segment, with an extension of the duration of portfolios linked to policies with participation in Group profits.

Intesa Sanpaolo Vita holds investments in securitisations, relating to three securitised assets, which on 31 December 2016 had a market value of 7 million euro.

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

(euro thousands)

	Amount
Investment income and expense	2.687.777
Investment management expense	-50.743
Technical interest	-1.364.781
Investment performance	**1.272.253**

A.3 Investment results – Intesa Sanpaolo Assicura S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Assicura are illustrated in the following table. The business classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

(euro thousands)

Asset Class	Amount
Government bonds	17.272
Corporate bonds	691
Equity	2.546
Investment funds Collective Investment Undertakings	1.746
Structured notes	2.577
Derivatives	-
Other investments	-272
Total investiments	**24.560**

Financial management closed with a balance of investment income net of capital and financial charges of 25 million euro.
Intesa Sanpaolo Assicura does not hold any investments in securitisations.

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

(euro thousands)

	Amount
Investment income and expense	24.560
Investment management expense	-379
Investment performance	**24.180**

A.3 Investment results – Fideuram Vita S.p.A.

The financial results of the investment activity of Fideuram Vita are illustrated in the following table. The business classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

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	Amount
Shareholder return	
Government bonds	121.181
Corporate bonds	21.735
Equity	3.117
Investment funds Collective Investment Undertakings	3.382
Structured notes	7.143
Derivatives	-
Other investments	-
Total investments (Shareholder return)	**156.558**
Policyholder return	
Government bonds	13.045
Corporate bonds	926
Equity	56.700
Investment funds Collective Investment Undertakings	661.091
Structured notes	562
Derivatives	-12.539
Other investments	-
Total investiments (Policyholder return)	**719.785**
Total investiments	**876.343**

Financial management closed with a balance of investment income net of capital and financial charges of 876 million euro. The positive result is partly influenced by the positive balance of technical interest which offsets the underwriting result of 368 million.
Income from Class C net investments, made in relation to traditional policies and free assets is 156.6 million. The breakdown of this item is as follows:

- ordinary net income of 146.9 million;
- net earned income of 20.4 million;
- net value adjustments of -10.7 million.

Class C investments and the related derivatives presented latent net gains of 488.3 million as of 31 December 2016.
The net income relating to assets covering unit linked policies and pension funds, due entirely to the policyholders, had a positive value of 719.8 million including the net losses and potential losses (inclusive of management commission).

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

(euro thousands)

	Amount
Investment income and expense	876.343
Investment management expense	-5.286
Technical interest	-367.539
Investment performance	**503.518**

Fideuram Vita does not hold any investments in securitisations.

A.3 Investment results – Intesa Sanpaolo Life D.A.C.

The investment result for Unit Linked and Index Linked policies was 277 million euro in 2016.

The investment income pertaining to the company was 5 million euro in 2016. The result derives from a prudent policy of investing in secure short-term liquid assets with a high credit rating. This is why the investment income is relatively modest, reflecting the nature of the investments.

(euro thousands)

Asset Class	Amount
Shareholder return	
Government bonds	1.994
Corporate bonds	2.852
Equity	-30
Investment funds Collective Investment Undertakings	232
Structured notes	-
Derivatives	-39
Other investments	-
Total investments (Shareholder return)	**5.008**
Policyholder return	
Government bonds	3.278
Corporate bonds	8.167
Equity	-2.063
Investment funds Collective Investment Undertakings	280.985
Structured notes	-
Derivatives	-11.897
Other investments	-999
Total investiments (Policyholder return)	**277.471**
Total investiments	**282.479**

Intesa Sanpaolo Life does not hold any investments in securitisations.

A.4 Results of other activities

A.4 Results of other activities - Intesa Sanpaolo Vita Insurance Group

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

With regard to Other Group income, the value is 272,804 euro thousands (305,631 euro thousands on 31 December 2015) which is mainly from other technical income (as to 168,856 euro thousands) which in turn is mostly Management commission from the unit linked policies, while 91,751 euro thousands comes from exchange differences linked to the investments.

With regard to other costs, the amount is 547,644 euro thousands (471,474 euro thousands on 31 December 2015), related to net amounts allocated to the provisions for risks and charges, of 838euro thousands, value adjustments on tangible and intangible assets of 2,052 euro thousands, the exchange differences allocated to the income statement of 35,182 euro thousands, and Other technical costs of 488,491 euro thousands. This last amount is mainly comprised of trail commission paid to the sales network.

(euro thousands)

	Income	Expense	Result
Other income / expense	272.804	-547.644	-274.840
Extraordinary income / expense	-	-	-
Other activities	**272.804**	**-547.644**	**-274.840**

A.4 Results of other activities – Intesa Sanpaolo Vita S.p.A.

The sources of income and costs of the Insurance Group 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.

The following should be noted in relation to Other technical income:

- Management commission on other Unit Linked policies of 117,146 euro thousands (85,039 euro thousands in 2015);
- Management commission on pension funds of 26,204 euro thousands (27,722 euro thousands in 2015);
- Commission from delegated activity on reinsurance of 524 euro thousands (504 euro thousands in 2015);
- Commission on unused premiums reimbursed to policyholders of 18,024 euro thousands (17,018 euro thousands in 2015);
- Other technical income of 25,788 euro thousands (21,293 euro thousands in 2015).

The following should be noted in relation to Other technical costs:

- Retrocession to commission agents for the management of Unit Linked policies of 2,285 euro thousands (3,035 euro thousands in 2015);
- Costs of trail commission of 303,744 euro thousands (255,565 euro thousands in 2015);
- Unit Linked acquisition costs of 499 euro thousands (661 euro thousands in 2015);
- Unit Linked management mandates of 8,190 euro thousands (8,054 euro thousands in 2015);
- Management commission on pension funds of 3,868 euro thousands (4,052 euro thousands in 2015);
- Substitute tax on pension funds and FIP of 8,898 euro thousands (3,532 euro thousands in 2015);
- Unused premiums reimbursed to policyholders of 39,077 euro thousands (35,752 euro thousands in 2015);
- Other costs of 1,802 euro thousands (19,04 euro thousands in 2015).

(euro thousands)

	Income	Expense	Result
Other income / expense	11.062	-75.911	-64.849
Extraordinary income / expense	1.159	-1.584	-425
Other activities	**12.221**	**-77.495**	**-65.274**

The company has no operational or financial leasing contracts.

A.4 Results of other activities – 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
Other income / expense	4.305	-3.990	315
Extraordinary income / expense	543	-977	-434
Other activities	**4.848**	**-4.967**	**-119**

The company has no operational or financial leasing contracts.

A.4 Results of other activities – 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
Other income / expense	492.692	-423.975	68.717
Extraordinary income / expense	497	-1.219	-722
Other activities	**493.189**	**-425.194**	**67.995**

The other income is mainly ascribable to management commission from the unit linked insurance policies.

The other costs include the retrocession of the above-mentioned management commission to the distributors. This item also includes the trail commission payable on certain profit-sharing policies, the management costs for the Class D investments, the interest payable in respect of a subordinated loan, and other technical items.

The result of extraordinary operations, which carry net costs of 0.7 million euro, mainly includes contingent liabilities.

The company has no operational or financial leasing contracts.

A.4 Results of other activities – Intesa Sanpaolo Life D.A.C.

The sources of income and costs of Intesa Sanpaolo Life related to the underwriting and investment areas are recorded in the residual items on the individual financial reports, and mainly relate to:

- Banking charges of 400 euro thousands;
- Other non-technical costs of 635 euro thousands;
- Change in the write-down of taxes on claims: of approximately 1,800 euro thousands (cost).

(euro thousands)

	Income	Expense	Result
Other income / expense	-	-2.823	-2.823
Extraordinary income / expense	-	-	-
Other activities	**-**	**-2.823**	**-2.823**

The company has no operational or financial leasing contracts.

A.5 Other information

It should be noted that there is a difference in the consolidation area, between the consolidated accounts prepared under Article 95 of the Code of Private Insurance, and the consolidation area assessed for the purposes of calculating group solvency.

The service company Intesa Sanpaolo Smart Care was fully consolidated in the consolidated accounts while in the solvency report it is included as an equity investment at market value.

Being a service company, Intesa Sanpaolo Smart Care is not subject to the requirements relating to the preparation of the solvency report.

B. Governance system

B.1 General information about the Governance system

B.1 General information about the Governance system – Intesa Sanpaolo Vita Insurance Group

The Insurance Group Parent Company directs and coordinates the other Insurance Group companies, in line with the general guidelines defined by its Board of Directors and in accordance with current regulations. It adopts risk management and internal control procedures that guarantee the coordinated, uniform management of the various Group companies by providing instructions and implementing IVASS directives through specific tools such as the Insurance Group Regulations the Internal Controls Directives of Intesa Sanpaolo Vita and of the Group. It also applies the provisions of the Code of Private Insurance and IVASS Regulation No. 22/2016.

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

The Regulations provide for the following:

- Strategic-economic control: with a view to promoting efficiency and realising the overall value of the Insurance Group, and of safeguarding its stability also in terms of the adequate availability of own funds compared to identified risks, and profitability, the Insurance Group Parent is required to put in place a Group Plan and Group Budget as part of a planning process. This includes the plans and budgets of the individual companies, following the processes coordinated by the parent company Intesa Sanpaolo S.p.A.;
- Operational control: the aim is to standardise operations within the Insurance Group.
    - The Insurance Group Parent imposes internal regulations on the other Group companies regarding the implementation of measures issued by the Regulator in relation to the Insurance Group, and checks that these measures are complied with;
    - With reference to the monitoring and control of all risks (underwriting, reserving, market, credit, liquidity, operational, and risks of belonging to the Insurance Group, risks of non-compliance and reputational risk) the Insurance Group Parents helps to put in place and maintain a risk management system Insurance Group level, through its internal control functions (Audit, Compliance, Risk Management, AML and Actuarial);
    - for the production of data used in the supervision of the Group, the Insurance Group Parent allocates responsibility to its Financial Reporting division;
    - for the auditing of the financial situation, the Insurance Group Parents 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 Insurance Group Parent is responsible for defining and distributing the "Group governance documents, Rules and Operational guidelines which contain binding regulatory provisions. These may relate to: (i) defining the objectives, roles, duties and responsibilities of each player in the principal business management processes, thus establishing the principles of relations between the central departments and the operational units of the Insurance Group; (ii) the types and characteristics of the regular flows of information between the Group companies and the Insurance Parent Company, which enable the Insurance Parent to fulfil its role of guidance, governance and managerial or supervisory control; (iii) specific or generic regulatory issues; and (iv) 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 Insurance Group Parent and the Remunerations Committee within the Board of Directors;
- specific obligations of the other Group companies, through a system of pre-authorisations from the Insurance Parent Company for certain transactions such as (i) changes to the bylaws and the granting of authorities to executive bodies, (ii) mergers and demergers, (iii) the acquisition and/or transfer of businesses, of going

concerns and legal relations en bloc; (iv) the acquisition, disposal and contribution of equity investments, (v) the election of the executive and supervisory bodies;
- Advance notifications and periodic reports from other Group companies to the Insurance Group Parent 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, and (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.

The coordinated management of important issues within the Insurance Group, the effective control of the internal risk profile and an adequate level of internal communication and discussion is also insured through the Insurance Group Parent's advisory committees. 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 advisory committees have recently been updated, and in particular:

- The Coordination Committee includes a Group session whose aim 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;
- The Controls Coordination Committee is responsible for supporting the executive bodies of the Group Companies in assessing the adequacy of the internal controls system, by:
    - overseeing the development of the integrated internal controls system;
    - coordinating the interventions plan of the control functions and sharing the findings and solutions, favouring the uniform assessment of common findings, without affecting the autonomy of each audited unit;
    - providing guidance on key issues and monitoring the progress of the related solutions;
    - discussing the methodological framework for transverse audit areas (risk assessment, taxonomies, etc.), by pursuing an effective integration of the risk management process.

The Group Risk Committee has the purpose of contributing to the implementation of an investments policy at Insurance Group level, to take into account the specific risks of each company and their interactions, and to help to verify the cohesion of the investments policy and the risk profile and strategy of the insurance group as a whole.

Furthermore, as part of the management and coordination of the other Insurance Group companies, the Insurance Parent Company provides for the following, on a continual basis:

- strategic control of the development of the various areas of operation, and of any related risks;
- management control, aimed at preventing any criticalities in the economic, financial and capital solidity of each Insurance Group company and of the Insurance Group as a whole;
- technical and operational control, aimed at evaluating the different risk profiles of each Group Company with respect to the Insurance Group's overall risk profile.

The Insurance Parent Company informs the other Group companies of:

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

The Insurance Group companies are required to:

- provide the Insurance Parent Company with all the necessary information about the fulfilment of their management and coordination duties, also to comply with legal or supervisory obligations;

- send the Insurance Parent Company the agenda of board and shareholders' meetings and, on request, a copy of minutes of resolutions passed by company boards;
- request preliminary opinions or authorisations from the Insurance Parent Company, as required;
- abide by the rules, policies and controls established by the Insurance Parent Company;
- provide the Insurance Parent Company with all the information which may be useful to prepare Group policies in greater detail, guaranteeing consistency between the specific implementation of the Insurance Parent Company's instructions and the specific needs of other Group companies.

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

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

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

The consolidated data includes:

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

The data mentioned above is considered net of the intragroup transactions. 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 proportional share of the capital requirement of each subsidiary company;
- The proportional share of the capital requirements of the other equity interests in credit firms, investment firms, financial entities, managers of alternative investment funds, UCITS management firms and pension funds, to which the amount of the notional capital requirements of unregulated financial services providers is also added;
- The capital requirements of the other subsidiaries including the instrumental companies other than those referred to 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.

B.1 General information about the Governance system – Intesa Sanpaolo Vita S.p.A.

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 Company has adopted a 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, which is in office until the approval of the financial statements for the year ending 31 December 2017, is formed of 9 members, including a Chair and a Managing Director.

All the members of the Board of Directors and the General Director 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 risks.

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

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

- 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 ISV Group Companies;
- approval of the annual reporting documents (quantitative and qualitative) required by the entry into force of the Solvency II Regulation;
- approval of the Current and Forward-Looking Risk Assessment Report provided for by the Solvency II Directive;
- approval of the rules on investments of the Insurance Group, of the Framework Resolution on investments of Intesa Sanpaolo Vita, including the Investment Rules, the asset-liability management Rules and the liquidity risk management Rules;
- approval of the risk management and risk appetite policies and strategies of the Company and Group Companies, through the specific guidelines;
- periodic review of results, including the results of stress tests, and periodic examination of the underlying risk profiles of the Company and ISV Group Companies, which are notified to Top Management and to the independent Risk Management function;
- gathering of information on the most significant critical aspects concerning risk management and internal control of the Company and of the Group Companies identified by the various bodies tasked with their monitoring and control;
- timely assessment of the critical aspects and initiation of the necessary corrective measures by issuing directives. In urgent cases, linked to situations that may compromise the solvency of the Company and Insurance Group and the reaching of company goals, the corrective actions are determined by the Top Management of Intesa Sanpaolo Vita, also in its capacity as Insurance Parent Company, provided that it duly informs the Board at the next meeting.

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

- identifies the strategic positions and risk management and assessment rules;
- ensures that the implementation of the Risk Appetite Framework is consistent with the approved risk appetite and tolerance threshold; periodically evaluates (at least once a year) the adequacy and effectiveness of the Risk Appetite Framework and compatibility between actual risk and risk targets;
- checks that Top Management defines the structure of internal controls in line with the selected risk appetite, that the control functions have an adequate degree of autonomy within the organisational unit, and that adequate resources are provided for proper functioning;
- has tasked the Chief Executive Officer with defining the organisational structure so that tasks and responsibilities are assigned clearly and appropriately and updates can be given in relation to organisational changes and the underlying reasons, ensuring that the supervisory authorities are duly informed in the case of significant changes. Subsequently, updates will be given on whether or not the expected improvements have been achieved;
- ensures that adequate decision-making processes are adopted and formalised and that functions are segregated appropriately within the organisational structure;

- approves the system of delegating powers and responsibilities, making sure that it remains adequate over time, and provides for adequate contingency arrangements if it decides to reserve the delegated powers for itself;
- is informed at least on a quarterly basis by the Chief Executive Officer about actions by proxy-holders and by the Chief Executive Officer under the delegated powers concerning the most important transactions in terms of size and characteristics;
- is informed each quarter of the significant related party transactions carried out by Intesa Sanpaolo Vita and by the other Group companies during the period;
- 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 or revokes the Audit manager, the Chief Risk Officer, also as head of the independent risk control function (Risk Management), the Chief Compliance Officer, also as head of compliance and the head of the Anti Money-Laundering functions and the head of the Actuarial function;
- approves the annual activity plan of the Compliance function, Risk Management function and the Audit function and periodically takes note of the activities carried out;
- examines, every six months, the reports on the work of the head of the Compliance and Anti-Money Laundering functions and the related audits;
- defines the main characteristics of the internal controls and risk management system, expressing its opinion on the overall adequacy based on the reports by the competent functions; These activities are carried out at least once a year;
- makes sure that shortcomings and anomalies found as a result of the controls at various levels are promptly brought to its attention in order to give directives on the adequate corrective measures;
- determines the measures to be adopted following any recommendations received, and identifies the measures to eliminate deficiencies found by the Audit function, ensuring that the necessary measures are implemented;
- ensures continuous professional development which is extended also to the members of the body itself;
- carries out, at least once a year, a review on the size, composition and operation of the administrative body as a whole, including its internal committees.

The principal role of the Chief Executive Officer is to:

- 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 Intesa Sanpaolo Group Companies and coordinating with the companies in the Insurance Group;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, financial management and personnel coordination policies, assuring service quality, business growth, and by maintaining and monitoring the system of risks;
- Implement, maintain and monitor the system of internal controls within the Company and the Insurance Group.

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

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

The Board is in office until the approval of the financial statements for the year ending 31 December 2018.

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

The Governance system of Intesa Sanpaolo Vita also includes various permanent advisory committees and core functions.

There are 4 advisory committees:

- A Coordination Committee, which meets in two sessions (Group, and Intesa Sanpaolo Vita) 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 3 sessions (ALM and Investments, Alternative Investments and Corporate Bonds & Emerging Markets) who are responsible for:
    - 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.
- Consolidating the coordination and the mechanisms of inter-functional cooperation as part of the internal controls system of the Insurance Group;
- The Risks Committee is tasked with discussing the investment objectives for the company and for the Group as a whole and their overall cohesion with the Group's strategic vision, in order to prevent, identify, control and manage specific company-level and Groupwide risks. It is divided into three sections: (Group Risks, Group Investment Strategies and Intesa Sanpaolo Vita Risks), which have the following responsibilities:
    - contributing to the implementation of an investments policy at Insurance Group level, to take into account the specific risks of each company and their interactions, and to help to verify the cohesion of the investments policy and the risk profile and strategy of the insurance group as a whole;
    - helping to outline investment strategies for the Insurance Group, which individual companies are required to adopt in their own specific strategies, through operating and tactical choices discussed by their respective Investment Committees;
    - supporting the senior management in defining the Company's risk profile and the related levels of economic capital, in monitoring the risk profile on the basis of data reported by the relevant departments and for supporting the senior management in establishing any corrective strategies, and in discussing the financial, operational and technical scenarios for Solvency II processes.

The Remuneration Committee is also active within the Board of Directors.

The Committees formed three members including a Chair, and is responsible for providing advice and making proposals to the Board of Directors in determining the compensation policies for the company bodies and personnel of the Company as set out by Article 2(f) of ISVAP Regulation No. 39 of / 2011 (directors general, if appointed, managers with strategic responsibilities, the highest level personnel of the internal control functions and resources identified as "risk trading staff" by the Company).

The Company has also established the four key departments required by current regulations: Risk Management, Compliance, Actuarial and Audit.

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

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

Their main tasks are detailed below:

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

The Audit function is independent, also hierarchically, from the operational units. The delegates are allowed access to all hard copy and electronic documents and to the audited departments, as well as to the information required to audit 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 audits are concluded with a follow-up on the effectiveness of the adjustments made to the system. The Audit Unit also draws up a report on the internal controls system and the report of the Insurance Parent Company concerning the company and Group management and coordination respectively (Articles 28 and 28a of the ISVAP Regulation No. 20/2008).

The **Risk Management function**: supports Top Management in determining and implementing the Risk Management System, and contributes to the internal risk and solvency assessment in accordance with the Risk Appetite Framework, by identifying individual business risks, measuring their effects and carrying out all the checks within its remit, in collaboration with the other Core Functions, ensuring that the company departments involved in risk management are coordinated, in compliance with the regulations set forth by the Supervisory Authorities.

The Risk Management structure is independent, also hierarchically, from the operational structures. The Risk Management, with the support of the Actuarial Function, 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 on: Risk Management, Risk Appetite Framework, risk assessment (ORSA)).

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

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

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

In all other regulatory areas applicable to the Group that present compliance risks and for which Specialist Functions with the necessary skills have been established, the tasks assigned by regulations to the Compliance function are assigned to these organisational units; this does not affect the Chief Compliance Officer's responsibility for assessing the adequacy of the Specialist Functions to manage compliance risks and determining – in collaboration with these functions – the methodologies for assessing risk and the related mitigation procedures, and conducting an assessment of the adequacy of these procedures to prevent compliance risk.

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

The Chief Compliance Officer is also responsible for the **Anti-Money-Laundering (AML)** function. For the AML function, the overall architecture of the AML risk management and control system is outlined in the Guidelines of the Intesa Sanpaolo Parent Company. For the Group Companies covered by legislative decree 231/2007 and exercising non-banking business, these guidelines provide a decentralised coordination and control model. The coordination and control model provides that each Group Company sets up its own AML function and appoints an AML Manager, who

reports to the AML Manager of the Banking Parent Company. The AML function carries out all the activities necessary to guarantee the fulfilment of the specialist duties needed to evaluate and manage AML risk and the risk of terrorism financing, and to assist the executive body and Top Management in fulfilling the functions provided for in the current regulations on reporting of suspicious transactions.

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

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

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

Fideuram Vita and Intesa Sanpaolo Life, which are subject to direction and coordination by the Insurance Parent Company, each have a Compliance and AML Manager and a Compliance & AML Officer, who report functionally to the Chief Compliance Officer of the Insurance 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 Function performs the following duties:

- coordinates the calculation of Solvency II provisions;
- ensures the adequacy of the underlying methodologies and models, as well as the assumptions on which the calculation is based;
- assesses the sufficiency and quality of the data used in the calculation of technical provisions;
- compares the Best Estimates against experiential data;
- informs the Board of Directors about the reliability and adequacy of the calculation of the technical provisions;
- gives an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements;
- contributes to the effective implementation of the risk management system as per Article 30a of Italian Legislative Decree 209/2005, with specific reference to the modelling of risks underlying the calculation of capital requirements and the internal risk and solvency assessment referred to in Article 30b of Italian Legislative Decree No. 209/2005;
- supervises the calculation of technical provisions in the two cases provided for by Article 36k of Italian Legislative Decree No. 209/2005.

The Actuarial Function also carries out audits on the extent of the Local technical provisions, in accordance with IVASS Provision No. 53/2016 and signs the annual report on CARD claims, in accordance with IVASS provision no. 43/2016.

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 2016.

B.1 General information about the Governance system – Intesa Sanpaolo Assicura S.p.A.

The organisational structure of Intesa Sanpaolo Assicura is defined in accordance with the organisational structure of the Insurance Group.

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 Directors of Intesa Sanpaolo Assicura, which is in office until the approval of the financial statements for the year ending 31 December 2017, is formed of 6 members, including a Chair and a Managing Director, who also holds the position of General Director.

All the members of the Board Directors and the General Director 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 Intesa Sanpaolo Vita.

The principal role of the Chief Executive Officer and General Director 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 growth;
- Implement, maintain and monitor the system of internal controls within the Company.

The Board of Statutory Auditors of Intesa Sanpaolo Assicura, which is in office until the approval of the financial statements for the year ending 31 December 2018, is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

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

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

The Governance system 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, which meets in the following two sessions:
    - ALM and Investments and Investments, with the aim of setting the investment strategies and financial policies, and suggesting, in conjunction with the Delegated Manager, the guidelines for tactical operations to be submitted for approval by the Board of Directors;
    - Corporate Bond & Emerging Market, whose aim is to monitor the thresholds for investments in corporate financial and industrial bonds and in emerging-markets securities, and to pre-evaluate specific investment transactions.
- Risks Committee - Intesa Sanpaolo Vita Risks and Intesa Sanpaolo Assicura: responsible for supporting senior management in defining the Company's risk profile and the related levels of economic capital, for monitoring the risk profile on the basis of data reported by the relevant departments and for supporting the senior management in establishing any corrective strategies.

The CEO and General Director also attend the Group sessions of the following ISV Committees: Coordination Committee, Risk Committee - Group Risks session, Group Investment Strategies Session, ISV Risks Session and Intesa Sanpaolo Assicura.

The company has outsourced the core functions to ISV, as the Insurance Parent Company. Please refer to the paragraph about 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 2016.

B.1 General information about the Governance system – Fideuraum 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 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.

On 31 December 2016 the company's Board of Directors was formed of 8 members, as decided by the Meeting of Shareholders on 7 March 2016 for the three-year period 2016-2018. Since 14 March 2017, the executive body has been formed of 9 members.

All the members of the Board Directors and the General Director 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 Intesa Sanpaolo Vita.

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 General Director 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 growth.

The Board of Directors is informed at least on a quarterly basis by the Chief Executive Officer and General Director about the actions carried out by the legal representatives and the Chief Executive Officer under the delegated powers concerning the most important transactions in terms of size and profile.

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 is in office until the approval of the financial statements for the year ending 31 December 2018.

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

The core functional activities identified by the company are summarised below, with the respective roles and responsibilities:

Risk Management (reporting directly to the Board of Directors) is responsible for:

- identifying, evaluating and controlling the company's financial, operational and technical risks, in order to keep them at a level that reflects the company's capital resources according to the Parent Company's guidelines;
- overseeing the measurement of financial capital, including the creation of economic scenarios and underlying variables;
- monitoring, within its remit, the developments in Solvency II regulations;
- helping to define the operational guidelines for the Data Governance model, and to ensure that the data generated and used in the relevant processes is complete, and consistent with the relevant guidelines;
- helping to define the methods used to measure risks, and checking that the measurement models are consistent with the company's operations;
- reporting to the executive body, Management, and the risk management functions;
- transmitting the guidelines for the measurement and control of operational risks, by coordinating the structuring and implementation of the activities provided for in the Group ORM Regulations;
- intervening at the time of new product launches in order to assess risks and mitigate any shortcomings;
- coordinating the periodic stress tests as required by sector regulations, and reporting to the executive body.

Compliance (reporting directly to the Board of Directors):

on 30 March 2016, two separate Level II units were set up within Fideuram Vita, reporting to the Compliance and AML function, dedicated to Compliance and AML supervision.

Compliance is responsible for:

- assessing the adequacy of the Compliance System by evaluating the procedures, processes, controls and internal organisation to prevent the risks of incurring penalties, asset losses or damage to reputation or image resulting from the violation of external regulations (laws, regulations, provisions of supervisory authorities) and self-regulation provisions (e.g., bylaws, codes of conduct);
- advising the Board of Directors on compliance with legislation, regulations and directly applicable European directives;
- evaluating the potential impact of changes in the regulatory framework or developments in case law, and identifying and evaluating the compliance risk.

The **Audit** activity has been outsourced to the Insurance Parent Company, Intesa Sanpaolo Vita, whose Audit manager reports to the Board of Directors of Fideuram Vita: see the roles and responsibilities described in the paragraph about the Parent Company.

Actuarial function (reporting directly to the Board of Directors), which is responsible for:

- coordinating and supervising activities related to calculation of the Solvency II technical provisions, ensuring that the methods, models and underlying assumptions are adequate;
- assessing the sufficiency, quality and reliability of the data used to calculate the Solvency II Technical Provisions, by monitoring and verifying the existence of adequate internal procedures to guarantee the appropriateness, completeness and accuracy of the data;
- adopting the most appropriate actuarial methods to evaluate the congruency of the Solvency II Technical Provisions, ensuring that they are periodically compared against experiential data and making adjustments as necessary;
- providing adequate information to the executive body in relation to the reliability and adequacy of the Solvency II Technical Provisions calculation;
- giving an opinion on the overall underwriting policy and on the adequacy of reinsurance agreements.

- contributing - together with the other control functions - to the effective application of the risk management system, with specific reference to the modelling of risks underlying the calculation of solvency capital requirements and the internal risk and solvency assessment;
- assessing the reliability and adequacy of the statutory technical provisions;
- expressing an opinion about pricing, when marketing a new product.

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 2016.

B.1 General information about the Governance system – 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 company for the purposes of the New Companies Act 2014, and is licensed and regulated by the Central Bank of Ireland.

On 31 December 2016 the Board of Directors (the executive body) of Intesa Sanpaolo Life was formed of six members (two executive directors, two non-executive independent directors, and a non-executive group director).

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

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

In fulfilling its responsibilities, the Board of Directors is supported by various committees. Each committee has its own roles and responsibilities, which are reviewed at least annually. In all cases, the Board of Directors is kept fully informed of the activities of each committee, by means of reports and minutes which ensure appropriate oversight. Each committee is chaired by a non-executive director appointed by the Board of Directors.

The Board of Directors of Intesa Sanpaolo Life has set up the following internal committees:

- Audit & Reporting Committee: it advises the Board of Directors on the financial reporting process, and on the accuracy and integrity of the company's financial reports. 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 oversees the financial reporting process and provides an analysis to the Board of Directors, monitoring the activities of the internal audit functions and receives reports;
- Investment & Product Committee: it proposes to the Board of Directors the policies on investment risk management and investment in derivatives, and guarantees that the investments (both those of the company and those relating to Unit Linked and Index Linked products) are policy-compliant. The Investment & Product Committee has set up an Operational Investment Committee (OIC), which is responsible for implementing the Board of Directors' policies and the strategy regarding the company's investments, as well as for overseeing certain Unit Linked funds as indicated by the Board of Directors. The responsibilities of the Investments & Products Committee also include the company's reinsurance and underwriting policies;
- Risk & Compliance Committee: it advises the Board of Directors on the effectiveness of the strategies and policies, and on the appropriate level of risk appetite and tolerance, in light of the company's future strategy and financial position. The Committee also supervises compliance with the applicable regulations.

The Board of Directors has put in place an effective risk management system which is supervised by the Chief Risk Officer (CRO) / Head of Controls. The CRO is an employee of the company, who reports directly to the CEO. Supported 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 support from 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 CRO chairs the meetings of the Risk & Compliance Committee.

The Compliance function plays a key role in checking the company's conformity to legal and regulatory requirements, in order to ensure that the business objectives are met without infringing the regulatory requirements. The Compliance function is part of the second line of defence of the company's Governance and control model.

Intesa Sanpaolo Life has outsourced the role of head of the Actuarial function to the actuarial and strategic consulting firm Milliman Inc. The head of the Actuarial function is given certain key responsibilities, which include:

- coordinating the calculation of technical provisions;
- revising the calculation of the technical provisions and informing the Board of Directors about the reliability and adequacy of the calculation of the technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions underlying the calculation of technical provisions;
- evaluating the sufficiency, quality, appropriateness, completeness and accuracy of the data used to calculate the technical provisions and providing recommendations about the appropriate steps to take to improve data quality;
- supervising the calculation of technical provisions in situations where the data is insufficient or not of sufficient quality to allow the use of reliable actuarial methods;
- comparing the Best Estimate against experience;
- presenting the company's reserving policy to the Board of Directors each year;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of reinsurance arrangements;
- preparing an annual actuarial report on the technical provisions, for the Board of Directors;
- providing an annual actuarial opinion to the Board of Directors on the company's ORSA process;
- Presenting an annual actuarial opinion on the technical provisions to the Central Bank of Ireland;
- presenting the Board of Directors with an opinion on the dividend payment proposals.

The Actuarial function is a fundamental part of the second line of defence of the company's Governance and control model. The current outsourcing solution chosen for the Actuarial function helps to ensure that it remains independent from the front line activities of the company's business units. The role of head of the Actuarial function is supervised directly by the CEO.

The Audit function deals with the critical role of third line of defence, in implementing the three lines of the Governance and control model.

The role of head of the Audit function is outsourced to the Audit function of the Insurance Parent Company Intesa Sanpaolo Vita. 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 guest 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 receives input from the Board of Directors, identifying the areas in which the audit

would help to pursue the business strategy, or strengthen the company's audit culture. The audit manager can also include areas of investigation in the audit plan, to ensure that the internal audit process remains independent.

The Audit and Reporting Committee and the Board of Directors are regularly updated on all current audits and on actions relating to every previous audit.

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 2016.

Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Vita Insurance Group

The oversight of risk management for Intesa Sanpaolo Vita and for the Insurance Group is carried out by the Risk Management Function of Intesa Sanpaolo Vita through a specific organisational unit that also operates on other companies belonging to the Insurance Group both with regard to the role of Insurance Group Parent Company and for the insurance companies, through outsourcing contracts, thus ensuring uniform intervention in the assessments carried out and the realisation of operating synergies and assessments on the Group.

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

The ISV Risk Management Department provides the following services to Intesa Sanpaolo Life: i) it provides its counterpart at the Irish company with the principles of the internal regulations, methodologies and verification procedures used to standardise the management and measurement of risks, and ii) also checks that these procedures are implemented by participating in the Risk & Compliance Committee as permanent attendee, in order to inform, analyse and debate the principal risk control dynamics ahead of the decisions taken by the executive body.

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

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

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

For Fideuram Vita and Intesa Sanpaolo Life, the activities of the company's Compliance function are directed and coordinated by the Insurance Parent Company.

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

The Audit function of Intesa Sanpaolo Vita operates through a specific organisational unit, which also operates on other companies belonging to the Insurance Group both with regard to the role of Insurance Group Parent and for the insurance companies under outsourcing contracts, thus ensuring uniform intervention in the assessments carried out and the realisation of operating synergies.

The Head of the Audit function periodically reports to the administration and control body of the Insurance Parent Company, or to the organs of each insurance company (Audit and Reporting Committee for Intesa Sanpaolo Life), providing a written report on the audits during the period together with details of points for attention and current or future improvement actions. Specifically:

- it reports every six months to the Board of Directors on its activities during the reference period;
- it reports every six months to the Board of Statutory Auditors;
- during periodic meetings, it reports to the 231 Supervisory Body, in the event of interventions concerning 231 matters.

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

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

The subsidiaries are required to send the Actuarial function of the Parent Company all the information needed for the regulatory control activity.

Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Vita S.p.A.

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

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

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

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

Each control function performs its activities through a dedicated department.

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

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

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

At the board meeting on 3 November 2015, the Board of Directors of Intesa Sanpaolo Vita approved the creation of the Actuarial function, with effect from 1 January 2016. Its duties, which are strictly defined by the supervisory regulations, had previously been attributed to the Actuarial unit, by fully segregating the modelling and calculation processes from the control processes as defined by the joint provisions of the Solvency II Directive and of Legislative Decree 209/2005 - Code of Private Insurance, last amended by Legislative Decree 74/2015. With effect from 1 January 2017, the Actuarial function will be placed in the area that reports directly to the Board of Directors to ensure its independence in control activities.

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

Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Assicura S.p.A.

In accordance with the Directives related to the System of Internal Controls, the core functions of Intesa Sanpaolo Assicura (Audit, Risk Management, Compliance and Actuarial) are organisationally segregated.

The activities of the Key Functions for Intesa Sanpaolo Assicura are outsourced to the Insurance Parent Company, which applies the same rules as its own.

Coordination between the executive and supervisory bodies and key functions – Fideuraum Vita S.p.A.

In accordance with the Directives related to the System of Internal Controls, the core functions of Fideuram Vita (Audit, Risk Management, Compliance and Actuarial) are organisationally segregated.

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

Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Life D.A.C.

In accordance with the Directives related to the System of Internal Controls, the core functions of Intesa Sanpaolo Life (Audit, Risk Management, Compliance and Actuarial) are organisationally segregated.

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

Changes to the Governance system – Intesa Sanpaolo Vita S.p.A.

The directives on the system of internal controls adopted in accordance with Article 5 (2) d), i) and j) of ISVAP Regulation No. 20/2008, as amended by IVASS Provision No. 17/2014 and the implementing terms, were assessed, updated and approved by the Board of Directors of the Insurance Parent Company at the Board meeting on 20 December 2016.

These updates are made in accordance with the amendments introduced by IVASS Regulation No. 22/2016 concerning Group Supervision, and by Legislative Decree 209/2005 (Code of Private Insurance) by Legislative Decree 74/2015.

The company has not seen any substantial changes to the Governance system during the period, with regard to the Board of Directors or the Board of Statutory Auditors, where the following changes have been made in relation to the Key Functions:

- The Chief Risk Officer has been given the duties and responsibilities of the Risk Management Function as mentioned in Article 21 of ISVAP Regulation No. 20/2008, as defined by the current "Risk Management Regulations" of the Company, which also set out the terms of operation and frequency of reporting, of this function;
- The Chief Compliance Officer has been given the duties and responsibilities of the Compliance Function as mentioned in Article 23 of ISVAP Regulation No. 20/2008, as defined by the current "Compliance Guidelines" of the Company, which also set out the terms of operation and frequency of reporting, of this function.

In order to enhance the efficiency of the system of controls, the decision was taken to segregate the Actuarial function within the organisation, by placing it under the direct responsibility of the Board of Directors. Its duties, which are strictly defined by the supervisory regulations, were previously attributed to the Actuarial Unit, with functional segregation of the modelling activity and calculation processes, from the control processes.

Changes to the Governance system – Intesa Sanpaolo Assicura S.p.A.

During 2016 the only change to the Governance system was the creation of the Actuarial function, with effect from 1 January 2016. Certain changes were also made to the Regulations of the advisory committees, with the aim of

strengthening the opportunities for guidance and coordination between the Insurance Parent Company and the other Group companies.

Changes to the Governance system – Fideuram Vita S.p.A.

During 2016 the following changes were made to the company's system of Governance:

- The Board of Directors of Fideuram Vita, meeting on 11 December 2015, approved the creation of the Actuarial function with effect from 1 January 2016. This is in line with the sector regulations (Legislative decree no. 209 of 7 September 2005 "Code of Private Insurance", as amended by legislative decree no. 74 of 12 May 2015);
- following the resolution of the Board of Directors of 14 December 2016, Fideuram Vita is part of the Intesa Sanpaolo Vita Insurance Group based on the provisions of Art. 1 (1) (r(i) of Legislative Decree no. 209 of 2005, and is subject to direction and coordination by Intesa Sanpaolo Vita, as the Insurance Parent Company, in place of Intesa Sanpaolo (Art. 4 (2) (d) of IVASS Regulation No. 22/2016);
- Due to the centralisation of the Purchasing and HR functions within the Insurance Parent Company Intesa Sanpaolo Vita, the relevant authorities were transferred to the parent company.

Changes to the Governance system – Intesa Sanpaolo Life D.A.C.

There were no significant changes to the Governance structure of Intesa Sanpaolo Life during 2016, although during the final quarter both the organisational chart and the Board of Directors' committees were streamlined and restructured, and the number of Committee members was reduced.

Remuneration system and pay policy – Intesa Sanpaolo Vita Group

The Intesa Sanpaolo Group companies are asked to implement the remuneration policies defined in the ISP remuneration report, breaking them down if necessary into specific implementing measures that also take into account the regulatory and sector governance restrictions. These mainly relate to the provisions of ISVAP Regulation no. 39/2011.

The Remuneration Policies applied in 2016 were based on the following principles:

- alignment of Management and staff behaviour with the interests of shareholders, the medium and long term strategies and company objectives, within a framework of rules aimed at proper control of the current and future risks, and at maintaining an adequate level of liquidity and capitalisation;
- merit, to ensure that there is a close connection between the work delivered and the resulting managerial quality, by means of:
    - pay flexibility, by recourse to the variable performance-based bonus;
    - a focus on key resources of a high managerial level, who receive competitive salaries compared to the reference market;
    - differentiation of the best performances, which will be awarded bonuses significantly higher than average;
- equity, in order to encourage virtuous behaviours and harmonise pay packages, through:
    - a correlation between the individual's fixed salary and the importance of their position;
    - a differentiation of the target pay and the impact of the bonus on global pay, based on the professional category, in accordance with the salary cap defined by the Intesa Sanpaolo Group.
- external competitiveness of the annual global pay compared to the market levels, which are surveyed periodically in order to attract and retain the best managerial and professional resources on the market;
- sustainability, in order to keep the costs of applying the policy within values compatible with the medium-long term strategies and annual targets, through:
    - mechanisms to adjust the provisions used to finance the bonus package, based on the company's profits and results, also in relation to the peer group;
    - selective changes to fixed pay;
    - use of objective parameters to define the financial interventions;

    - the setting of caps on global incentives and on the amount of individual bonuses;
    - proportionality, based on the professional role in question, in order to take into account the different impact of management and employee categories, compared to the risk profile;
- conformity to the provisions of current regulations, by:
    - adopting structured processes that involve all the relevant company functions;
    - formalising, tracking and documenting all process phases;
    - adequate reporting on the definition and application of the remuneration and bonus policies.

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

In relation to the correlation between pay, risks and performance, the principle of financial sustainability applies. A bonus pool is used, in order to link the amount of the bonus to pre-defined conditions. The failure to fulfil even one pre-defined condition means that access to the Intesa Sanpaolo Group bonus pool will be withheld. The principle of financial sustainability also exists at the level of each department or company within the Intesa Sanpaolo Group, and therefore only those that exceed the entry threshold will receive the pre-defined bonus (once the Group gateway has been activated).

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

During 2014, the European Union issued, at the proposal of the EBA, the new Regulatory Technical Standards (RTS), in relation to the appropriate quali-quantitative criteria to identify the staff categories whose activities have a substantial impact on the entity's risk profile ("Risk Takers"), applied retroactively from 1 January 2014.

The Intesa Sanpaolo Group has applied the EU Delegated Regulation No. 604 in all the companies, including those of the Insurance Group, by means of a self assessment process that is drawn up, directed and coordinated by the Banking Parent Company.

The Boards of Directors of all the Insurance Group companies were presented with the "Remuneration report of Intesa Sanpaolo" (the "ISP Report"), prepared in accordance with the supervisory provisions and communications issued by the Bank of Italy and on the basis of Article 123b of the Finance Consolidation Act as a listed issuer approved by the Management Board, the Supervisory Board and the Meeting of Shareholders. The ISP Report contains the remuneration policies adopted by Intesa Sanpaolo S.p.A. for its own company bodies, those of its subsidiaries and the Group collaborators (with a particular focus on the Directors General and Directors with strategic responsibilities) as well as the procedures for the adoption and implementation of those policies, by providing quantitative analytical and aggregate information.

The ISP report takes into account the Regulatory Technical Standards issued in 2014 by the European Union at the proposal of the European Banking Authority, concerning suitable qualitative and quantitative criteria for identifying the categories of staff whose work has a material impact on the risk profile of the entity ("Risk Takers"), and the updated version of the "Policies and practices on pay and bonuses" contained in Title IV – Chapter 2 of Bank of Italy Circular No. 285/2013, published in the Official Gazette of the Republic of Italy on 2 December 2014 and issued in application of "Directive 2013/36/EU of the European Parliament and Council of 26 June 2013" (CRD IV).

The Intesa Sanpaolo Group companies are asked to implement the pay policies defined in the ISP report, breaking them down if necessary into specific implementing measures that also take into account the regulatory and sector governance restrictions. With regard to the Company, these mainly relate to the provisions of ISVAP Regulation no. 39/2011.

Remuneration system and pay policy – Intesa Sanpaolo Vita S.p.A.

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

At the board meeting on 5 May 2016, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders:

a) the "Intesa Sanpaolo Vita Remuneration Report" prepared in accordance with Article 24 of ISVAP Regulation No. 39/2011, which also contains an update of the Company's Remuneration Policies for 2016. This was prepared with the involvement of the internal audit functions and the HR Function, and on the basis of (i) the indications and proposals formulated by the Remuneration Committee at the meeting on 2 May 2016, and (ii) the ISP Report;
b) the "Audit Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which takes account of the completion of the quantification and approval of the 2015 bonus system (estimate of financial requirement, certification of results, identification of the beneficiaries, Management, and managers of the Control Functions). This will be followed by the application of the 2015 Remuneration Policies, in order to verify their alignment with the provisions approved by the relevant bodies of the company; the Report also refers to the bonuses audit for 2015, compared to the provisions of the Remuneration Policies of Intesa Sanpaolo Vita for the year 2014;
c) the "Compliance Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which confirms that the updated version of the Company's Remuneration Policies is in line with the provisions of the Regulations, the bylaws, the Code of Ethics and the pay policies of the Intesa Sanpaolo Group and with the other codes of conduct applicable to the Company.

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

There is also an internal regulation that governs the preparation of the annual pay policies, in accordance with ISVAP Regulation No. 39/2011.

Remuneration system and pay policy – Intesa Sanpaolo Assicura S.p.A.

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

At the Board meeting on 03 May 2016, the following document was presented to the Board of Directors, before being presented to the Meeting of Shareholders:

- the "Intesa Sanpaolo Assicura Remuneration Report" prepared in accordance with Article 24 of ISVAP Regulation No. 39/2011, which also contains an update of the Company's Remuneration Policies for 2016. This was prepared with the involvement of the internal audit functions, and the HR Function, and on the basis of (i) the indications and proposals formulated by the Remuneration Committee at the meeting on 2 May 2016, and (ii) the ISP Report.

Remuneration system and pay policy – Fideuram Vita S.p.A.

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

Remuneration system and pay policy – Intesa Sanpaolo Life D.A.C.

The remuneration system and pay 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 - Intesa Sanpaolo Vita Insurance Group

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

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

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

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

Operations with shareholders and persons of influence – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita has agreements in place with the majority shareholder Intesa Sanpaolo S.p.A. per 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.

Operations with shareholders and persons of influence – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has outsourcing agreements in place with the majority shareholder Intesa Sanpaolo Vita S.p.A. for the supply of services relating to Purchasing (purchases of goods and services), Legal & Corporate Affairs, Administration, Management Control, Sales, Coordination, Hr Development And Administration, Finance-Investments And Securities Management, Claims Management, Organisation, Reinsurance, General And Property Services, and control functions as already described.

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

Operations with shareholders and persons of influence – Fideuram Vita S.p.A.

The company has not carried 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.

During 2016, a total of 70,000 shares were bought from the parent company, to service a share-based incentive plan for the "Risk Takers", as authorised by the parent company's meeting of shareholders on 27 April 2016, and by the company's board of directors.

Concerning the financial relations regarding related party transactions as at 31 December 2016, they refer to:

- the ownership of bonds issued by the parent company, Intesa Sanpaolo and the interest payable on coupons maturing on the year end date, and to the ownership of shares issued by the parent company and its affiliate;
- the provisions set aside in respect of insurance policies taken out by group companies;
- to the receivables and payables connected to staff secondments;
- to current account deposits held with group banks;
- to receivables and payables with the parent company Intesa Sanpaolo, which are recognised in accordance with the tax consolidation provisions;
- to the subordinate loan taken out with the parent company and the related interest accruing;
- to amounts payable for commission due to the sales networks of the Intesa Sanpaolo Group, in respect of the placement of the company's insurance products;
- to the spot and forward sale and purchase of currency, with the affiliate Fideuram – Intesa Sanpaolo Private Banking;
- to amounts payable for the information technology services provided by the Group outsourcer.

Operations with shareholders and persons of influence – Intesa Sanpaolo Life D.A.C.

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.

B.2 Competence and integrity requirements

B.2 Competence and integrity requirements - Intesa Sanpaolo Vita Insurance Group

Intesa Sanpaolo Vita has adopted "Rules on assessing the conditions of fitness for office", which were prepared in accordance with the specific provisions of Article 5(2)(i) of ISVAP Regulation No. 20/2008 (the "Rules"), whose objectives include the definition of the company policy through which the company and each Italian insurance business within the Intesa Sanpaolo Vita Insurance Group evaluates the fitness for office not only of the members of the Boards of directors and statutory auditors, but also of the managers of key functions or, if these functions are outsourced, of the contact person/managers responsible for auditing the outsourced activities, as well as the Chief Risk Officer and Chief Compliance Officer, if appointed.

The Rules which were approved by the Board of Directors on 25 September 2014, were last updated at the Board meeting on 20 December 2016, mainly to take into account the inclusion of Fideuram Vita S.p.A. within the perimeter of the Insurance Group.

The Rules have been applied and adopted by the Insurance Group Companies.

The requirements concerning fitness for office of the members of the Board of Directors and Board of Statutory Auditors (and of the General Director if appointed) are those indicated in Article 76 (1) of Legislative Decree 209/2005 and outlined in Ministerial Decree No. 220/2011, those provided for by Articles 2382 (for the Board of Directors), 2397 (2) and 2399 (the Board of Statutory Auditors), of the civil code and possibly by the bylaws of the companies, and also any provisions concerning the absence of incompatibility as referred to in Article 36 of Decree Law 201/2011 (converted with amendments by Law 214/2011).

Taking into account the combined provisions of Article 10 (2) of Ministerial Decree 220/2011, of Article 36 (2a) of Decree Law 201/2011 and of Article 76 (2) of Legislative Decree 209/2005All, the body responsible for assessing the requirements (professionalism, integrity and independence) is the Board of Directors.

The requirements are verified:

- at the time of the appointment;
- if there is a change to the declared situation;
- at least once per calendar year, for the integrity requirements, and the absence of incompatibility.

The fitness for office requirements for the position of manager of a key function (Risk Management, Compliance, Audit, and Actuarial) and, if they are outsourced, of the people responsible for auditing the outsourced activities, and the Chief Risk Officer and Chief Compliance Officer, if appointed, are:

- **professionalism**, which is defined as having:
  - performed control activities, even in a role other than that of Manager, for at least 5 years during the course of his or her career;
  - achieved an educational qualification in a relevant subject, or alternatively, having acquired at least 10 years' experience (in the years preceding the appointment) in the Controls area.

  The Manager of the Actuarial function is an exception, as for this role, according to Article 30e of Legislative Decree 209/2005, the conditions are as follows:

  - Membership of the professional register referred to in Law 194 of 9 February 1942.

  Alternatively:

  - Knowledge of actuarial and financial mathematics that is adequate for the nature, scope and complexity of the risks pertaining to the company's business, and proven professional experience in the subjects that are relevant to this position.

- **integrity**, as defined in Articles 4, 5 and 7 of Ministerial Decree 220/2011 for individuals performing administration, management and control functions;
- **independence**:
    - For the managers of the key functions, this is defined as not holding positions in public, private, recognised or unrecognised, for profit or without profit companies or entities, and in not working for any third party except where expressly authorised in advance by the business unit responsible for personnel – the issue of approval will be subject to a specific enquiry;
    - For the managers responsible for auditing outsourced activities, this is defined as not performing operational duties within the company, or in the outsourcer's organisation.

The body responsible for assessing the requirements is the Board of Directors.

In the same way as for the requirements regarding the members of the Board of Directors, the Board of Statutory Auditors and the director-general, the requirements are verified, for the managers of key functions:

- at the time of the appointment;
- if there is a change to the declared situation;
- at least once per calendar year, for the integrity requirements, and the absence of incompatibility.

B.2 Competence and integrity requirements – Intesa Sanpaolo Vita S.p.A.

See above.

B.2 Competence and integrity requirements – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has implemented and adopted the Rules on the assessment of fitness for office requirements, for Intesa Sanpaolo Vita, as the parent company of the Insurance Group.

The policy is reviewed and approved by the Board of Directors at least once a year.

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

B.2 Competence and integrity requirements – Fideuram Vita S.p.A.

The Rules on the assessment of fitness for office requirements have been prepared in accordance with the same document of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors.

The policy is reviewed and approved by the Board of Directors at least once a year.

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

B.2 Competence and integrity requirements – Intesa Sanpaolo Life D.A.C.

The Rules on the assessment of fitness for office requirements have been prepared in accordance with the same document of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors.

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

According to the Central Bank, the specific competencies required for the key functions dependent on the position, but traditionally they relate to some or all of the following areas:

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

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

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

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

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

For more information, see the paragraph on the Insurance Group.

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

Risk management process, and role of the risk management function - Intesa Sanpaolo Vita Insurance Group

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

Intesa Sanpaolo Life uses them as guidelines, to define its own corporate policy in this area, in accordance with the applicable regulations and reports to the Insurance Parent Company on any incompatibilities of the Rules with the regulations of the country in which it operates.

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

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

The first phase enables Top Management to have an immediate overview of the risks that can guide their decision-making processes and define their priorities, also in terms of strategic planning. There are 5 phases, which are carried out at least once a year (or when specific events occur):

- Stage 1 - Recognition: this comprises all the risk identification activities in the business areas, with the support of the risk owners;
- Stage 2 - Census: this comprises all the information gathering/census and risk update activities;
- Stage 3 - Assessment: this comprises all the activities required to process information/assess the exposure to risk;
- Stage 4 - Validation: this comprises the validation of the analysis;
- Stage 5 - Reporting: this comprises the internal reporting on the risk exposure.

Once the risks have been identified, the Insurance Group obtains documents for each specific risk to determine procedures for managing each one, together with the operational tolerance limits. There is also an assessment of hard to quantify risks that the Group considers to be significant.

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 includes a constant stress testing activity. The stress tests consist of a set of techniques shared used by the companies to:

- measure their vulnerability to extraordinary yet plausible events;
- allow Top Management to understand the relationship between the risk assumed and 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.

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.

Risk management process, and role of the risk management function - Intesa Sanpaolo Vita S.p.A.

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

Risk management process, and role of the risk management function - Intesa Sanpaolo Assicura S.p.A.

The 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.

Risk management process, and role of the risk management function - Fideuram Vita S.p.A.

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

Risk management process, and role of the risk management function - Intesa Sanpaolo Life D.A.C.

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

Internal risk and solvency assessment - Intesa Sanpaolo Vita Insurance Group

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

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

The preliminary activities are:

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

The detailed phases are as follows:

1. Identification and monitoring of risks: in order to evaluate the risk profile, the companies of the Intesa Sanpaolo Vita Group must identify all the risks to which the individual company and the entire Insurance Group is or may be exposed. This identification is aimed at:
    - building an effective risk management system to support the achievement of the company goals while protecting 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.
2. Self-assessment: the objective of this phase is to assess the regulatory capital requirement and the economic capital considering all the relevant risks to which Intesa Sanpaolo Vita and the Insurance Group companies are exposed, and taking into account the strategic and business objectives. Unlike the Pillar 1 requirements, the assessment includes also any material risks not considered in Pillar I and requests a forward-looking internal assessment of risk and solvency.
3. Capital adequacy assessment: the objective of this phase is to assess the capital adequacy in terms of own funds at individual and consolidated level compared to the level of risk assumed. The phase to determine the available own funds and to compare it with the economic capital is broken down in the following sub-phases:
    - determination of available own funds;
    - assessment of capital adequacy.
4. Preparation and approval of the ORSA Report: the parent company Intesa Sanpaolo Vita documents the findings of the ORSA process for all Group Insurance companies in a single report. The "Consolidated internal risk and solvency assessment document" is a consolidated document (supervisory report on the internal risk and solvency assessment) covering the internal risks and solvency assessment carried out at group level and at the level of some of the group subsidiaries on the same date and in the same reporting period;
5. Independent review of the ORSA process: the ORSA process is included in the audit and is periodically audited by Audit. The results of the audits are submitted to the Board of Directors within the framework of the periodic reporting by the function 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 companies have also put in place controls to cover all business risks, including forward-looking, and with a view to safeguarding of assets.

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

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

- any scheduled issue of capital;

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

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

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

During the year the following are periodically monitored:

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

Internal risk and solvency assessment – Intesa Sanpaolo Vita S.p.A.

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

Internal risk and solvency assessment – Intesa Sanpaolo Assicura S.p.A.

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.

Internal risk and solvency assessment – Fideuram Vita S.p.A.

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

Internal risk and solvency assessment – Intesa Sanpaolo Life D.A.C.

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

B.4 Internal controls system

Internal controls system - Intesa Sanpaolo Vita Insurance Group

The Internal Controls System of the Company and the Intesa Sanpaolo Vita Insurance Group involves all the company structures and every member of staff, each within his/her own field of competence and responsibility, in order to ensure constant and effective monitoring of risks.

Top Management of Intesa Sanpaolo Vita, including with reference to the role of the Insurance Parent Company, ensures that staff are made aware of their own role and responsibilities so as to be effectively engaged in controls understood to be an integral part of their activity. For this purpose, it ensures 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 also verifies the exercise of the powers assigned to legal representatives in the course of major transactions in terms of dimensions and characteristics they conducted with the powers granted to them.

The Group's Internal Controls System is structured on multiple levels.

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

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

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

- Networks monitoring;
- Planning and management control;
- Monitoring of Asset Liability Management (ALM);
- Administrative and financial governance:
- Monitoring of outsourced activities;
- Oversight of the Insurance Group;
- Handling of complaints;
- Controls on personal data protection;
- Controls on workplace safety;
- Review of adequacy of the organisational structure;
- Data quality;
- Technical and actuarial controls.

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

- Integrity and ethical values;
- Control activity and segregation of tasks;
- Timely and reliable financial reporting to stakeholders and availability of all the information necessary to evaluate the trend in the company's business, as produced by the standard accounting and management processes and by the ancillary information systems that ensure compliance with data quality standards, which require accuracy, completeness, timeliness, cohesion, transparency and relevance.

This information is brought to the attention of the Board of Directors periodically, with varying levels of detail, in the form of financial and income schedules that summarise management performance.

All the information to be disclosed externally is assessed and authorised in advance by the Unit tasked with producing it. Specifically, financial information must be assessed by those in charge of drawing up accounting documents.

This system ensures the continuous integrity, completeness and correctness of the stored data and of the represented information also for the purpose of enabling a reconstruction of the activity, and the identification of the persons in charge, while ensuring that recorded information can be checked easily.

Internal controls system – Intesa Sanpaolo Vita S.p.A.

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

Internal controls system – Intesa Sanpaolo Assicura S.p.A.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Top Management implements this correctly, assessing its adequacy and effective functioning.

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

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

B.5 Internal Audit function – Fideuram Vita S.p.A.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Top Management implements this correctly, assessing its adequacy and effective functioning.

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

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

Internal audit function – Intesa Sanpaolo Life D.A.C.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Top Management implements this correctly, assessing its adequacy and effective functioning.

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

The internal control system for 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 Vita Insurance Group

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

At insurance Group level, the organisational model will vary depending on the company's organisational structure. In certain cases, the Compliance function of Intesa Sanpaolo Vita outsources its activities (i.e. Intesa Sanpaolo Assicura), and in other cases, there is a Local Compliance function (i.e. Intesa Sanpaolo Life and Fideuram Vita).

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.

Implementation of the compliance audit function – Intesa Sanpaolo Vita S.p.A.

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

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

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

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

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

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

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

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

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

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

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

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

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

Implementation of the compliance audit function – Intesa Sanpaolo Assicura S.p.A.

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

Intesa Sanpaolo Vita's compliance guidelines were adopted by the Board of Directors of Intesa Sanpaolo Assicura S.p.A., while Intesa Sanpaolo Assicura has drawn up its own set of guidelines which set out the general principles that apply to the Insurance Group and identify the roles, responsibilities, duties, operational processes, methods and reporting procedures regarding the management of compliance risk.

For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita.

Implementation of the compliance audit function – Fideuram Vita S.p.A.

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 Guidelines of Fideuram Vita have been prepared in accordance with the guidelines of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors on 1 February 2017.

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.

Implementation of the compliance audit function – Intesa Sanpaolo Life D.A.C.

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 Guidelines of Intesa Sanpaolo Life have been prepared in accordance with the guidelines of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors.

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.

B.5 Internal audit function

B.5 Internal audit function – Intesa Sanpaolo Vita Insurance Group

Refer to the information given below in relation to Intesa Sanpaolo Vita, as the Parent Company's Audit Function operates for the whole of the Insurance Group under specific outsourcing agreements.

B.5 Internal audit function – Intesa Sanpaolo Vita S.p.A.

The Company's internal audit function operates through a specific organisational unit that also operates for other companies belonging to the Insurance Group, both with regard to the role of Insurance Group Parent and, for the insurance companies, through outsourcing contracts, thus ensuring uniform intervention and creating synergies.

The mission assigned to the Audit Function is to ensure a constant, independent and impartial assessment of the adequacy and efficiency of the internal controls system, and make sure that it guarantees the effectiveness and efficiency of business processes, the protection of assets and of the Insurance Group and the reliability and integrity of financial and management information, while ensuring that all activities comply with current regulations, directives and company procedures.

The Audit function provides support and advice to other company functions, participating in projects to create added value, improve the effectiveness of the control processes and maintain their adequacy to the development of structures and internal processes. The function also supports the company governance and provides Top Management, company bodies and institutions such as IVASS and the Bank of Italy with timely and systematic disclosures on the state of the controls system, the results of the activities and on the progress of corrective actions.

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

The audit findings are presented in reports, produced according to a standard format to safeguard transparency and efficiency. The recipients of the report are the Organisational Units of the Company, specifically the audited units, and Top Management.

The submission of the report is the start of a process that sheds light on the causes of any irregularities and identifies, schedules and implements corrective actions. For this purpose the head of the Audit function involves the management of the audited area at a specific exit meeting, together with the other business units involved in identifying and processing the corrective actions. At the end of the meeting a draft plan of corrective actions is formalised for submission to the Board of Directors, who will determine the measures to be taken. The actions are then used by the Audit function to update the audit report, the dashboard (which contains all the audit points detected during the audit activity, and the actions planned to remedy them), and for the follow-up actions.

Checks on the corrective actions proposed by the Audit Function are carried out quarterly. The follow-up activity consists of a written report containing a summary of the measures taken to eliminate any unresolved findings. The report will identify the reasons for any delay in implementing corrective measures by the stated deadline.

With regard to its reporting activity, the Audit function:

- reports quarterly to the Board of Directors on the results and recommendations of the audits carried out in the period;
- reports at least every six months to the Board of Statutory Auditors, submitting the results of audits carried out during the period, any discrepancies, and the improvement actions adopted or to be adopted;
- reports every six months to the Board of Directors on the activity carried out in the period, providing written results of its audits, identifying discrepancies and highlighting the improvement actions adopted or to be adopted;
- reports urgently to the Board of Directors and Board of Statutory Auditors on particularly serious situations and any major violations or shortcomings;
- during periodic meetings, it reports to the 231 Supervisory Body, in the event of interventions concerning 231 risks;
- reports to IVASS, in the annual reports required by sector regulations;
- every year, it reports to the administrative body, Top Management and the supervisory body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the confidentiality of reports of suspicious transactions;
- the parent company Intesa Sanpaolo, by sending documents according to the procedures and timing set out in the operational guide;
- reports to the other control functions by sending extracts of reports on its audit activities, and a Dashboard at least every six months;
- if there is a need to inform IVASS in response to tangible evidence of serious violations that could significantly prejudice the sound and prudent management of the Company, the Audit function will implement the provisions of internal procedures, informing the Chair of the Board of Directors and the Chair of the Board of Statutory Auditors.

The Audit Function has links with all other control functions of the Company and of the Insurance Group entities; it will exchange information either through specific meetings and by sending documentation and reports, attending discussion groups with the supervisory functions, or by sitting on committees.

The Audit Function establishes an independent collaboration with the Board of Statutory Auditors, aimed at ensuring complete and timely sending of the relevant information on the results of its work in order to guarantee continuous updating of the monitoring of the internal controls system.

Considering the responsibilities assigned to the 231 Supervisory Body by the Board of Directors and the professional nature of its activities, the Function is supported by the Audit Manager.

The function also maintains relations with the auditing firm and the managers of the open pension funds.

B.5 Internal Audit function – Intesa Sanpaolo Assicura S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Assicura, under an outsourcing contract. The executive body of Intesa-Sanpaolo has decided to appoint the Chair of the Board of Statutory Auditors as Head of auditing of the outsourced services.

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

B.5 Internal audit function – Fideuram Vita S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Fideuram Vita, under an outsourcing contract. The executive body of Fideuram Vita has decided to appoint the Chair of the Board of Statutory Auditors as Head of auditing of the outsourced services.

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

B.5 Internal Audit function – Intesa Sanpaolo Life D.A.C.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Life, under an outsourcing contract. The executive body of Intesa Sanpaolo Life has decided to appoint the CEO as Head of auditing of the outsourced services.

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

Independence and objectivity – Intesa Sanpaolo Vita S.p.A.

The Audit function of Intesa Sanpaolo Vita reports directly to the Board of Directors of the company's and is independent of the operational units. The Audit Regulations describe how the Audit function of the company maintains the required level of independence.

The Audit function has the following characteristics:

- an organisational structure that guarantees its independence and autonomy so that its objective judgement is not compromised;
- free access to all company structures and to the documentation related to the audited business area, including information instrumental to the assessment of the adequacy of the controls on the outsourced company functions;
- organic links with all the centres in charge of internal control functions; enough human and technological resources to continuously carry out checks, analyses and other tasks necessary to fulfil its mandate.

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

- has specific expertise and professionalism and meets the eligibility requirements for the position to carry out the activity, as governed by the Rules adopted pursuant to article 5(2)(l) of ISVAP Regulation No. 20/2008;
- is appointed or revoked by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- has no hierarchical and functional relations with the audited areas;
- Reports directly to the Board of Directors and to the Board of Statutory Auditors.

Independence and objectivity – Intesa Sanpaolo Assicura S.p.A.

Not applicable, as the audit activities are performed by the Audit function of Intesa Sanpaolo Vita.

Independence and objectivity – Fideuram Vita S.p.A.

Not applicable, as the audit activities are performed by the Audit function of Intesa Sanpaolo Vita.

Independence and objectivity – Intesa Sanpaolo Life D.A.C.

Not applicable, as the audit activities are performed by the Audit function of Intesa Sanpaolo Vita.

B.6 Actuarial Function

B.6 Actuarial function - Intesa Sanpaolo Vita Insurance Group

The activities of the Actuarial function are carried out in accordance with the provisions of Article 272 of Delegated Regulation (EU) 2015/3 and Article 48 of the Solvency II Directive (2009/138/EC).

Apart from performing its duties for the company, the Actuarial function of Intesa Sanpaolo Vita has introduced a series of controls, in its capacity as the Actuarial function of the parent company of the Intesa Sanpaolo Vita Insurance Group.

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

In performing its tasks of coordination and guidance, the Actuarial function of Intesa Sanpaolo Vita verifies the contents of the documents prepared by the Actuarial functions of each company and the completeness of the audits carried out with reference to the following areas:

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

B.6 Actuarial function – Intesa Sanpaolo Life D.A.C.

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

In particular, the Head of the Actuarial function:

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

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 sufficiency of the Local 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 Report. 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.

B.6 Actuarial function – Intesa Sanpaolo Life D.A.C.

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

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

However, with reference to Intesa Sanpaolo Assicura, the Head of the Actuarial function carries out the work for Intesa Sanpaolo Vita, and also signs the annual report on CARD claims under the terms of IVASS provision no. 43/2016.

B.6 Actuarial function – Fideuram Vita S.p.A.

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

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

B.6 Actuarial function – Intesa Sanpaolo Life D.A.C.

The role of the Actuarial Function has been outsourced to the international actuarial and strategic consulting firm, Milliman. The head of the Actuarial function also reports directly to the Board of Directors in this case. Based on the company's outsourcing regulations, a Manager has been appointed, to supervise the outsourced activities. This role is held by the CEO.

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. Refer to the details in the paragraph on Intesa Sanpaolo Vita.

B.7 Outsourcing

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; or there may be a need to concentrate efforts on the core business, and outsource non-core activities such as postal services.

Intesa Sanpaolo Vita has adopted the Group Rules on outsourcing. These define the principles of the process of decision-making, the responsibilities, duties and audits required for the outsourcing of activities within the Intesa Sanpaolo Vita Group and the Intesa Sanpaolo Group and towards third parties, and provide greater oversight of the risks resulting from the decision to outsource.

The Guidelines:

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

B.7 Outsourcing – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; The decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

All the outsourced services, and relations with outsourcers themselves are governed by service agreements, which define the object and terms of the services, the rights, obligations, responsibilities, penalties, duration of the agreements, renewal, termination conditions and any reciprocal commitments related to termination, the Service Level Agreement, the parameters used to monitor service levels, and the process used to determine payment.

The outsourcing guidelines regulate the audits and evaluations that the business units receiving the outsourced services must perform, and define the reports that need to be produced for Top Management, the Board of Directors and the Regulator, as well as any reports to the 231 Supervisory Body.

B.7 Outsourcing – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has adopted the Group outsourcing guidelines, and mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; the decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

B.7 Outsourcing – Fideuram Vita S.p.A.

Fideuram Vita has adopted the Group outsourcing guidelines, and mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; the decision to opt for the horizontal outsourcing of transverse

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

B.7 Outsourcing – Intesa Sanpaolo D.A.C.

Intesa Sanpaolo Life has adopted the Group outsourcing guidelines, and mainly uses Intesa Sanpaolo Group companies and those of the Intesa Sanpaolo Vita Group for the outsourcing of essential services in particular; the decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

In implementing the provisions of the Guidelines, Intesa Sanpaolo Life has integrated the specific requirements of the Central Bank of Ireland regarding the notification process ("Notification Process for (re) Insurance undertakings when Outsourcing Critical or Important Functions or Activities under Solvency II").

B.8 Other information

In November 2016, the Regulator IVASS began an ordinary inspection at Intesa Sanpaolo Vita S.p.A., concerning the Best Estimate of technical provisions, the assumptions used to calculate technical provisions, the calculation of the Solvency Capital Requirement (SCR) and the Asset Liability Management of with-profit policies. The inspection ended in the first quarter of this year, and the results were brought to the attention of the Board of Directors of Intesa Sanpaolo Vita on 5 May 2017.

The results of the inspection included findings for which the company has planned the necessary resolutory measures. The resolution plan is monitored by the company's audit functions.

For certain findings, the Regulator found that there was a violation of the provisions of Article 30a(1) of Legislative Decree no. 209/2005. The company has duly filed a defence, confirming that its actions were correct.

C. Risk profile

C.1 Underwriting risk

C.1.1 Exposures and their measurement

C.1.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group defines the underwriting risk as the risk of loss or adverse change to the value of the insurance liabilities due to inadequate price setting assumptions (price setting risk), or the assumptions used in establishing the technical provisions.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2016 the technical risks of the Life area accounted for 20% of the Group Basic Capital Requirement, inclusive of the diversification effect, while the technical risks of the Non-life and Health areas accounted for 3% and 1% respectively. The tables below show a breakdown of the submodules of the Group's technical risks:

(euro thousands)

Module	Net Amount
Underwriting Risk (Life)	**963.316**
Mortality Risk	113.126
Longevity Risk	130.022
Disability Risk	-
Expenses Risk	174.581
Revision Risk	-
Lapse Risk	793.643
Cat Risk	56.750
Diversification	-304.808

(euro thousands)

Module	Net Amount
Underwriting Risk (Non-Life)	**107.812**
Premium&Reserve Risk	93.920
Lapse Risk	17.960
Cat Risk	31.577
Diversification	-35.644

(euro thousands)

Module	Net Amount
Underwriting Risk (Health)	**43.824**
Cat Risk	3.727
Mass Accident Risk	*406*
Concentration Risk	*406*
Pandemic Risk	*3.683*
Diversification	*-767*
Non-SLT Risk	42.743
Reserve Risk	*42.318*
Lapse Risk	*6.013*
Diversification	*-5.588*
Diversification	-2.647

On 31 December 2016 the value of the technical risks of the Life business, according to the Standard Formula, was 937 million euro. The main risks of this type to which the Group is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and demographic risks.

With regard to the absorption of capital by the technical risks of the Non-life business this amounts to 108 million euro while Health technical risks amounts to 44 million euro. The main risks of this type to which the Group is exposed are the underwriting risks.

The diversification effect for Life underwriting risks is 32% of the pre-diversification underwriting risk, for the Non-life underwriting risks it is 33% while for the Health underwriting risks it is 6%.

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 consist of a set of techniques used by the Group to:

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

The stress testing activity identifies the collective shock of the selected risks and the related calculation of loss. The Risk Management function of the Insurance Group Parent assesses 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 Brick companies define investment policies for the entire portfolio, based on the principle of a reasonable person, as already described in paragraph B.3 "System of risk management, including the internal assessment of risk and solvency".

Below are the figures for the Group companies' exposures to Technical risks, in terms of use of capital. The figures are also compared against those for 31 December 2015.

C.1.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

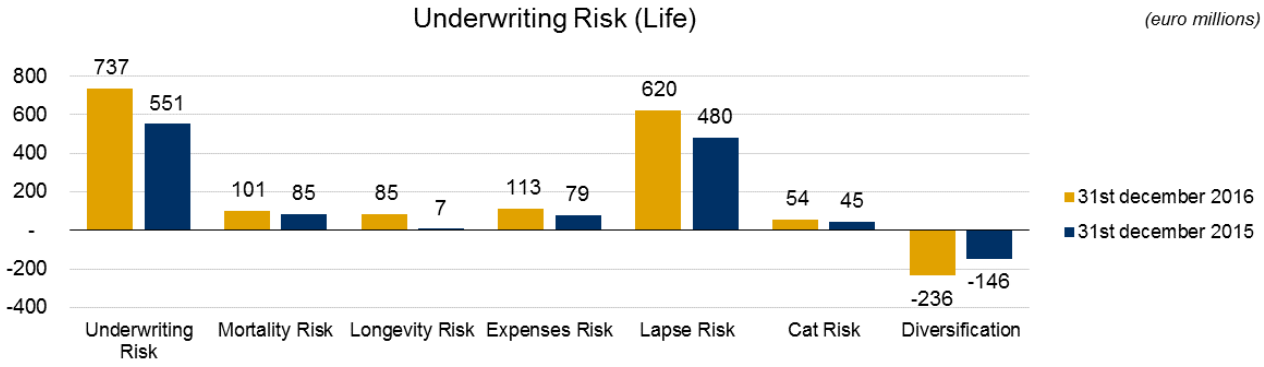
On 31 December 2016 the technical risks of the Life area represented about 18% of the Company's Basic Capital Requirement, inclusive of the diversification effect. The main risks of this type to which the company is exposed in the Life business are indicated below:

(euro thousands)

Module	Net Amount
Underwriting Risk	**736.637**
Mortality Risk	101.060
Longevity Risk	84.521
Expenses Risk	113.166
Lapse Risk	619.947
Cat Risk	54.214
Diversification	-236.270

The diversification effect is 32% of the underwriting risk prior to diversification.

The capital absorbed by Life Underwriting risks has increased compared to the figures for 31 December 2015 by 34% overall – this increase derives from the combined effect of the Redemption and Longevity risks. The bar chart shows the changes compared to the previous year.



The graph shows a sharp increase in the longevity risk which is mainly due to methodological and calibration changes.

C.1.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

On 31 December 2016 the technical risks of the Non-life business represent about 58% of the Basic Capital Requirement of the company while the technical risks of the Health business represent about 24%. The main risks of this type to which the company is exposed in the Non-life business are indicated below:

(euro thousands)

Module	Net Amount
Underwriting Risk (Non-Life)	**107.812**
Premium&Reserve Risk	93.920
Lapse Risk	17.960
Cat Risk	31.577
Diversification	-35.644

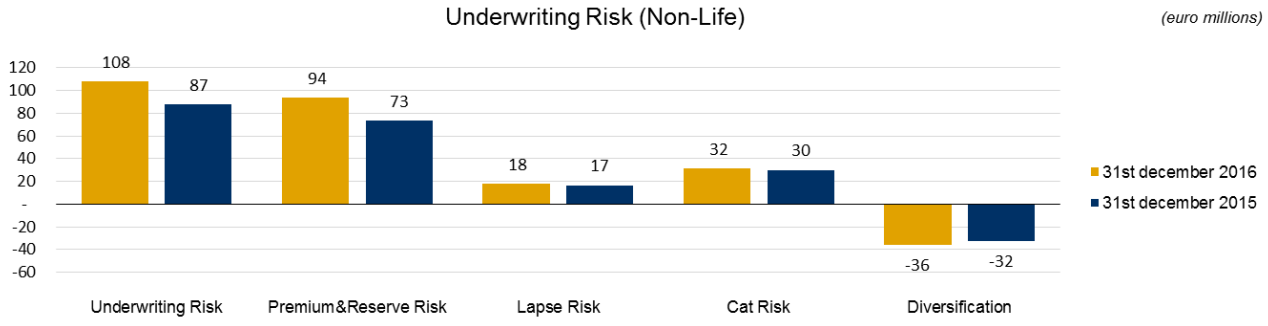
Meanwhile in the Health business, the company is exposed to the following risks:

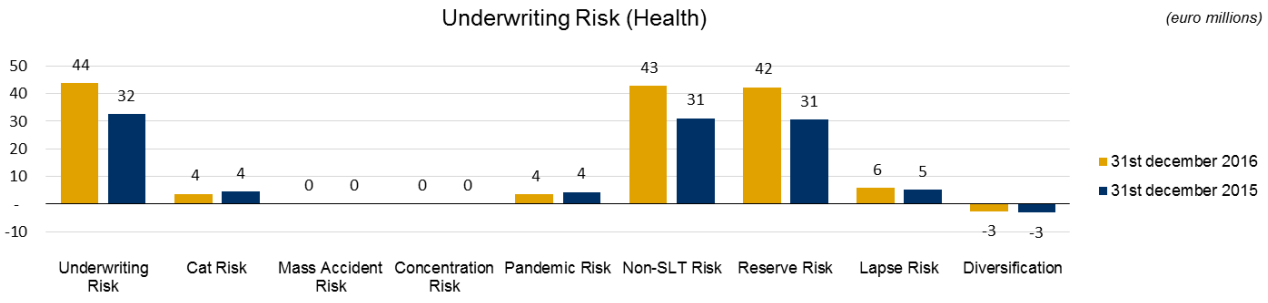
(euro thousands)

Module	Net Amount
Underwriting Risk (Health)	**43.824**
Cat Risk	3.727
Mass Accident Risk	*406*
Concentration Risk	*406*
Pandemic Risk	*3.683*
Diversification	*-767*
Non-SLT Risk	42.743
Reserve Risk	*42.318*
Lapse Risk	*6.013*
Diversification	*-5.588*
Diversification	-2.647

The diversification effect is 33% of the Non-life business and 6% of the Health business.

The capital absorbed by the Non-life Underwriting risks and by the Health Underwriting risks has increased compared to the figures for 31 December 2015 by 23% and 35% respectively, mainly due to the Pricing risk.





C.1.1 Exposures and their management – Fideuram Vita S.p.A.

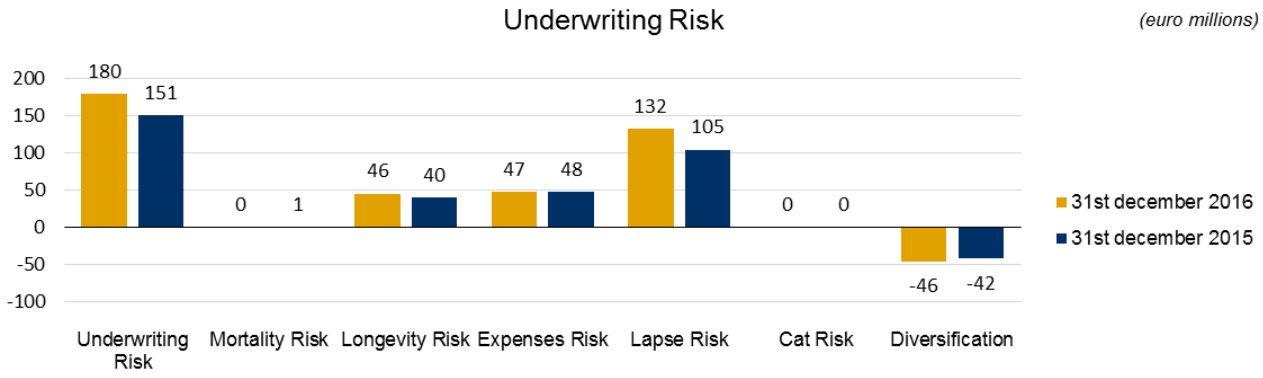
On 31 December 2016 the technical risks represented about 31% of the Company's Basic Capital Requirement of the diversification effect and tax adjustment. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and longevity risks.

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

(euro thousands)

Module	Net Amount
Underwriting Risk	**179.529**
Mortality Risk	-
Longevity Risk	45.501
Disability Risk	-
Expenses Risk	47.345
Revision Risk	-
Lapse Risk	132.403
Cat Risk	332
Diversification	-46.053

The diversification effect is 20.4% of the underwriting risk prior to diversification.



C.1.1 Exposures and their management – Intesa Sanpaolo Life D.A.C.

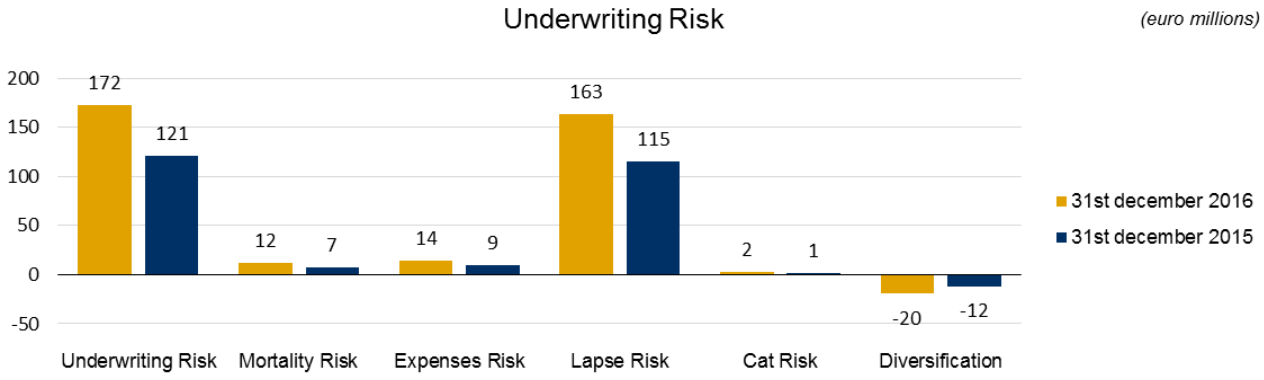
On 31 December 2016 the technical risks of the Life area represented about 56% of the Company's Basic Capital Requirement, inclusive of the diversification effect. The main risks of this type to which the company is exposed in the Life business are indicated below:

(euro thousands)

Module	Net Amount
Underwriting Risk	**172.059**
Mortality Risk	12.066
Expenses Risk	14.071
Lapse Risk	163.293
Cat Risk	2.204
Diversification	-19.575

The diversification effect is 11% of the underwriting risk prior to diversification.

The capital absorbed by Life Underwriting risks has increased compared to the figures for 31 December 2015 by 42% overall – this increase derives from the combined effect of the Redemption risks. The bar chart shows the changes compared to the previous year.



C.1.2 Concentration of risks

C.1.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

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 Rules is to define a risk concentration policy that would be consistent with the risks management strategy and policy and with the investment policies.

The risk concentrations are identified by assessing the impact they could have on the company's financial situation and solvency as a result of adverse scenarios for 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 Underwriting risk, the Group has set the concentration threshold for the capital requirement associated with the Natural Disaster risk at 5%, Underwriting risk taking into account the standard operations and limits on operativity as provided for in the Framework Decision on Investments. This has been calculated as the ratio between the capital requirements for the company's catastrophe module, and the Group Solvency Capital Requirement.

With reference to the valuation date 31/12/2016, there were no significant concentrations.

C.1.3 Risk mitigation techniques

C.1.3 Risk mitigation techniques – Intesa Sanpaolo Vita S.p.A.

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. Passive 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.

In the Life segments, the aim is to protect the portfolio with proportional arrangements in excess or in proportion, to mitigate the peak exposures and non-proportional agreements in excess of claims to protect against natural disaster risks that may involve several persons during the same event, while the optional use of reinsurance is limited to rare cases in which the risk is not eligible for the current reinsurance arrangements.

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.

As of 31/12/2016 the company made no use of reinsurance.

C.1.3 Risk mitigation techniques – Intesa Sanpaolo Assicura S.p.A.

On the valuation date the company used passive reinsurance as a way to mitigate the underwriting risk.

At the time of its formation, Intesa Sanpaolo Assicura received fully paid-up share capital that is sufficient to cover the normal risks of its underwriting without any need for substantial recourse to proportional reinsurance agreements.

The risk containment strategy aims to reduce the volatility of the income statement results and the ensuing technical balance of the portfolio based on the impact on the solvency margin of the various lines of business provided for by the regulations.

Under Solvency II, Intesa Sanpaolo Assicura considers the reinsurance effect in reference to the calculation of the bonus risk, reserving risk, catastrophe risk and the Best Estimate. 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 to limit the capital requirement.

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.

C.1.3 Risk mitigation techniques – Fideuram Vita S.p.A.

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. Passive reinsurance is residual, and there are no collateral guarantees.

The company has utilised proportional arrangements to limit the portfolio exposes relating to the Death and Accident risk, for the surplus. A claim excess agreement has also been made to protect against catastrophe risk, for the retained part of the portfolio. Recourse to optional reinsurance is limited to cases in which the risk does not apply to the existing reinsurance arrangements. During the year, no need to enter into any new arrangement was identified.

C.1.3 Risk mitigation techniques – Intesa Sanpaolo Life D.A.C.

The company's main form of mitigation is smart product design. This includes variations in the level of cover according to age band, and the inclusion of redemption penalties in the first few years of the policy term. The company also carefully analyses redemption history and mortality rates in order to formulate the assumptions to maximise the mitigation of underwriting risk.

C.1.4 Sensitivity analysis

C.1.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

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

As part of the self-assessment, the Group companies carry out combined stress tests that represent the collective impact on corporate solvency and stability, in a reasonably realistic way. For example, a stressor of the underwriting risk will rarely happen separately from a stressor of financial risks.

Two sets of stress tests were conducted on the findings for 31/12/2016, which present the main market and technical factors for the Group.

Stress test 1 consists of:

- Variable financial shocks:
  - Increase in spread of government bond issuers, non core Euro area (rating < A);
  - Increase in spread of corporate bond issuers, Euro area (rating < AA).
- Equity market shocks:
  - Technical variable shocks for the Life companies;
  - Increase in redemptions, assuming a mass exit from Unit Linked policies on the valuation date.
- Technical variable shocks for the Non-life companies:
  - an increase in the frequency of motor claims;
  - an increase in the frequency of claims for loss of employment, under the Credit Protection Insurance policies.

Stress test 2 relates to purely financial shocks, and provides for a reduction in risk free interest rates.

Stress tests are conducted in accordance with the IVASS Market Letter of 21/04/2017 and are based on the EIOPA stress tests developed in 2016.

For Intesa Sanpaolo Life, apart from the above-mentioned stress tests, additional sensitivities were investigated with a series of collective and stand-alone stress tests on:

- Redemption rates;
- The value of new business;
- Stock market values.

C.2 Market risk

C.2.1 Exposures and their measurement

C.2.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Group defines market risk as the risk of a loss or adverse change in the financial situation deriving directly or indirectly from fluctuations in the level and volatility of the market prices of the assets, liabilities and financial instruments.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2016 the Market risks represented about 67% of the Group's Basic Capital Requirement, inclusive of the diversification effect. The tables below show a breakdown of the submodules of the Group's Market risks:

(euro thousands)

Module	Net Amount
Market Risk	**2.843.065**
Interest Rate Risk	615.529
Equity Risk	974.113
Property Risk	27.509
Spread Risk	1.392.563
Concentration Risk	249.482
Currency Risk	563.703
Diversification	-979.834

On 31 December 2016 the value of the Market risks, according to the Standard Formula, was 2.843 million euro. The main risks of this type, to which the Group is exposed, are the spread and share price risks.

The diversification effect for market risks is 34% of the underwriting risk prior to diversification.

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".

The principle of sound, prudent management also translates into a series of limits and conditions relating to the permitted transactions on the portfolio securities, taking into account the market context, with particular regard to:

- Quantitative limits for the assets and for the exposures, to guarantee the level of portfolio security, quality, liquidity, profitability and availability;
- Quantitative limits for the assets covering the technical provisions, separately for the Life and Non-life segments;
- Limits on the cover provided, and the other assets guaranteeing the assets;
- Concentration limits, per issuer or per group;
- Limits on investments in complex assets;
- Limits on categories of low-liquidity assets or those for which no reliable, independent valuation is available;
- Limits on investments in securitisations;
- Limits on investments in equities tied to controlling interests or considerable influences.

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.

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.

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 2015.

C.2.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita has a significant exposure to Market risk. On 31 December 2016 the Market risks represented about 72% of the Company's Basic Capital Requirement, inclusive of the diversification effect.

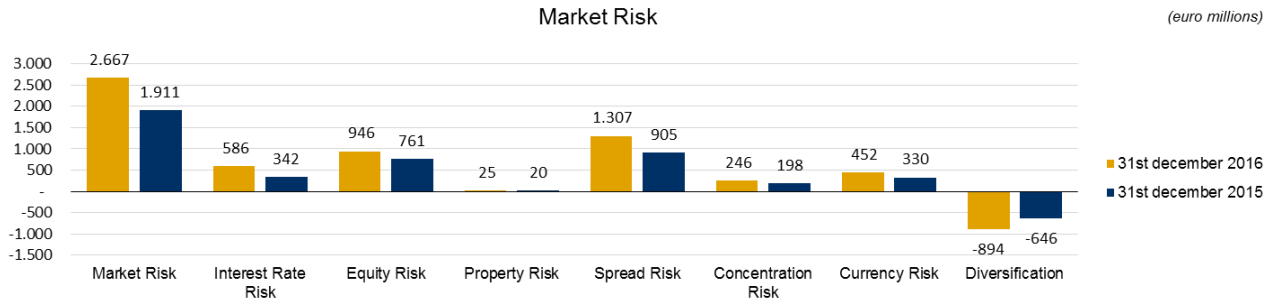
The main risks of this type to which the Group is exposed, are the spread and share price risks.

(euro thousands)

Module	Net Amount
Market Risk	**2.667.036**
Interest Rate Risk	586.108
Equity Risk	945.619
Property Risk	24.636
Spread Risk	1.306.822
Concentration Risk	246.283
Currency Risk	451.807
Diversification	-894.238

The diversification effect is 34% of the market risk prior to diversification.

The capital absorbed by Market risks has increased compared to the figures for 31 December 2015 by 40% overall – this increase derives from the combined effect of the Rate and Spread risks. The bar chart shows the changes compared to the previous year.



The increase in Market risk is due to various factors. For example, during 2016 the performance of global share indexes was generally highly volatile, with an increase in risk aversion on the part of investors in the largest international markets. In 2016 there was also a sharp downturn in the equity markets due to a combination of macroeconomic factors such as the heavy fluctuations in the price of oil and the economic slowdown in China.

C.2.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

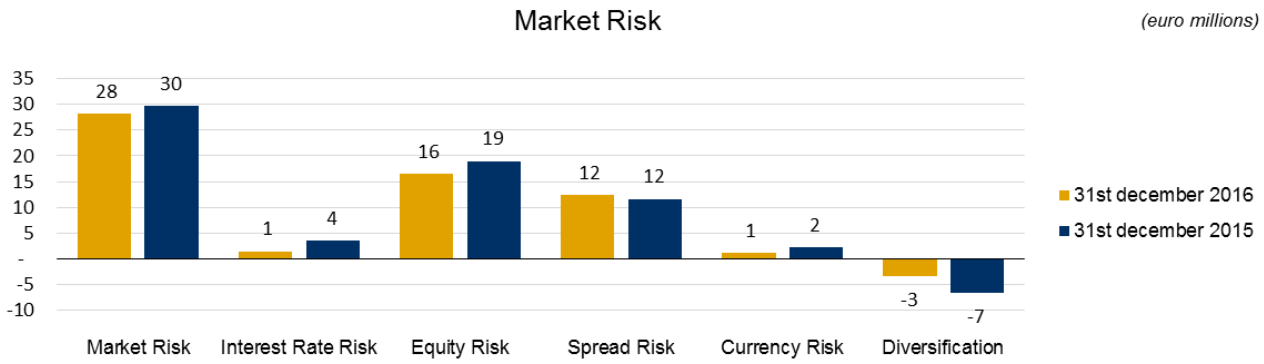
On 31/12/2016 the Market risks represented about 15% of the non-diversified Basic Capital Requirement.

(euro thousands)

Module	Net Amount
Market Risk	**28.168**
Interest Rate Risk	1.394
Equity Risk	16.468
Property Risk	-
Spread Risk	12.414
Concentration Risk	-
Currency Risk	1.181
Diversification	-3.289

The diversification effect is 12% of the market risk prior to diversification.

The capital absorbs by the Market risks has fallen compared to 31 December 2015 by 5% overall. The bar chart shows the changes compared to the previous year.



There were no significant changes compared to 31 December 2015.

C.2.1 Exposures and their management – Fideuram Vita S.p.A.

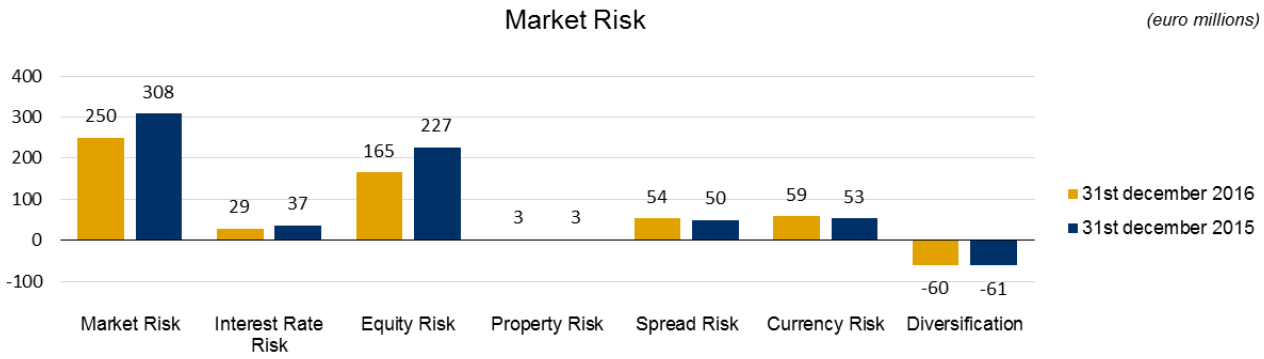
Fideuram Vita has a significant exposure to Market risk. On 31 December 2016 the Market risks represented about 44% of the Company's Basic Capital Requirement, inclusive of the diversification effect and tax adjustment. The main risks of this type to which the Company is exposed, are the currency risk and spread risk.

The graph below shows the percentage of the sub modules on the total market risk pre-diversification.

(euro thousands)

Module	Net Amount
Market Risk	**250.411**
Interest Rate Risk	29.192
Equity Risk	165.201
Property Risk	2.873
Spread Risk	54.246
Concentration Risk	-
Currency Risk	58.633
Diversification	-59.734

The diversification effect is 19.3% of the underwriting risk prior to diversification.



C.2.1 Exposures and their management – Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life has a significant exposure to Market risk. On 31 December 2016 the Market risks represented about 39% of the Company's Basic Capital Requirement, inclusive of the diversification effect.

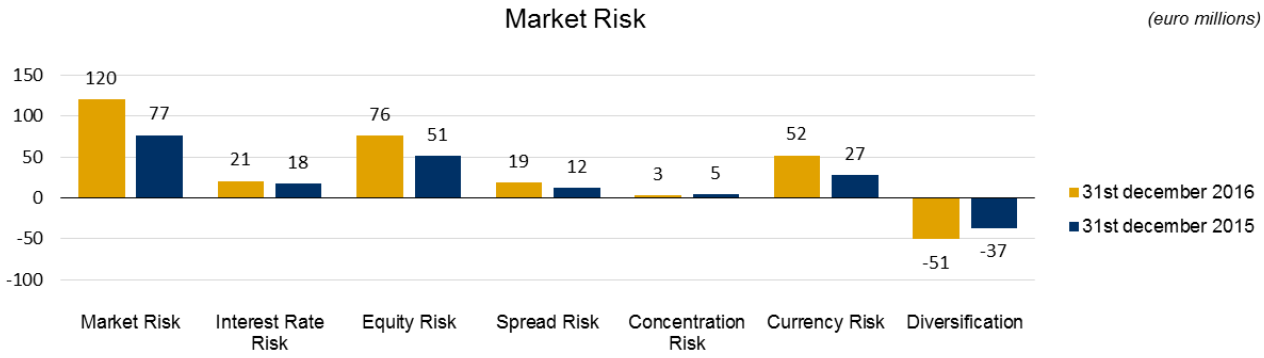
The main risks of this type to which the Group is exposed, are the spread and share price risks.

(euro thousands)

Module	Net Amount
Market Risk	**120.383**
Interest Rate Risk	20.613
Equity Risk	76.075
Spread Risk	19.086
Concentration Risk	3.199
Currency Risk	52.082
Diversification	-50.672

The diversification effect is 42% of the market risk prior to diversification.

The capital absorbed by Market risks has increased compared to the figures for 31 December 2015 by 42% overall – this increase derives from the combined effect of the Equity and Currency risks. The bar chart shows the changes compared to the previous year.



The increase in Market risk is due to various factors. The comments on the growth of market risk of the same as those given for Intesa Sanpaolo Vita.

C.2.2 Concentration of risks

C.2.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

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 Group only has significant concentrations for the currency risk.

The concentration for the currency risk is calculated as the ratio between capital requirements for each non-euro currency and the capital requirement of the Insurance Group.

For each currency other than the euro, the capital requirement is calculated (asset side only) for that currency, associated with the Currency risk submodule. That value is compared to the capital requirements of the Insurance Group, calculated for the last annual report.

C.2.3 Risk mitigation techniques

C.2.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

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;
- Default risk.

Although no specific hedging strategies have yet been implemented within the current model, when planning its activities the Group 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 games 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

C.2.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

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

For the market risk, a current stress test was carried out on 31/12/2016 with a prospective stress test for the planning period.

The following stress test was performed for Intesa Sanpaolo Vita and Intesa Sanpaolo Assicura:

Current stress scenario

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

The results of the current stress tests are contained in paragraph C.1.4.

C.3 Credit risk

C.3.1 Exposures and their measurement

C.3.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Group defines the Credit or Default risk as the risk of loss or unfavourable change in the financial position due to fluctuations in the credit standing of issuers of securities, counterparties and debtors to which the insurance or reinsurance company is exposed in terms of counterparty default risk.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2016 the Credit risks represented about 8% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 332 million euro.

Below are the figures for the Group companies' exposures to Credit risks, in terms of use of capital. The figures are also compared against those for 31 December 2015.

C.3.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

On 31 December 2016 the Credit risks represented about 7% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 289 million euro.

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

On the valuation date there were no accounts receivable from reinsurers.

The main exposures relate to operations in derivatives.

The capital absorbed by Counterparty risks has fallen compared to 31 December 2015, by 44% overall.

C.3.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

On 31 December 2016 the Credit risks represented about 3% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 6 million euro.

During 2016 the company did not carry out any derivatives transactions and therefore there are no open positions. The main exposures relate to banking counterparties holding the company's liquidity in the form of deposits, and accounts receivable from reinsurers.

The capital absorbed by Credit risks has fallen compared to 31 December 2015, by 17% overall.

C.3.1 Exposures and their management – Fideuram Vita S.p.A.

On 31 December 2016 the Counterparty risks represented about 4% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 24 million euro

The company considers the following items in its valuations for solvency purposes, in relation to exposure to credit risk:

- deposits;
- accounts receivable from reinsurers.

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

C.3.1 Exposures and their management – Intesa Sanpaolo Life D.A.C.

On 31 December 2016 the Credit risks represented about 5% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 14 million euro.

The main components of the Credit risk are exposures to derivatives and exposures to banks, credit institutions and to a lesser extent, the reinsurers.

The capital absorbed by Credit risks has increased compared to 31 December 2015, by 2% overall.

C.3.2 Concentration of risks

C.3.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group did not identify the Credit risk concentration as being potentially significant, in the Rules on this concentration. However, there are limits on operations within the Framework Decision on Investments, and forms of contract that reduce the Default risk.

C.3.3 Risk mitigation techniques

C.3.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The Group's 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.3.3 Risk mitigation techniques – Intesa Sanpaolo Vita S.p.A.

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:

- The transferability of services offered to the counterparty;
- Change in the credit rating;
- Change of ownership;
- Termination;
- The amount to be paid at the end of the contract.

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.

C.3.3 Risk mitigation techniques – Intesa Sanpaolo Assicura S.p.A.

With regard to exposures towards reinsurers, the company resorts to reinsurance by evenly distributing the placement of risks among multiple operators, being careful to achieve a fair balance between the diffusion of the counterparty risk and the efficiency of administration.

C.3.3 Risk mitigation techniques – Fideuram Vita S.p.A.

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.

C.3.3 Risk mitigation techniques – Intesa Sanpaolo Life D.A.C.

The company imposes limits on equity funds based on the counterparties' ratings. Investment diversification systems are also used. The risks committee regularly evaluates the level of exposure to risk in accordance with the company's risk appetite.

C.3.4 Sensitivity analysis

C.3.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

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 company did not consider it necessary to use additional quantitative sensitivity analyses for this risk.

Specific monitoring controls are in place, as represented in the risk map.

C.4 Liquidity risk

C.4.1 Exposure and measurement

C.4.1. Exposures and their measurement - Intesa Sanpaolo Vita Insurance Group

The Group defines liquidity risk as the risk of not being able to meet its obligations to policyholders and other creditors due to problems in converting investments into liquidity without suffering losses.

The companies are exposed to the financial and liquidity risks with the aim of ensuring that they reflect the characteristics of their insurance obligations, thus favouring the diversification of assets and prudent management;

The companies' objectives include achieving solidity of the liquidity position as stated in the Group Risk Appetite Statement.

The companies' investment strategy is designed to maintain high liquidity securities in order to quickly cover potential adverse scenarios without incurring significant losses.

The system of analyses and processes for the management of the liquidity risk of Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura and Fideuram Vita is made up of three phases:

1. The initial analysis of the liquidity position consists of two stages:
    - An analysis of the portfolio on that date: a projection, over a year, of the forecast cash outgoings for the payment of insurance benefits, dividends or distributions to shareholders, coupons and reimbursement of subordinate liabilities, as well as the expenditure on business costs, and incoming cash flows in order to determine the liquidity available for investment;
    - Analysis of future projections: projection of the Best Estimate of the main financial and capital inflows and outflows for the following year, as part of the strategic planning process.
2. The second phase relates to the management of liquidity for investments which define the rules for the management of short-term liquidity;
3. The third phase relates to the management of the liquidity position, with an analysis intended to verify how companies react to situations of liquidity stress.

For Intesa Sanpaolo Life, a qualitative assessment of liquidity risks is carried out, which leads to a monitoring of the risk through a series of current and forward-looking parameters.

With regard to the management of liquidity risk, the companies have established a series of parameters that monitor the level of liquidity of the securities, and the company's capacity to meet the liquidity requirements deriving from all lines of business (insurance, financial, finance and refinance).

All the Group's assets are invested with a focus on the security, quality, liquidity and profitability of the portfolio, taking into account the nature and duration of the insurance liabilities. All assets are invested according to the Asset & Liability Management approach, taking into account the nature, duration and cover offered by the insurance policies, in the best interests of all the policyholders and beneficiaries, and favouring securities with an adequate credit rating traded in liquid markets in a way that guarantees their availability.

C.4.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

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.4.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

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.4.1 Exposures and their management – Fideuram Vita S.p.A.

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.4.1 Exposures and their management – Intesa Sanpaolo Life D.A.C.

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.4.2 Concentration of risks

C.4.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

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 Route has defined a concentration threshold of 0.2% as the ratio between each financial instrument valued with the fair value hierarchy of 3 (the market value of all the direct exposures is added together) and the total Group technical provisions, taking into account the standard operations and the limits on operativity, as provided for in the Framework Decision on Investments. In case of alternative investment funds, the total commitment is considered instead of the market value of the exposures.

With reference to the valuation date 31/12/2016, there were no significant concentrations as regards liquidity risk.

C.4.3 Risk mitigation techniques

C.4.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

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

C.4.4 Profits expected from future premiums - Intesa Sanpaolo Vita Insurance Group

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.

C.4.4 Profits expected from future premiums - Intesa Sanpaolo Vita S.p.A.

With regard to Intesa Sanpaolo Vita, for the valuation on 31 December 2016, the total EPIFP amounted to 830.5 million euro.

C.4.4 Profits expected from future premiums - Intesa Sanpaolo Assicura S.p.A.

With regard to Intesa Sanpaolo Assicura, for the valuation on 31 December 2016, the total EPIFP amounted to 7.45 million euro.

C.4.4 Profits expected from future premiums - Fideuram Vita S.p.A.

With regard to Fideuram Vita, for the valuation on 31 December 2016, the total EPIFP amounted to 32.54 million euro.

C.4.4 Profits expected from future premiums - Intesa Sanpaolo Life D.A.C.

With regard to Intesa Sanpaolo Life, for the valuation on 31 December 2016, the total EPIFP was zero.

C.4.5 Sensitivity analysis

C.4.5 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

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 impacts on liquidity of the stress tests carried out as part of the self-assessment, there is a monthly monitoring by the ALM Operational function.

C.4.5 Sensitivity analysis – Intesa Sanpaolo Vita S.p.A.

The ALM Operational function monitors the liquidity risk each month, by applying various levels of stress on the Assets side, and a shock on the redemption risk, on the Liabilities side.

With regard to the Assets side, in order to evaluate the games on the securities considered in the analysis, the realisable assets are subjected to 3 stress levels, assuming a hypothetical shock when the rate rises.

On the Liabilities side, an increase in redemptions is used.

C.4.5 Sensitivity analysis – Intesa Sanpaolo Assicura S.p.A.

Each month, the ALM Operational function monitors the liquidity risk by applying various stress levels on the Assets side in order to evaluate the gains on securities considered in the analysis, and the realisable assets are subjected to 3 stress levels, assuming a hypothetical rates shock (i.e. for calculating the realisation value).

On the Liabilities side, an increase in outgoings is used.

C.4.5 Sensitivity analysis – Fideuram Vita S.p.A.

The liquidity position of companies under stress is reflected by the shocks defined in the stress tests identified for the other risks which analyse company solvency and stability in adverse scenarios.

C.4.5 Sensitivity analysis – Intesa Sanpaolo Life D.A.C.

The company evaluates the impact of certain stressors on liquidity, within the self-assessment process with particular reference to easily liquidated assets. The stressors are placed on technical variables and on market variables. A shock is also applied for the hypothesis of a rise in Italian taxation.

C.5 Operational risk

C.5.1 Exposures and their management

C.5.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

According to the definition used by the Intesa Sanpaolo Group: "the risk of sustaining losses arising from the inadequacy or malfunction of procedures, human resources and internal systems, or from exogenous events"

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;
- The compliance risk, which is the risk of incurring legal or administrative penalties, major financial losses as a result of violations of mandatory provisions of law or of self-governance;
- Behavioural risk, which is the risk of losses (current or potential) due to the inadequate provision of financial services including cases of fraud or negligence;
- The model list, 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. The Companies of the Intesa Sanpaolo Vita Insurance Group adopt the definition of Operational Risk given by ISVAP Regulation No. 20/2008, which is fully aligned with that of the parent company, Intesa Sanpaolo.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31 December 2016 the operational risks represented about 14% of the Group's Solvency Capital Requirement.

On 31 December 2016 the Solvency Capital Requirement absorbed by operational risks amounted to 541 million euro, while on 31 December 2015 it was 620 million euro, a reduction of 13%.

Below are the figures for the Group companies' exposures to operational risks, in terms of use of capital.

C.5.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

On 31 December 2016 the operational risks represented about 11% (357 million euro) of the Company's Solvency Capital Requirement. There was a reduction of 25% (473 million) compared to the previous year.

C.5.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

On 31 December 2016 the operational risks represented about 11% (15 million euro) of the Company's Solvency Capital Requirement. There was an increase of 15% (13 million euro) compared to the previous year.

C.5.1 Exposures and their management – Fideuram Vita S.p.A.

On 31 December 2016 the operational risks represented about 26% (120 million euro) of the Company's Solvency Capital Requirement. There was an increase of 10% (109 million euro) compared to the previous year.

C.5.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

On 31 December 2016 the operational risks represented about 19% (48 million euro) of the Company's Solvency Capital Requirement. There was an increase of 23% (39 million euro) compared to the previous year.

C.5.2 Concentration of risks

C.5.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

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

C.5.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The operational risk in the Standard Formula is calculated using a linear formula. The operational risk increases as the size of the business of the Intesa Sanpaolo Vita Insurance Group companies increases, except where the company has a very low Basic Capital Requirement. The Standard Formula does not provide for any diversification of that risk with the other risks to which the companies of the Intesa Sanpaolo Vita Insurance Group are exposed, nor any mitigation techniques that can reduce exposure.

Currently, the company does not consider it necessary to use specific techniques to mitigate operational risks. Instead there is a system of controls within the Risk Appetite Framework, the aim of which is to keep the operational risks within certain limits.

C.5.4 Sensitivity analysis

C.5.4 Sensitivity analysis - Intesa Sanpaolo Vita Insurance Group

The shocks defined in the Standard Formula 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 analyses for this risk.

C.6 Other material risks

The Grid 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).

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. The impact of each risk is assessed on a scale from 1 to 6, while the control (the efficiency of the risk monitoring) is assessed on three levels: poor, good and excellent.

With regard to risk exposure, the Insurance Group has defined the following thresholds:

- Extremely significant situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Very significant situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium-high situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium situation in terms of risk considering the level of impact and the corresponding likelihood of occurrence;
- Medium-low situation in terms of risk considering the level of impact and the corresponding likelihood or extent of occurrence;
- Very mild situation in terms of risk considering the level of impact and the corresponding likelihood of the event occurring.

With regard to the level of efficiency of the risk control, Insurance Group has established three different levels:

- Poor control: when the controls and mitigation actions are absent or if they are present, they are not considered to be sufficient to guarantee control of the risk;
- Good control: when the controls and mitigation actions guarantee adequate control of the risk – further actions may be implemented in order to improve the frequency and/or efficiency;
- Excellent control: the frequency and efficiency of the controls and mitigation actions are such that they ensure effective risk control.

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C.7 Other information

C.7 Other information - Intesa Sanpaolo Vita 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. It also contains a comparison between the values contained in the Solvency Report and those in the individual Local financial reports prepared by each company in accordance with their statutory accounting standards.

The main regulatory references relating to the preparation of the Solvency Report are the following:

- Art. 75 of European Directive No. 138/2009;
- Art. 35c of Legislative Decree No. 74/2015 which enacts the above Directive;
- IVASS Regulation No. 18/2016 concerning rules for determining technical provisions;
- IVASS Regulation No. 34/2017, concerning the provisions on corporate governance relating to the valuation of assets and liabilities other than technical provisions, and the related valuation criteria;
- Delegated Regulation No. 35/2015 of the European Commission – Reference to Title I – Chapter II;
- "Guidelines" issued by EIOPA (European Insurance and Occupational Pensions Authority)

In particular, the Solvency Report has been prepared according to a market-consistent approach to value the assets and liabilities, in particular:

- assets are valued at the amount at which they could be traded between informed, consenting parties in a transaction performed at arm's length conditions;
- liabilities are valued at the amount of which they could be transferred or settled between informed, consenting parties, in an arm's-length transaction without any adjustment to take into account the credit rating of the insurance company.

The assets and liabilities are also valued on a going concern basis, with express reference to the IAS/IFRS accounting standards, which are usually the reference standards utilised to value assets and liabilities for solvency purposes, unless stipulated otherwise, and if the valuation criteria provided for in the IAS are temporarily or permanently in line with the above-mentioned market consistent valuation approach.

Therefore, the Insurance Group's Solvency Report involved the following phases:

- A valuation of individual assets and liabilities in application of the criteria provided for in Delegated Regulation No. 35/2015, in line, where applicable, with the valuations given for the purposes of the Group Consolidated Financial statements prepared in accordance with IAS/IFRS;
- Re-presentation of the assets and liabilities of each company based on the classification criteria applied to the compilation of the QRT S.02.01 (Balance Sheet).

Annexed to this report are the QRT for the Solvency Report (S.02.01.02) for the Insurance Group and individual companies on 31 December 2016. Each QRT includes a list of the assets and liabilities of the Insurance company or of each company.

The valuation criteria used for the assets and liabilities contained in the QRT, in line with the provisions of article 10 of the above-mentioned Delegated Regulation are the following:

1. assets and liabilities are valued at market prices quoted on active markets according to the definition of the international accounting standards;
2. when no such market prices are available, the prices recorded on active markets for similar assets and liabilities are used, and adjusted to reflect any differences considering the specific characteristics of the asset or liability (such as condition, location, the extent to which the valuation input relates to comparable elements, the volume or level of activity in the markets from which the input was taken);

3. if it is impossible to apply the above mentioned valuation criteria, the Group and individual companies have used alternative valuation methods, minimising the use of specific input from the company and using market input as far as possible, including the elements indicated below:
    - prices quoted for identical or similar assets or liabilities, in non-active markets;
    - input other than the observable listed prices, including interest rates and performance curves observed at commonly-quoted intervals, implied volatility and credit spread;
    - input corroborated by the market, which may not be directly observable but is based on observable market data, or supported by it.

If no observable input is available, including situations of low activity on the market on the valuation date, non-observable input is used, which reflects the scenarios that the market traders would use in determining the price, including the risk hypotheses. In evaluating the risk hypotheses, companies take into account the risk of a particular valuation technique used to measure the fair value and the risk related to the input used in the valuation technique.

Section 3 of the Delegated Regulation provides for methods on the solvency valuation of the insurance company's technical provisions that are specific and separate from the valuation criteria used in the annual financial reports and IAS/IFRS.

D.1 Assets

D.1 Assets – Intesa Sanpaolo Vita Insurance Group

Intangible assets - Intesa Sanpaolo Vita Insurance Group

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	-	4.026	-4.026

Intangible assets – Intesa Sanpaolo Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	6.666	-6.666

With regard to the valuation methods, see the notes given with regard to Group level.

Intangible assets – Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	205	-205

With regard to the valuation methods, see the notes given with regard to Group level.

Intangible assets – Fideuram Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Intangible assets	-	62.824	-62.824

With regard to the valuation methods, see the notes given with regard to Group level.

Intangible assets – Intesa Sanpaolo Life D.A.C.

There are no intangible assets for Intesa Sanpaolo Life D.A.C.

Deferred tax assets – Intesa Sanpaolo Vita Insurance Group

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 the contents of the annual financial reports are related to the deferred fiscal effects on the temporary differences deriving from the adjustments to the valuations of assets and liabilities. 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 2.095 million euro, compared to 335 million euro DTA entered on the consolidated financial report;
- Deferred tax liabilities (DTL) totalling 2.383 million euro, compared to 648 million euro DTL entered on the consolidated financial report.

Below is a breakdown of assets and liabilities for deferred taxes recorded for the Insurance Group companies.

Deferred tax assets – Intesa Sanpaolo Vita S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 1.951 million euro, compared to 211 million euro DTA entered on the Local financial report;
- Deferred tax liabilities (DTL) totalling 2.159 million euro, compared to 39 million euro DTL entered on the Local financial report.

Deferred tax assets – Intesa Sanpaolo Assicura S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 15 million euro, compared to 14 million euro DTA entered on the Local financial report;
- Deferred tax liabilities (DTL) totalling 22 million euro, compared to the Local financial statements which does not contain this item.

Deferred tax assets – Fideuram Vita S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 130 million euro, compared to 10 million euro DTA entered on the Local financial report;
- Deferred tax liabilities (DTL) totalling 154 million euro, compared to 2 million euro DTL entered on the Local financial report.

Deferred tax assets – Intesa Sanpaolo Life D.A.C.

To prepare its Local financial report, the company uses the IAS/IFRS, and therefore there are no differences in the amounts.

The company's solvency report contains deferred tax liabilities (DTL) totalling 60 million euro, compared to 1 million euro DTL entered on the Local financial report.

Real estate, plant and equipment held for own use - Intesa Sanpaolo Vita Insurance Group

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 II purposes, real estate investments must be valued at fair value even if they are booked at cost in the accounts prepared on the basis of statutory criteria or the IAS. The Fair Value Model provided for in IAS 40 is considered to be a valid approximation for Solvency II purposes.

For each company, the Italian regulations are applied (OIC 16), establishing that the initial cost is adjusted by depreciation (throughout the useful life, on a straight line systematic basis) for as long as there is evidence that the net value can be recovered through the use of civil buildings that represent a form of investment and cannot be depreciated; if they are depreciated the depreciation plan responds to the same characteristics as the other tangible assets. Land is not appreciated unless its utility will be extinguished over time.

This item also includes office furniture and equipment which is valued at the cost as depreciated on the statutory accounts. This valuation principle is not coherent with the market consistent valuation approach. However, taking into account the fact that the fair value of the items in question is not available, and also the fact that the amount is not significant, it is considered that this value gives a reasonable representation of the amount that would result from the revaluation model provided for in IAS 16, which in turn is an option that is consistent with the Solvency II framework.

Under the Italian statutory rules, OIC 16 provides that for tangible assets other than buildings held for investments and fixed assets with unlimited utility such as land and works of art, the initial cost is adjusted by depreciation throughout the useful life of the asset, in a systematic way, provided that there is evidence that the net value can be recovered through use. As these situations are not valued according to criteria compatible with Solvency II, no value is recognised under these rules.

The overall value at Group level is the following:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	1.286	1.331	-44

Real estate, plant and equipment held for own use – Intesa Sanpaolo Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	283	283	-

With regard to the valuation methods, see the notes given with regard to Group level.

Real estate, plant and equipment held for own use – Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	38	38	-

With regard to the valuation methods, see the notes given with regard to Group level.

Real estate, plant and equipment held for own use – Fideuram Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	-	44	-44

With regard to the valuation methods, see the notes given with regard to Group level.

Real estate, plant and equipment held for own use – Intesa Sanpaolo Life D.A.C.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property, plant & equipment held for own use	965	965	-

With regard to the valuation methods, see the notes given with regard to Group level.

Real estate (other than that held for own use) - Intesa Sanpaolo Vita Insurance Group

The valuation of this item follows the principles used in the balance sheet, under the item "Real estate, plant and equipment held for own use". The current value of real estate other than that held for own use as of 31 December for 2016 was 11.5 million euro and relates only to Fideuram Vita. It differs from the value on the individual Local financial statements as it takes into account adjustments from depreciations or revaluations.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Property (other than for own use)	11.492	7.790	3.701

The amount indicated refers entirely to Fideuram Vita, and relates to the property located in Rome at Via di Villa Emiliani 10, which is entirely leased to an affiliate (on the Local financial statements the property is entered at a value of 7,221 euro thousands).

For the solvency report, in order to establish the fair value of the property, the company has commissioned an external firm to draw up a report dated 31 December 2016. The valuation, based on the income method principle, and which has been retained by the Company, shows the market value of 11 million euro, which is 4 million euro higher than the Local figure.

Holdings in related undertakings, including participations - Intesa Sanpaolo Vita Insurance Group

The consolidated financial reports include a minority shareholding of 3,976 million euro, of which 0,176 million euro is to be attributed to Fideuram Vita and 3.8 million euro to Intesa San Paolo Vita's stake in Intesa Sanpaolo Smart Care. The value of 1,045 million euro on the Group Solvency Report that includes the value of the net equity of the subsidiary Intesa Sanpaolo Smart Care.

When moving from the IFRS to Solvency II valuations, the change in the value of equity investment is essentially due to the different consideration given to 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 participations	1.045	3.976	-2.931

Holdings in related undertakings, including participations – Intesa Sanpaolo Vita S.p.A.

For Intesa Sanpaolo Vita S.p.A. the shares held in subsidiaries, including equity investments, are the following:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Holdings in related undertakings, including participations	1.182.826	207.146	975.680

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.

Holdings in related undertakings, including participations – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura S.p.A. has no equity investments.

Holdings in related undertakings, including participations – Fideuram Vita S.p.A.

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
Intesa Sanpaolo S.p.A.	169	145	24
Intesa Sanpaolo Group Service Scpa	7	7	-
Holdings in related undertakings, including participations	**176**	**152**	**24**

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.

Holdings in related undertakings, including participations – Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life D.A.C. has no equity investments.

Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Vita Insurance Group

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	**1.575.512**	**1.575.512**	**-**
Equity - Listed	1.575.449	1.575.449	-
Equity - Unlisted	63	63	-
Bonds	**73.599.418**	**73.600.230**	**-812**
Government bonds	55.530.013	55.530.022	-9
Corporate bonds	13.941.628	13.941.831	-203
Structured notes	4.120.001	4.120.201	-200
Collateralised securities	7.776	8.176	-400
Collective investments undertakings	**9.209.050**	**9.209.050**	**-**
Derivatives	**11.184**	**11.184**	**-**
Investments	**84.395.165**	**84.395.976**	**-812**

In the solvency report all the securities of the Insurance Group are valued at fair value. However according to the IFRS system, part of the bond portfolio, particularly the categories of loans and assets held to maturity is recognised at the amortised IAS/IFRS cost. This difference determines the change in value.

The fair value valuation as provided for by IAS 39, as described in the Fair Value Policy of the Intesa Group, applies to investments as the financial instruments have to be measured at fair value even when they are recognised at cost on the financial reports prepared in accordance with the IAS/IFRS.

In operational terms, the existence of official prices on an active market is the best evidence of their value. Those prices thus represent the prices used on a priority basis for the valuation of financial assets and liabilities. In the absence of an

active market (which is limited to a marginal portion of the investment portfolio), the fair value was determined by using valuation techniques intended to establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques included:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile ("Comparable Approach");
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer ("Mark-to-Model").

For the individual companies, according to the rules of financial reports prepared in accordance with the Local standards, the financial assets recognised under current assets are valued at the lower of the cost of acquisition and the realisation value deduced from the market trend, while investments entered under fixed assets are valued at cost, net of any lasting impairments of value. With reference to derivatives, the fair value is indicated for each category of instrument together with the information about their size and nature.

Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Vita S.p.A.

Below there is a summary of the main items in the asset investments for Intesa Sanpaolo Vita:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**1.494.518**	**1.296.405**	**198.113**
Equity - Listed	1.494.465	1.296.352	198.113
Equity - Unlisted	52	52	-
Bonds	**68.206.945**	**62.496.217**	**5.710.728**
Government bonds	51.270.500	46.449.015	4.821.485
Corporate bonds	13.166.274	12.448.156	718.118
Structured notes	3.763.061	3.592.493	170.568
Collateralised securities	7.110	6.553	557
Collective investments undertakings	**8.720.060**	**8.414.464**	**305.596**
Derivatives	**11.158**	**5.571**	**5.587**
Investments	**78.432.681**	**72.212.657**	**6.220.024**

The difference between the total financial components relating to financial investments recognised on the individual Local financial statements, equal to 72.213 million euro, and the sum of 78.433 million euro being the amount determined the solvency purposes, relates to the recognition of the latent gains resulting from the fair value valuation of all the financial instruments determined in accordance with IFRS 13.

Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Assicura S.p.A.

Below there is a summary of the main items in the various capital instruments for Intesa Sanpaolo Assicura:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**46.940**	**43.515**	**3.425**
Equity - Listed	46.930	43.504	3.425
Equity - Unlisted	11	11	-
Bonds	**630.223**	**625.468**	**4.755**
Government bonds	575.555	572.823	2.732
Corporate bonds	23.740	22.958	782
Structured notes	30.929	29.688	1.241
Collateralised securities	-	-	-
Collective investments undertakings	**119.547**	**116.071**	**3.476**
Derivatives	**-**	**-**	**-**
Investments	**796.711**	**785.055**	**11.656**

Also for this company, the difference between the values on the balance sheet of the individual Local financial statements and the one on the solvency report is the same as the one noted for Intesa Sanpaolo Vita.

Investments (Capital instruments, bonds, UCITS, derivatives) - Fideuram Vita S.p.A.

Below there is a summary of the main items in the various capital instruments for Fideuram Vita:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Equity	**33.722**	**31.201**	**2.521**
Equity - Listed	33.722	31.201	2.521
Equity - Unlisted	-	-	-
Bonds	**4.578.962**	**4.101.453**	**477.509**
Government bonds	3.522.309	3.087.770	434.539
Corporate bonds	730.516	698.792	31.723
Structured notes	325.471	314.225	11.246
Collateralised securities	666	666	-
Collective investments undertakings	**214.419**	**206.195**	**8.224**
Derivatives	**25**	**15**	**10**
Investments	**4.827.128**	**4.338.864**	**488.264**

Also for this company, the difference between the values on the balance sheet of the individual Local financial statements and the one on the solvency report is the same as the one noted for Intesa Sanpaolo Vita.

Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Life D.A.C.

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	**332**	**332**	**-**
Equity - Listed	332	332	-
Equity - Unlisted	-	-	-
Bonds	**183.391**	**183.391**	**-**
Government bonds	161.649	161.649	-
Corporate bonds	21.742	21.742	-
Structured notes	-	-	-
Collateralised securities	-	-	-
Collective investments undertakings	**155.024**	**155.024**	**-**
Derivatives	**1**	**1**	**-**
Investments	**338.749**	**338.749**	**-**

In this case there are no differences, as the valuation principles used in accordance with Irish regulations are the IAS/IFRS and therefore they are in line with the fair value concept used for Solvency II.

Assets held for index-linked and unit linked policies – Intesa Sanpaolo Vita Insurance Group

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.

For this reason there are no differences between the value recognised on the individual Local financial statements, on the consolidated financial report, and the value recognised according to the Solvency rules. The Group data is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for Index-linked and unit-linked contracts	62.793.970	62.793.970	-

Assets held for index-linked and unit linked policies – Intesa Sanpaolo Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for Index-linked and unit-linked contracts	11.774.553	11.774.553	-

With regard to the valuation methods, see the notes given with regard to Group level.

Assets held for index-linked and unit linked policies – Intesa Sanpaolo Assicura S.p.A.

There are no assets held for index-linked and unit linked policies.

Assets held for index-linked and unit linked policies - Fideuram Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for Index-linked and unit-linked contracts	24.475.123	24.475.123	-

With regard to the valuation methods, see the notes given with regard to Group level.

Assets held for index-linked and unit linked policies – Intesa Sanpaolo Life D.A.C.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Assets held for Index-linked and unit-linked contracts	26.544.295	26.544.295	-

With regard to the valuation methods, see the notes given with regard to Group level.

Amounts recoverable from reinsurance – Intesa Sanpaolo Vita Insurance Group

This item contains all the accounting items relating to recoverables regarding the Passive Reinsurance used by Insurance Group as a technique to mitigate the underwriting risks.

In the same way as occurs for the technical provisions for direct business, the shares paid by the reinsurers are reprocessed, compared to the financial report, using the Solvency II criteria which take into account the expected cash flows connected to recoveries relating to direct business obligations, discounted according to the risk-free rate curve.

The valuation of the reinsurance impact is described in the paragraph below, on technical provisions.

The group data is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Non-Life excluding Health	15.382	16.150	-769
Health similar to Non-Life	300	503	-203
Life excluding Health and Index-linked and unit-linked	-	657	-657
Reinsurance recoverables	**15.681**	**17.311**	**-1.629**

Amounts recoverable from reinsurance – Intesa Sanpaolo Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Health similar to Non-Life	-	187	-187
Life excluding Health and Index-linked and unit-linked	-	657	-657
Reinsurance recoverables	**-**	**844**	**-844**

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 844 euro thousands.

Amounts recoverable from reinsurance – Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Health similar to Non-Life	300	316	-16
Non-Life excluding Health	15.382	16.150	-769
Reinsurance recoverables	**15.681**	**16.467**	**-785**

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 for Local purposes results in a difference between the individual financial statements and the solvency report, of 785 euro thousands.

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

Amounts recoverable from reinsurance – Fideuram Vita S.p.A.

The run-off of the reinsurance agreements with Fideuram Vita S.p.A., do not generate recoverable amounts.

Amounts recoverable from reinsurance – Intesa Sanpaolo Life D.A.C.

The run-off of the reinsurance agreements with Intesa Sanpaolo Life D.A.C. do not generate recoverable amounts.

Loans and receivables – Intesa Sanpaolo Vita Insurance Group

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 report.
- "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 difference of 2.2 million euro is a result of the cancellation of pipeline premiums of Intesa Sanpaolo Assicura from the IAS/IFRS value, as they were already considered in the calculation of the technical provisions.
- "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-reinsurance)" relating to non-insurance receivables such as interest, tax credits and other types of accounts receivable. The only difference between the value on the Local financial statements and the solvency report is due to the revaluation of the tax credits of Intesa Sanpaolo Life of approximately 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 mortgages	5.738	5.738	-
Insurance and intermediaries receivables	15.613	17.775	-2.161
Reinsurance receivables	1.147	1.147	-
Receivables (trade, not insurance)	2.063.253	2.064.827	-1.574

Loans and receivables – Intesa Sanpaolo Vita S.p.A.

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 mortgages	4.782	4.782	-
Insurance and intermediaries receivables	3.575	3.575	-
Reinsurance receivables	120	120	-
Receivables (trade, not insurance)	1.736.715	1.736.715	-

Loans and receivables – Intesa Sanpaolo Assicura S.p.A.

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 million euro, which relates to pipeline premiums. The Solvency II value does not include that amount as it was considered in the calculation of the technical provisions.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Loans and mortgages	-	-	-
Insurance and intermediaries receivables	9.887	12.049	-2.161
Reinsurance receivables	890	890	-
Receivables (trade, not insurance)	11.129	11.129	-

Loans and receivables – Fideuram Vita S.p.A.

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 mortgages	956	956	-
Insurance and intermediaries receivables	2.151	2.151	-
Reinsurance receivables	130	130	-
Receivables (trade, not insurance)	460	460	-

Loans and receivables – Intesa Sanpaolo Life D.A.C.

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 mortgages	-	-	-
Insurance and intermediaries receivables	-	-	-
Reinsurance receivables	7	7	-
Receivables (trade, not insurance)	317.269	317.269	-

Other assets – Intesa Sanpaolo Vita Insurance Group

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	2.022.970	2.022.898	72
Any other assets, not elsewhere shown	562.480	622.433	-59.953

For the individual companies there are no material differences between the figures on the individual financial statements prepared for Local purposes and the contents of the solvency report.

Other assets - Intesa Sanpaolo Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	1.430.270	1.430.270	-
Any other assets, not elsewhere shown	30.416	30.416	-

With regard to the valuation methods, see the notes given with regard to Group level.

Other assets - Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	34.597	34.597	-
Any other assets, not elsewhere shown	7.126	7.126	-

With regard to the valuation methods, see the notes given with regard to Group level.

Other assets – Fideuram Vita S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	500.759	500.759	-
Any other assets, not elsewhere shown	524.844	525.035	-191

With regard to the valuation methods, see the notes given with regard to Group level.

Other assets – Intesa Sanpaolo Life D.A.C.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Cash and cash equivalents	57.343	57.343	-
Any other assets, not elsewhere shown	94	94	-

With regard to the valuation methods, see the notes given with regard to Group level.

D.2 Technical provisions

D.2.1 Valuation of technical provisions by Business Solvency Line

D.2.1 Valuation of technical provisions by Business Solvency Line – Intesa Sanpaolo Vita Insurance Group

The technical provisions to 31/12/2016 were calculated in accordance with the Solvency II regulatory framework and the national implementing regulations.

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.

Methodologically speaking, the value of the technical provisions is equal to the sum of the Best Estimate and Risk Margin, which is calculated separately:

- the Best Estimate is defined as the probability-weighted average of future cashflows, taking account of the time value of money using the relevant risk-free interest rate term structure;
- the risk margin is defined as the component that guarantees that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.

The table below shows, for the Intesa Sanpaolo Vita Insurance Group, the total technical provisions on 31 December 2016 for the main areas of business, divided by Best Estimate and Risk Margin. It also shows the value of the amounts recoverable from the reinsurer following the "Counterparty Default Adjustment", relating only to the Non-life business and in particular to the Non-life company Intesa Sanpaolo Assicura.

(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	**498**	**16**	**514**	**30**	**544**
Non-Life (excluding Health)	327	15	342	19	362
Health (similar to Non-Life)	171	0	172	10	182
Life (excluding Index-linked and unit-linked)	**79.913**	**-**	**79.913**	**592**	**80.504**
Health (similar to Life)	-	-	-	-	-
Life (excluding Health, Index-linked and unit-linked)	79.913	-	79.913	592	80.504
Index-linked and unit-linked	**61.033**	**-**	**61.033**	**257**	**61.289**
Total amount	**141.442**	**16**	**141.459**	**878**	**142.337**

The amount of technical provisions, equal to 142,337 million euro, consists mainly of the Life business provisions, which represent 99.6% of the total. They can be divided into technical provisions for traditional policies (with-profits and pure risk) equal to 80.504 million euro, and technical provisions relating to index link and unit linked policies, of 61.290 million euro. This last category also includes pension funds.

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 company divided by area of business.

D.2.1 Valuation of technical provisions by Business Solvency Line – 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-linked)	75.127	-	75.127	561	75.688
Index-linked and unit-linked	11.055	-	11.055	99	11.155
Total amount	**86.184**		**86.184**	**660**	**86.844**

With regard to the valuation methods, see the notes given with regard to Group level.

D.2.1 Valuation of technical provisions by Business Solvency Line – 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)	327	15	342	19	362
Health (similar to Non-Life)	170	0	170	10	180
Total amount	**497**	**16**	**513**	**30**	**542**

With regard to the valuation methods, see the notes given with regard to Group level.

D.2.1 Valuation of technical provisions by Business Solvency Line – 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-linked)	4.786	-	4.786	31	4.816
Index-linked and unit-linked	24.006	-	24.006	91	24.097
Total amount	**28.791**	**-**	**28.791**	**122**	**28.914**

With regard to the valuation methods, see the notes given with regard to Group level.

D.2.1 Valuation of technical provisions by Business Solvency Line – 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	25.972	-	25.972	66	26.038

With regard to the valuation methods, see the notes given with regard to Group level.

D.2.2 Calculation methods and assumptions

Best Estimate – Intesa Sanpaolo Vita Insurance Group

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.

Best Estimate – Intesa Sanpaolo Vita S.p.A.

The Best Estimate is the probability-weighted average of future cash-flows, taking into account the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure. The Best Estimate may be calculated using deterministic or stochastic approaches depending on the characteristics of the liabilities portfolio. A stochastic approaches used if there are significant financial guarantees and contractual options that would generate imbalances that need to be evaluated and appreciated.

More specifically, it should be noted that:

- for those products or LoB in which the cashflows are not dependent on market movements or which move in a symmetrical way with respect to market movements, the Best Estimate calculation can be made using the deterministic approach;
  Examples include the Solvency line of business relating to pure risk products, index or unit linked products without financial guarantees and pension funds without guarantees;
- For products or LoB where the cashflows contain financial guarantees and contractual options (which do not move symmetrically with the market), the Best Estimate should be calculated using a stochastic approach;
  Examples include the Traditional products that offer guarantees or profit participation mechanisms.

The projections include all the potential inflows and outflows necessary to value the company's commitments for their entire duration, in line with the contractual limits pertaining to the contracts to which those amounts refer.

A non-exhaustive list of cashflows considered in the calculation of the Best Estimate includes:

- Payments of Life benefits and, in case of death, payments in case of redemption, payments of annuities;
- Costs of administration, costs for management of investments, claims liquidation expenses;
- Future premiums and other cash flows deriving from those premiums;
- commissions;
- payments between the insurance undertaking and investment entities in relation to contracts with index-linked and unit-linked benefits.

Best Estimate – Intesa Sanpaolo Assicura S.p.A.

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;

Incoming future cash flows consist of future premiums, adjusted for any lapses.

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.

Best Estimate – Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita S.p.A.

Best Estimate – Intesa Sanpaolo Life D.A.C.

See above, in relation to Intesa Sanpaolo Vita S.p.A.

Risk Margin - Intesa Sanpaolo Vita Insurance Group

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-immunisable" 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, taking into consideration the recent clarification by EIOPA, that the adjustment for volatility should not be used for the calculation.

On 31 December 2016 the Risk Margin of the ISV Insurance Group amounted to 878 million euro.

Operational scenarios – Intesa Sanpaolo Vita Insurance Group

One of the inputs needed for the calculation of technical provisions is the operational scenarios which include the non-economic factors that influence the calculation of the Best Estimate.

The operational scenarios mainly impact:

- 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 value of the insured events (for example the operational factor relating to 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.

Operational scenarios- Intesa Sanpaolo Vita S.p.A.

The main operational scenarios considered by Intesa Sanpaolo Vita in the calculation of the Best Estimate are the redemption scenario (including partial redemption), the interruption of premium payments for annual premium policies and single premium recurring policies, the scenario of mortality, expenditure, automatic deferral of maturity, conversion into annuity and the case of subrogation on policies covering loans and mortgages ("Personal Protection Insurance", "PPI"). The option of an additional payment was also included in the calculation of the Best Estimate, with effect from the current valuation, as it is a significant option for its portfolio.

Operational scenarios - Intesa Sanpaolo Assicura S.p.A.

The main operational scenarios considered for the purposes of calculating the Best Estimate include the "Loss Ratio"), the "Expense Ratio"), early redemption rates (with reimbursement of premium), future expected written premiums, the average rate for the sale of premiums, claims and commissions of the reinsurer.

Operational scenarios - Fideuram Vita S.p.A.

The main operational scenarios considered in the calculation of the Best Estimate by Fideuram Vita are the case of redemption, interruption of premium payments, mortality, expenditure, and conversion into annuity.

Operational scenarios - Intesa Sanpaolo Life D.A.C.

The main operational scenarios considered in the calculation of the Best Estimate by Intesa Sanpaolo Life are the cases of redemption, mortality and expenditure.

Financial scenarios - Intesa Sanpaolo Vita Insurance Group

For the valuation on 31 December 2016, the Group companies used the risk-free rate published by EIOPA. Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 13 bps, coinciding with that of EIOPA on 31/12/2016. For more information see paragraph "D.2.5 Transitional measures and long-term guarantee measures".

Principal methodological changes during the reporting period - Intesa Sanpaolo Vita Group

For Intesa Sanpaolo Vita, the main methodological changes in the calculation of the Best Estimate compared to the previous valuation related to the introduction of additional payments within the projection and the modelling, on the actuarial platform, of the FIP portfolio, the LoB I component of the supplementary insurance pension plans (PIP) and the open pension funds. With regard to a specific convention on the pension fund and for the LoB III component of the PIP, which overall represent a residual part of the whole portfolio (1.38%), appropriate re-proportioning measures were taken, in line with what was done to the previous valuation.

For the other group companies there were certain minor changes such as the extension to all the Solvency lines of business of the calculation of the scenario of early termination for Intesa Sanpaolo Assicura (for the valuation on 31/12/2015 those rates were only valued for the Solvency lines of business 2, 7, 9 and 12). For Fideuram Vita, there was an increase in the granularity of the early exit rates vector for one of the company's portfolios.

Difference between the statutory accounting provisions and the Solvency II provisions – Intesa Sanpaolo Vita Group

The main differences between the technical provisions of the annual financial reports and those of the Solvency II reports are to be attributed to the different valuation standards.

For Italian law companies operating in the Life business, the technical provisions are calculated on the basis of the policyholder's current benefits, using the same basic assumptions, usually prudential, which are used to quantify the pure premium rates. In in accordance with Italian regulations, if necessary additional provisions to cover technical and financial risks. In relation to the unit-linked policies, for the Italian companies and also for the Irish company Intesa Sanpaolo Life, the mathematical value of the provisions in the annual valuation is booked at the value of the units.

For the technical provisions calculated for the Solvency II balance sheet, the directive requires the valuation to be at market value. The value of the technical provisions is determined by discounting the future cash flows based on a risk-free financial curve using realistic assumptions for the projection.

For the Non-life portfolio, the technical provisions can be divided into two categories: the claims provision and the premiums provision.

The valuation of the Best Estimate of the claims provision for the individual Local financial statements is made by quantifying future scenarios for unwinding of the provision (i.e. liquidation following the closure of the claims) and by discounting the value of the corresponding liability on the date the financial statements are prepared. The same principle is used to quantify the Best Estimate for Solvency II. The differences between the local claims provision and the Solvency II Best Estimate on 31 December 2016 can be attributed exclusively to the effect of discounting the expected cash flows.

In relation to the premiums provision, the difference between the Best Estimate of this provision for the individual Local financial statements and the Solvency II Best Estimates are mainly attributable to the different methodological approach followed to determine that liability with particular reference to the different set of assumptions used to estimate future cash flows, and to a lesser extent, to the discounting effect applied in the Solvency II valuation.

In addition, the overall value of the technical provisions in the Solvency II framework includes the risk margin which is not envisaged in the valuation for the annual financial statements.

The table below shows the differences between the technical provisions on the individual Local financial statements and those in the Solvency II balance sheet.

(euro millions)

Solvency Line of Business	Solvency II Value	Statutory accounts value	Difference	Risk Margin
Non-Life				
Non-Life (excluding Health)	362	401	-39	19
Health (similar to Non-Life)	182	190	-8	10
Life (excluding Index-linked and unit-linked)				
Health (similar to Life)	-	-	-	-
Life (excluding Health, Index-linked and unit-linked)	80.504	79.993	512	592
Index-linked and unit-linked	**61.289**	**62.793**	**-1.503**	**257**
Total amount	**142.337**	**143.376**	**-1.039**	**878**

The provisions for outstanding claims as of 31/12/2016 are not included in the BEL estimate.

Difference between the statutory accounting provisions and the Solvency II provisions - Intesa Sanpaolo Vita S.p.A.

The company's Actuarial function has carried out an analysis designed to reconcile the two quantities, for which the starting point is the Solvency II technical provisions on 31 December 2016 and the ending point is the figure for the statutory technical provisions on 31 December 2016.

This approach reconciles the items in order to identify and isolate the main factors that led to the difference. Overall, the analysis of the portfolio does not highlight any critical issues and demonstrates the cohesion between the statutory technical provisions and the BEL on the Solvency II financial report. In in particular, the reconciliation difference was found to be limited.

The difference between the statutory provisions and the BEL Solvency II provisions is attributable to the current value of future profits and the attribution to the policyholders of the share of latent gains or losses on the with-profits policies, which are taken into account in the Solvency II valuation.

Difference between the statutory accounting provisions and the Solvency II provisions - Intesa Sanpaolo Assicura S.p.A.

Premiums Provision

The differences between the local premiums provision and the Best Estimate relating to the premiums provision on 31 December 2016 essentially relate to the difference methodological approach used to determine the liabilities, for which the Solvency II valuation also considers the current value of future profits.

Claims Provision

The only difference between the Local financial statements and the Solvency II report is connected to the effect of discounting the inflows obtained by applying the unwinding, on the basis of the assumptions described, to the statutory provisions.

Difference between the statutory accounting provisions and the Solvency II provisions - Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita.

Difference between the statutory accounting provisions and the Solvency II provisions - Intesa Sanpaolo Life D.A.C.

In relation to the cohesion between the Local provisions and the Best Estimate net of the risk margin the difference between the two items can be explained entirely by the current value of the future profits. The portfolio of Intesa Sanpaolo Life mainly comprises unit linked policies whose technical provisions are calculated on the individual Local financial statements on the value of the unit on the valuation date in line with the IFRS. The Solvency II assessment is based on the projected flows and thus also takes into consideration the future profits.

D.2.3 Simplifications used in calculating technical provisions

D.2.3 Simplifications used in calculating technical provisions - Intesa Sanpaolo Vita Insurance Group

For the purposes of calculating the Best Estimate to 31/12/2016, the main simplifications are:

- For the Life companies, the provision 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, equal to the Best Estimate valued inclusive of reinsurance;
- For Intesa Sanpaolo Vita, the Best Estimate of a residual part of the portfolio (including LoB III of Supplementary Pension Plans and a specific Pension Fund convention) was simplified by taking appropriate reproportioning measures, as has been done with previous valuations;
- For Intesa Sanpaolo Assicura, the future earned premiums are entered as equal to future issued premiums;
- For Fideuram Vita, the Fideuram Pension Fund was modelled entirely on a deterministic approach, also including the guaranteed component, considering that the related amount is of limited materiality.

For the purpose of calculating the Risk Margin, given the potential complexity inherent in this calculation, the Directive allows companies to use simplified methods. As stated in Article 60 of Regulation No. 18, the valuation may be made by using simplifications and approximations of the individual risks or certain risks used to calculate the future SCR, within the various modules or submodules.

For the valuation on 31/12/2016, all the Group companies (except Intesa Sanpaolo Life) calculated the risk margin according to the Level 2 simplification 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 requirements for each future year is in proportion 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

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. The tasks of the Actuarial function, as provided for by Art. 272 (1.b) of Delegated Regulation (EU) 2015/35, also include the task of assessing the uncertainty associated with calculating technical provisions.

It is standard practice to carry out sensitivity tests to assess the uncertainty associated with calculating the provisions by measuring the impact on the final results of any changes to the scenarios, in order to understand how sensitive the valuation is, to potential differences that could occur in individual cases. With reference to the assumptions formulated within Solvency II, the BEL may be affected by changes in external factors such as volatility of rates, or macroeconomic factors, and internal factors such as redemptions, mortality and costs.

At methodological level, a minimum sensitivity set has been identified to explain the main factors of uncertainty at Group level, found in the BEL calculation. Each company is able to carry out additional sensitivity tests depending on the specific nature of individual portfolios and, if considered appropriate, they also analyse the results of the stress tests used in the Standard Formula to calculate the solvency capital requirement.

The companies have included the following elements in their sensitivity tests:

- an increase/decrease in the interest rates curve;
- an increase/reduction in the redemption rates (specifically for the Life companies);
- an increase/reduction in the Mortality rates (specifically for the Life companies);
- an increase in the Expenses amount (specifically for the Life companies);
- an increase/decrease in the prospective ratio of Claims to Premiums (the "Loss Ratio", specific to the Non-life company);
- an increase/decrease in the rate of early redemption with reimbursement of premium (specific to the Non-life company).

D.2.4 Level of uncertainty associated with the value of technical provisions – Intesa Sanpaolo Vita S.p.A.

In order to produce an estimate of the uncertainty relating to certain values, the change in the BEL for the whole portfolio was examined (excluding the Non-life portfolio as this is secondary for Intesa Sanpaolo Vita), when there are changes in the identified risk factors.

In in addition to the sensitivity tests provided for in the Group methodology, the company carried out the following economic sensitivity tests:

- A 10% fall in the value of shares;
- A change in the volatility of interest rates in the stochastic scenario on 31/12/2016 calibrating it against the volatility recorded on 30/09/2016.

The sensitivity analysis shows that the BEL are more sensitive to a decrease in the interest rate curve. However, a decrease in the value of shares has a limited impact which is mainly due to the composition of the with-profits portfolio, which has low exposure to that risk. In this regard the main reduction in terms of BEL can be seen in the portfolios for unit linked policies and in the pension funds portfolio.

In regard to the sensitivity analysis for operational scenarios, in addition to the sensitivity tests provided for in the Group methodology, the company carried out a valuation using the deactivated dynamic reductions rule.

The impact in terms of BEL was found to be limited for all the sensitivity tests carried out on the operational scenarios.

D.2.4 Level of uncertainty associated with the value of technical provisions – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura valued the level of uncertainty associated with the value of the technical provisions by carrying out a sensitivity test on the value of the Best Estimate for the premiums provision and on the value of the Best Estimate for the claims provision.

In order to estimate the volatility of the Best Estimate for the premiums provision, the following scenarios were considered, and were obtained by placing separate, simultaneous stressors on the following factors:

- a 5% change (increase or decrease) in the prospective claims to premiums ratio ("Loss Ratio");
- a 1.5% change (increase or decrease) in the early redemption rate, with reimbursement of the unused premium.

For the valuation on 31/12/2016 an asymmetrical impact was recorded if there was a favourable rather than an unfavourable scenario for the company.

In order to estimate the volatility of the Best Estimate for the Claims provision set aside as of 31 December 2016, an estimate was made of the coefficient of variation on the Health Business Solvency Lines 4 and 12 (considered to be the most significant) and with the derivation of a variation interval for the claims provision considering a confidence range of 50%.

D.2.4 Level of uncertainty associated with the value of technical provisions – Fideuram Vita S.p.A.

In addition to the sensitivity analysis provided for in the group methodology, with regard to the estimate of uncertainty underlying economic assumptions, the company also applied the shocks provided for in the standard formula to calculate the solvency capital requirements on the Solvency LoB considered to be more sensitive to the stressed risk. The most significant impacts on the company's various portfolios are indicated below:

- Traditional with-profits policies: for these policies the change in the risk-free interest rate curve is the factor that has the greatest impact in terms of BEL;
- Daily NAV unit linked policies: for these policies which represent more than 70% of the company's BEL, the most significant changes can be attributed to a fall in share prices and to a reduction in exchange rates (stress of 25%);
- Other unit linked policies: this category includes the unit linked policies of guaranteed and non-guaranteed pension funds, the Fideuram pension fund and the LoB III component of the Fideuram Pension Project policy. Once again, the BEL are more sensitive to a fall in share prices.

With regard to the estimate of the uncertainty underlying the operational scenarios, the company carried out sensitivity tests on all the Solvency lines of business as provided for in the Group methodology. The impact in terms of BEL was found to be limited.

D.2.4 Level of uncertainty associated with the value of technical provisions – Intesa Sanpaolo Life D.A.C.

In in addition to the sensitivity tests provided for in the Group methodology, the company evaluated the impact, in terms of BEL, of a 10% fall in the value of the shares.

With reference to the economic scenarios the analysis shows that an increase or decrease in the curves has a symmetrical impact on the BEL depending on the type of business which is mainly characterised by unit linked policies. The company's portfolio has also proved to be sensitive to a depreciation of the equities portfolio.

The sensitivity tests on operational factors show a limited impact in terms of BEL.

D.2.5 Transitional measures and long-term guarantee measures

D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Vita Insurance Group

For the valuation on 31 December 2016, Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 13 bps, corresponding to EIOPA's adjustment on 31/12/2016.

D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Vita S.p.A.

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	459	-	459	-317	263	119	-23%

** Eligible to meet the Solvency Capital Requirement*

If the adjustment is zeroed for volatility, the Solvency Ratio would fall by 23 bps to 162 bps, but in any case it would be well above the 100% threshold.

The numbers in the table refer to the company's entire portfolio however impact is mainly attributable to the segregated funds, as the adjustment for volatility is not applied to the pension fund portfolio or to the unit linked policies portfolio.

D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Assicura S.p.A.

The company does not hold long-term guarantees.

D.2.5 Transitional measures and 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	28	-	28	-20	11	5	-8%

** Eligible to meet the Solvency Capital Requirement*

If the adjustment is zeroed for volatility, the Solvency Ratio would fall by 8 bps to 167 bps, but in any case would be well above the 100% threshold.

D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Life D.A.C.

The company does not hold long-term guarantees.

D.2.6 Amounts recoverable from reinsurance and SPV contracts

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.

D.2.6 Amounts recoverable from reinsurance and SPV contracts - 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.

D.2.6 Amounts recoverable from reinsurance and SPV contracts - 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 partial premiums, future premiums and reimbursements assigned to reinsurance;
    - the premiums transferred to the reinsurer

  to which the following elements are 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:
    - claims assigned for non-proportional arrangements;
    - claims assigned for proportional arrangements.

D.2.6 Amounts recoverable from reinsurance contracts and SPV – Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita.

D.2.6 Amounts recoverable from reinsurance and SPV – Intesa Sanpaolo Life D.A.C.

See above, in relation to Intesa Sanpaolo Vita.

D.3 Other liabilities

D.3 Other liabilities – Intesa Sanpaolo Vita Insurance Group

The aim of this paragraph is to specify additional liabilities in the solvency report that contribute to the total of the Liabilities, together with the Best Estimate of the technical provisions.

Provisions other than technical provisions - Intesa Sanpaolo Vita Insurance Group

This item refers to the provisions for risks and charges, and the provision for taxes.

There are no differences between the valuations made for the purposes of the consolidated IFRS accounts and the Solvency II value, as the valuation models are fully aligned.

The amount indicated as the provision is the Best Estimate of future costs whose existence is known, certain or probable but whose amount or timing is unknown, or the amount that the company would reasonably pay to settle the obligation or transfer it to a third party in accordance with IAS 37. IAS 37 defines an accrual as definite if the liability is unknown as to its amount or date, and it only has to be recognised if:

- 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	13.928	13.928	-

Provisions other than technical provisions - Intesa Sanpaolo Vita S.p.A.

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.

The application of the Solvency II valuation methods did not create any differences in value compared to the valuation done in accordance with the principles of the Local financial reports.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	6.922	6.922	-

Provisions other than technical provisions - Intesa Sanpaolo Assicura S.p.A.

The application of the Solvency II valuation methods did not create any differences in value compared to the valuation done in accordance with the principles of the Local financial reports.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	1.326	1.326	-

Provisions other than technical provisions - Fideuram Vita S.p.A.

The application of the Solvency II valuation methods led to a difference in value compared to the valuation done in accordance with the principles of the Local financial reports. 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	983	1.479	-497

Provisions other than technical provisions - Intesa Sanpaolo Life D.A.C.

The application of the Solvency II valuation methods did not create any differences in value compared to the valuation done in accordance with the principles of the Local financial reports.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Provisions other than technical provisions	4.698	4.698	-

Pension liabilities – Intesa Sanpaolo Vita Insurance Group

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.

In connection with Solvency II, the Group recorded a liability related to employee benefits but compared against the total IFRS provisions, this did not generate any valuation differences.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	10.191	10.191	-

Pension liabilities - Intesa Sanpaolo Vita S.p.A.

According to the statutory rules on financial reporting, the length of service bonuses contained in the item "Severance pay" are determined in accordance with Article 2120 civil code and the current national and supplementary contracts in force on the reporting date applicable to each case, and considering all forms of ongoing remuneration.

The Solvency II valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 2,788 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	5.230	2.441	2.788

Pension liabilities - Intesa Sanpaolo Assicura S.p.A.

The Solvency II valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 359 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	765	406	359

Pension liabilities - Fideuram Vita S.p.A.

The Solvency II valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 2,225 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Pension benefit obligations	4.197	1.972	2.225

Pension liabilities - Intesa Sanpaolo Life D.A.C.

The company has not recorded any liability in relation to this item on its financial report.

Deferred tax liabilities – Intesa Sanpaolo Vita Insurance Group

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 - Intesa Sanpaolo Vita Group

The valuation, which recognises the nominal value, does not result in any differences between the value recognised in the annual financial statements and the value for solvency purposes. It relates only to Intesa Sanpaolo Assicura S.p.A.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Deposits from reinsurers	4.575	4.575	-

Financial liabilities – Intesa Sanpaolo Vita Insurance Group

This category consists of:

- Derivatives
- Payables to banks.

Financial derivatives are only used in order to reduce the investment risk and to achieve an efficient management of the securities portfolio, with the exclusion of purely speculative aims. Hedging derivatives contracts are valued in line with the hedged assets and liabilities.

According to the Solvency II regulations, derivatives have to be valued at market value according to the valuation methods contained in paragraph D.1 of this Report. With regard to the item "Payables to credit institutions", the Solvency II framework prescribes that they are valued in line with the IFRS/IAS, on condition that these principles include valuation methods that are consistent with the valuation approach contained in Article 75 of European Directive 138/2009. The valuation takes place without any adjustment to take account of the change in the company's credit rating after the initial recognition.

As can be seen from the following table, for these items, the application of Solvency II valuation methods does not generate any differences compared to the valuation made in accordance with IFRS.

The data for the insurance group is given below:

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	84.425	84.425	-
Debts owed to credit institutions	30.451	30.451	-

Financial liabilities - Intesa Sanpaolo Vita S.p.A.

With regard to the derivatives, the revaluation at fair value leads to a difference of 1 million euro compared to the statutory figure.

No differences are found for the valuation of amounts payable to credit institutions, the Local valuation of which is in line with the Solvency II valuation.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	82.957	84.096	-1.139
Debts owed to credit institutions	30.451	30.451	-

Financial liabilities - Intesa Sanpaolo Assicura S.p.A.

The company has not recorded any financial liability in relation to this item on its financial report.

Financial liabilities for Fideuram Vita S.p.A.

With regard to derivatives, there are no differences compared to the statutory figure.

The company has no liabilities to credit institutions.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Derivatives	1.469	1.469	-
Debts owed to credit institutions	-	-	-

Financial liabilities - Intesa Sanpaolo Life D.A.C.

The company has not recorded any financial liability in relation to this item, on its financial report.

Other liabilities – Intesa Sanpaolo Vita Insurance Group

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 these items, on the consolidated accounts prepared according to the IAS, are considered to be consistent with the Solvency II framework.

The item "Amounts payable to insurers and intermediaries" is made up of liabilities to insured persons, insurance brokers deriving from relations with the sales network represented by the retail banks, and to insurance companies, in relation to the debit balances of the coinsurance accounts. The difference relating to this item, of 271 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 13 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	922.106	1.193.311	-271.205
Reinsurance payables	2.078	2.078	-
Payables (trade, not insurance)	892.876	892.871	4
Any other liabilities, not elsewhere shown	409.207	422.734	-13.527

Other liabilities – Intesa Sanpaolo Vita S.p.A.

The valuation criteria used for these items, on the individual Local accounts prepared according to the statutory accounting principles, are considered to be consistent with the Solvency II framework.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	455.899	455.899	-
Reinsurance payables	23	23	-
Payables (trade, not insurance)	729.379	729.311	68
Any other liabilities, not elsewhere shown	146.286	146.286	-

Other liabilities – Intesa Sanpaolo Assicura S.p.A.

The valuation criteria used for these items, on the individual Local accounts prepared according to the statutory accounting principles, are considered to be consistent with the Solvency II framework.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	12.303	12.303	-
Reinsurance payables	2.039	2.039	-
Payables (trade, not insurance)	29.577	29.512	65
Any other liabilities, not elsewhere shown	6.105	6.105	-

Other liabilities – Fideuram Vita S.p.A.

The valuation criteria used for these items, on the individual Local accounts prepared according to the statutory accounting principles, are considered to be consistent with the Solvency II framework.

The only difference relates to the fair value adjustment of a liability relating to an incentive plan for "Risk Takers".

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Insurance & intermediaries payables	354.160	354.160	-
Reinsurance payables	-	-	-
Payables (trade, not insurance)	10.564	10.564	-
Any other liabilities, not elsewhere shown	237.614	237.591	24

Other liabilities – Intesa Sanpaolo Life D.A.C.

The difference relating to the item "Amounts payable to insurers and intermediaries", of 271 million euro is due to the cancellation of the "Deferred Income Liabilities". As this is an intangible liability and it is valued at zero in the solvency report.

In relation to the item "Other liabilities not reported elsewhere", the difference of 13 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	99.744	371.021	-271.277
Reinsurance payables	16	16	-
Payables (trade, not insurance)	125.876	125.876	-
Any other liabilities, not elsewhere shown	19.201	5.835	13.366

Subordinated liabilities – Intesa Sanpaolo Vita Insurance Group

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 37,532 euro thousands.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	1.438.783	1.401.251	37.532

Subordinated liabilities - Intesa Sanpaolo Vita S.p.A.

The subordinated liabilities of 1.343 million euro according to the Solvency II valuation refer to a series of subordinated loans granted by the company in various tranches from 1999 onwards. The final tranche was issued on 17 December 2014 with a nominal value of 750 million euro. There are various subordinated loans with the option of early repayment, after authorisation by the regulator. There are two subordinated loans maturing. The first has an issue date of 18 September 2013 and a duration of five years with a nominal value of 500 million euro. The second has an issue date of 30 December 2008, with a term of 10 years and a nominal value of 30 million euro. In the classification of the basic own funds these two loans are classified in Tier 2.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	1.342.923	1.322.648	20.275

Subordinated liabilities for Intesa Sanpaolo Assicura S.p.A.

The company has not issued subordinated liabilities.

Subordinated liabilities – Fideuram Vita S.p.A.

The subordinated liabilities of 96 million euro according to the Solvency II valuation refer to a subordinated loan granted on 27 October 2011 by Intesa Sanpaolo, maturing on 27 October 2021, whose annual nominal rate is equal to the three-month Euribor increased by 469 bps. The loan provides for the possibility for the company, after the authorisation from the regulator, to repay all or part of the loan after 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 the loan would be at a lower level compared to the claims of all the other creditors and it will only be reimbursed if all the other liabilities outstanding on the date of liquidation have been repaid. However, it would have a pre-emption over the company's shareholders.

(euro thousands)

	Solvency II value	Statutory accounts value	Impact on Reconciliation reserve
Subordinated liabilities	95.964	85.000	10.964

Subordinated liabilities - Intesa Sanpaolo Life D.A.C.

There are no subordinated liabilities for Intesa Sanpaolo Life.

D.4 Alternative valuation methods

D.4 Alternative valuation methods - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Group regulates and formalises the fair value valuation of financial instruments using the Group Fair Value Policy. This document is prepared by the Financial and Market Risks Department, and its application extends to the parent company and to all the subsidiaries in the consolidation area.

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. Those prices thus represent the prices used on a priority basis for the valuation of financial assets and liabilities in the trading portfolio. In the absence of an active market, the fair value is determined by using valuation techniques intended to establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques include:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile;
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer.

The choice of these methods is not optional, as they have to be applied in hierarchical order: the availability of a price on an active market means that the other valuation approaches cannot be used.

The use of a valuation technique is intended to estimate the price at which an asset would be sold or a liability would be transferred between market operators on the valuation date under current market conditions. Three widely-used valuation techniques are the market valuation method, the cost method and the income method. Valuation techniques that reflect one or more of these methods are used to obtain the fair value. Although multiple valuation techniques are used to value the fair value, the results have to be assessed by considering the reasonableness of the range of values. A fair value valuation is the most representative value in the range, in those specific circumstances.

If the price of the operation is the fair value at the time of initial recognition, and if a valuation technique based on non-observable input is used to value the fair value subsequently, the input must be calibrated so that at the time of initial recognition, the result of the valuation technique equates to the price of the operation. Calibration ensures that the valuation technique reflects the current market conditions and helps the entity to determine whether the valuation technique needs to be rectified (for example, there may be a characteristic of the asset or liability that is not considered in the valuation technique). After initial recognition, when the fair value is valued using one or more techniques based on non-observable input, the entity needs to ensure that the valuation techniques reflect observable market data (for example the price of a similar asset or liability) on the valuation date.

Without a price from an active market, or if the market is not functioning regularly, i.e. if the market does not have a sufficient number of continuous transactions, bid-ask spread and volatility that is not low enough, the determination of the fair value of the financial instruments is mainly achieved by using valuation techniques designed to establish the price at which, in an ordinary transaction, the asset would be sold or the liability would be transferred among market operators, on the valuation date, under current market conditions. These techniques include:

- The use of market values indirectly linked to the valued instrument, derived from policies with a similar risk profile (Level 2);
- Valuations based even partially on input not derived from market-observable parameters for which estimates and assumptions from the valuer are used (Level 3).

For Level 2 input, the valuation is not based on prices of the valued instrument, but on prices or spreads taken from the official prices of instruments that are essentially similar in terms of risk factors, using a given calculation method (pricing model). The use of this approach requires a search for transactions on active markets, relating to instruments

which in terms of risk factors are comparable with the valued instrument. The Level 2 calculation methods reproduce the prices of financial instruments listed on active markets (calibration of the model) without including discretionary parameters - i.e. parameters whose value cannot be deduced from the prices of financial instruments on active markets or cannot be set at levels that replicate prices on active markets - which have a decisive influence on the final valuation.

They are valued using models based on Level 2 input:

- Bonds with no official prices on an active market whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile;
- Derivatives, if they are valued using appropriate pricing models derived from market-observable input parameters such as rate, currency and volatility curves;
- ABS for which there are no significant prices and whose fair value is determined by using valuation techniques that take into account parameters that can be deduced from the market;
- Equities valued by recourse to direct transactions, or significant transactions on the stock during a period of time considered sufficiently brief compared to the time of valuation, and under constant market conditions, for which "relative" multiplier-based valuation models are used.

To determine the fair value of certain types of financial instrument, valuation models that require the use of parameters not observable on the market need to be used, thus requiring estimates and assumptions by the valuer (Level 3). The financial instrument is valued by using a calculation methodology based on specific assumptions regarding:

- The trend in future cash flows which may be influenced by future events, to which probability can be attributed on the basis of past experience or behavioural assumptions;
- The level of certain parameters in input not available from active markets, for which the information acquired from market-observed prices and spreads is generally preferred. If this information is not available, historic data for the underlying risk factor will be used, or alternatively specialised research such as reports by rating agencies or leading market players).

The following items are valued with a mark-to-model approach:

- debt securities and complex derivatives within the perimeter of structured credit instruments and tranche-linked derivatives;
- hedge funds not considered in Level 1;
- ownership interests and other capital securities valued using models based on discounted cash flows.

In relation to bonds, the pricing of non-contributed securities (those with no official prices on an active market which are classified at fair value level 2 or 3) whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile. This measurement is drawn from the following sources:

- contributed liquid securities from the same issuer;
- credit default swaps on the same reference entity;
- contributed liquid securities from an issuer with the same rating belonging to the same sector.

In any case, attention is paid to the different seniority of the security to be priced in relation to the issuer's debt structure.

For Italian public issuers, a rating/duration grid is drawn up, based on the spread levels of the government issues. Differentials are then applied, between the various rating/duration classes compared to public issues (regional, provincial and municipal authorities, and government bodies).

Similarly, for financial liabilities valued at fair value, in order to determine and measure the credit spread of the Intesa Sanpaolo Group, reference is made to bonds issued by the Parent Company with regular coupons, maturity beyond 1 year and listed on an active market in accordance with IAS/IFRS. The market prices are used to obtain the implied credit rating which is then perfected using interpolation models. These generate credit spread curves that are differentiated according to the type of coupon, maturity and subordination level.

For bonds not listed on active markets, in order to take into accounts the higher premium required by the market compared to a similar contributed security, an additional component is added to the fair credit spread, estimated on the basis of the bid/ask spreads recorded on the market.

If there is an embedded option, a further adjustment is made to the spread, adding a component designed to capture the hedging costs of the structure and illiquidity of the underlying assets. This component is determined on the basis of the type of option and the maturity.

D.4 Alternative valuation methods – Intesa Sanpaolo Vita S.p.A.

See above, in relation to the Insurance Group.

D.4 Alternative valuation methods – Intesa Sanpaolo Assicura S.p.A.

See above, in relation to the Insurance Group.

D.4 Alternative valuation methods – Fideuram Vita S.p.A.

See above, in relation to the Insurance Group.

D.4 Alternative valuation methods – Intesa Sanpaolo Life D.A.C.

See above, in relation to the Insurance Group.

D.5 Other information

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

E.1 Own funds

This section focuses on a representation of the Insurance Group's solvency position, and that of the individual group companies. The solvency position is represented by the ratio between the own funds and SCR of the Group and of the companies.

Specifically, in relation to own funds, issues relating to the various components of the solvency position are explored and analysed. In particular:

- Items within the capital availability and related tiering;
- The reconciliation between own funds and the net equity in the financial statements;
- An analysis of the changes in own funds.

The issue of Solvency Capital Requirements and Minimum Capital Requirement is also dealt with, with attempts being made to investigate issues relating to the various types of risk that make up this amount, and the main features of the standard formula used by the group companies.

The section concludes with certain information that can be useful for the purposes of this analysis.

E.1.1 Structure, amount and quality of own funds - Intesa Sanpaolo Vita Insurance Group

Within the Solvency II framework, own funds are important elements of capital that can be used to absorb losses resulting from the occurrence of risks to which the insurance Group is exposed. They equate to the sum of the Basic Own Funds (BOF) and the Ancillary Own Funds, as defined respectively 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 Insurance Group and individual Companies, and the target capital levels in line with management limits;
- to contribute to determining the commercial strategies considering a new capital absorption and value creation strategy;
- to assess the impacts of new products in terms of current and forward-looking capital.

At individual Company and Insurance Group level, the Eligible Own Funds are determined following the regulatory provisions of Solvency II through a process consisting of several stages:

- determining the Excess of Assets Over Liabilities in a consistent market context;

- including any subordinate loans;
- making adjustments for transferability and fungibility;
- tiering and quantitative limits for the eligibility of Funds.

As regards to the potential limitations in the Own Funds'use the appropriate assessments are carried out on the basis of the nature of the fund, the capital components and the legal and regulatory operational context.

On 31 December 2016 the total basic own funds amounted to 6.846 million euro.

The main components of the own funds are:

- Share capital of 678 million euro;
- Share premium reserve of 1.328 million euro;
- Reconciliation provision of 3.402 million euro;
- Subordinated loans of 1.439 million euro.

Certain securities known as "Encumbrances" are excluded from the available own funds, in accordance with the provisions of Article 71, subparagraph 1 0) of the Delegated Regulation.

The solvency ratio for the Group SCR for 2016 is 183% while the MCR is 356%.

In relation to the quality of the own funds, distinguished by the tiering of each item, 79% of the eligible own funds is classified at the highest most reliable level (Tiering 1 unrestricted) while 12% is classified at an average level (Tiering 1 restricted), regarding a particular category of subordinated loans without maturity. The remaining 9% has been classified in Tier 2 as result of another percentage 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, the following items were recognised in the consolidated accounts as at 31/12/2016:

- 10 loans of indeterminate duration granted by the Parent Company Intesa Sanpaolo and Cassa di Risparmio (Florence) totalling 20,822 euro thousands (Individual financial statements and Solvency II);
- 1 loan of determinate duration granted by the Parent Company Intesa Sanpaolo totalling 29,463 euro thousands (Individual financial statements and Solvency II);
- 1 non-convertible subordinated bond with certain maturity, issued on the Luxembourg market whose nominal financial reporting value is 500,000 euro thousands, whereas the Solvency II value is 519,673 euro thousands;
- 1 perpetual subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 750,000 euro thousands, whereas the Solvency II value is 772,965 euro thousands;
- 1 bond for Fideuram Vita issued by Intesa Sanpaolo on 27 October 2011 maturing in 2021 with a nominal value of 85 million euro with the option of total or partial repayment from 27 October 2016 after authorisation by the regulator, while the Solvency value is 95,964 euro thousands.

Basic Own Funds - Intesa Sanpaolo Vita Insurance Group

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	Amount	Tiering			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	677.879	677.879	-	-	-
Share premium related to ordinary share capital	1.328.097	1.328.097	-	-	-
Reconciliation reserve	3.401.649	3.401.649	-	-	-
Subordinated liabilities	1.438.783	-	793.787	644.996	-
Total amount	**6.846.408**	**5.407.625**	**793.787**	**644.996**	**-**

E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Vita S.p.A.

Basic Own Funds – Intesa Sanpaolo Vita S.p.A.

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 93.34% of the subordinated liabilities for the Insurance Group.

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

(euro thousands)

Basic Own Funds	Amount	Tiering			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	320.423	320.423	-	-	-
Share premium related to ordinary share capital	1.328.097	1.328.097	-	-	-
Reconciliation reserve	3.048.263	3.048.263	-	-	-
Subordinated liabilities	1.342.923	-	793.787	549.136	-
Total amount	**6.039.706**	**4.696.783**	**793.787**	**549.136**	**-**

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.

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

(euro thousands)

Eligible Own Funds	Solvency Capital Requirement				Minimum Capital Requirement			
	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	-	-	-
Share premium related to ordinary share capital	1.328.097	-	-	-	1.328.097	-	-	-
Reconciliation reserve	3.048.263	-	-	-	3.048.263	-	-	-
Subordinated liabilities	-	793.787	549.136	-	-	793.787	293.260	-
Total amount	**4.696.783**	**793.787**	**549.136**	**-**	**4.696.783**	**793.787**	**293.260**	**-**

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.

The reconciliation reserve calculated according to the Solvency II principles amounts to 3,048,263 euro thousands and comprises:

- Annual profits net of foreseeable dividends, of 722,251 euro thousands and profits carried forward of 4,619 euro thousands;
- Statutory reserves: 69,476 euro thousands;
- Other reserves: 511,801 euro thousands;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 1,740,116 euro thousands.

E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Assicura S.p.A.

Basic Own Funds – Intesa Sanpaolo Assicura S.p.A.

The basic own funds of Intesa Sanpaolo Assicura include:

- the paid-up ordinary shares;
- the reconciliation reserve.

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

- Share capital: On 31 December 2016 the value was 27,912 euro thousands divided into 27,912,000 ordinary shares each with a nominal value of one euro;
- reconciliation reserve: this item is calculated by taking into account the surplus assets over liabilities (of 240,244 euro thousands) net of the share capital.

All the components of own funds are considered in Tier 1.

The company has not included in its own funds any element that requires prior approval by the national regulator.

(euro thousands)

Basic Own Funds	Amount	Tiering			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	27.912	27.912	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-
Reconciliation reserve	240.244	240.244	-	-	-
Subordinated liabilities	-	-	-	-	-
Total amount	**268.156**	**268.156**	**-**	**-**	**-**

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

(euro thousands)

Eligible Own Funds	Solvency Capital Requirement				Minimum Capital Requirement			
	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	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-	-	-	-
Reconciliation reserve	240.244	-	-	-	240.244	-	-	-
Subordinated liabilities	-	-	-	-		-	-	-
Total amount	**268.156**	**-**	**-**	**-**	**268.156**	**-**	**-**	**-**

The reconciliation reserve calculated according to the Solvency II principles amounts to 240,244 euro thousands and comprises:

- Annual profits net of foreseeable dividends, of 44,047 euro thousands and profits carried forward of 63,478 euro thousands;
- Statutory reserves: 87,938 euro thousands;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 44,779 euro thousands.

E.1.1 Structure, amount and quality of own funds – Fideuram Vita S.p.A.

Basic Own Funds – Fideuram Vita S.p.A.

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 reserve;
- the subordinated liabilities paid and valued according to the Solvency II framework.

In the calculation of the reconciliation reserve the company considered the undistributed earnings used as a reference for calculating the SCR.

As part of a capital reinforcement plan the company may recourse to a subordinated loan of 85 million euro expiring in 2021, 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- decies CAP.

The company has not included in its own funds any element that requires prior approval by the national regulator.

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

- share capital: On 31 December 2016 the value was 357,447, attributable entirely to Life business;
- reconciliation reserve: this item is calculated by taking into account the Excess of Assets over Liabilities (343,218 euro thousands) net of share capital (357,447 euro thousands);
- subordinated loans: the total is 95,964 euro thousands, classified entirely in Tier 2.

(euro thousands)

Basic Own Funds	Amount	Tiering			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	357.447	357.447	-	-	-
Reconciliation reserve	343.218	343.218	-	-	-
Subordinated liabilities	95.964	-	-	95.964	-
Total amount	**796.629**	**700.665**	**-**	**95.964**	**-**

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

(euro thousands)

Eligible Own Funds	Solvency Capital Requirement				Minimum Capital Requirement			
	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	-	-	-
Reconciliation reserve	343.218	-	-	-	343.218	-	-	-
Subordinated liabilities		-	95.964	-	-	-	40.923	-
Total amount	**700.665**	**-**	**95.964**	**-**	**700.665**	**-**	**40.923**	**-**

On 31/12/2016 the reconciliation reserve amounted to 343,218 euro thousands and is made up as follows:

- Profits reserve of 58,100 euro thousands;
- Statutory reserve of 11,174 euro thousands;
- Other reserves of 204,423 euro thousands;
- Differences in valuation between the statutory valuation standards and those used for the solvency report, of 69,521 euro thousands.

E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Life D.A.C.

Basic Own Funds – Intesa Sanpaolo Life D.A.C.

The components of the basic own funds of Intesa Sanpaolo Life D.A.C. are made up of the surplus of assets over liabilities and by equity reserves. The company has not issued subordinated liabilities.

The basic own funds of Intesa Sanpaolo Life include:

- the paid-up ordinary shares;
- the reconciliation reserves;
- the capital contribution.

(euro thousands)

Basic Own Funds	Amount	Tiering			
		Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	635	635	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-
Reconciliation reserve	806.704	806.704	-	-	-
Capital contribution	104.444	104.444	-	-	-
Total amount	**911.783**	**911.783**	**-**	**-**	**-**

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

- share capital: On 31 December 2016 the value was 635 euro thousands;
- reconciliation reserve: this item is calculated by taking into account the Excess of Assets over Liabilities (911,783 euro thousands) net of share capital (635 euro thousands) and net of the capital contribution (of 104,444 euro thousands);
-

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

(euro thousands)

Eligible Own Funds	Solvency Capital Requirement				Minimum Capital Requirement			
	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)	635	-	-	-	635	-	-	-
Share premium related to ordinary share capital	-	-	-	-	-	-	-	-
Reconciliation reserve	806.704	-	-	-	806.704	-	-	-
Capital contribution	104.444	-	-	-	104.444	-	-	-
Total amount	**911.783**	**-**	**-**	**-**	**911.783**	**-**	**-**	**-**

The reconciliation reserve calculated according to the Solvency II principles amounts to 806,704 euro thousands and comprises:

- Annual profits net of foreseeable dividends: 72,895 euro thousands;
- Statutory reserves: 6,877 euro thousands;
- Other reserves: 316,218 euro thousands;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 410,714 euro thousands.

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.

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 - Intesa Sanpaolo Vita S.p.A.

Below is a reconciliation between the net equity on the annual financial statements for 2016 prepared in accordance with ISVAP Regulation No. 22/2008 (as amended) and the surplus assets compared to the liabilities calculated on the basis of Art. 75 and Section 2 of Chapter IV of the Directive, and with the total own funds as defined in Section 3 of Chapter IV of the Directive. Refer to Chapter D for a breakdown of each item in the reconciliation provision.

(euro thousands)

	Amount
Equity - Statutory	**2.956.667**
Adjustments on assets	**8.927.750**
Goodwill and other intangible assets	-6.666
Properties and plants	-
Holdings in financial and credit institutions	-
Holdings in other entities	975.680
Financial instruments	6.220.024
Deferred tax assets	1.739.556
Reinsurance receivables	-844
Adjustment on technical provisions	**-4.998.752**
Life technical provisions	-5.618.887
Life technical provisions - Index-linked and unit-linked	619.947
Other technical provisions	188
Adjustments on other liabilities	**-2.142.188**
Deferred tax liabilities	-2.120.196
Financial liabilities	1.139
Pension benefit obligations	-2.788
Other adjustments	-20.343
Reconciliation reserve	**1.786.809**
Subordinated liabilities included in Basic Own Funds	**1.342.923**
Encumbrances	**-46.693**
Total Own Funds	**6.039.706**

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 - Intesa Sanpaolo Assicura S.p.A.

Below is a reconciliation between the net equity on the annual financial statements for 2016 prepared in accordance with ISVAP Regulation No. 22/2008 (as amended) and the surplus assets compared to the liabilities calculated on the basis of Art. 75 and Section 2 of Chapter IV of the Directive, and with the total own funds as defined in Section 3 of Chapter IV of the Directive. Refer to Chapter D for a breakdown of each item in the reconciliation reserve.

(euro thousands)

	Amount
Equity - Statutory	**223.377**
Adjustments on assets	**12.552**
Goodwill and other intangible assets	-205
Financial instruments	11.656
Deferred tax assets	1.100
Adjustment on technical provisions	**58.782**
Non-Life technical provisions	57.440
Reinsurance technical provisions	-785
Other technical provisions	2.128
Adjustments on other liabilities	**-24.536**
Deferred tax liabilities	-21.951
Pension benefit obligations	-424
Other adjustments	-2.161
Reconciliation reserve	**46.798**
Encumbrances	**-2.018**
Total Own Funds	**268.156**

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 - Fideuram Vita S.p.A.

Below is a reconciliation between the net equity on the annual financial statements for 2016 prepared in accordance with ISVAP Regulation No. 22/2008 (as amended) and the surplus assets compared to the liabilities calculated on the basis of Art. 75 and Section 2 of Chapter IV of the Directive, and with the total own funds as defined in Section 3 of Chapter IV of the Directive. Refer to Chapter D for a breakdown of each item in the reconciliation reserve.

(euro thousands)

	Amount
Equity - Statutory	**631.145**
Adjustments on assets	**549.661**
Goodwill and other intangible assets	-62.824
Properties and plants	4.226
Holdings in financial and credit institutions	24
Financial instruments	488.264
Deferred tax assets	120.162
Other assets	-191
Adjustment on technical provisions	**-315.494**
Life technical provisions	-697.513
Life technical provisions - Index-linked and unit-linked	382.019
Adjustments on other liabilities	**-164.647**
Deferred tax liabilities	-151.931
Financial liabilities	-10.964
Pension benefit obligations	-2.225
Other adjustments	473
Reconciliation reserve	**69.520**
Subordinated liabilities included in Basic Own Funds	**95.964**
Total Own Funds	**796.629**

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 - Intesa Sanpaolo Life D.A.C.

Below is a reconciliation between the net equity on the annual financial statements for 2016 prepared in accordance with the IFRS and the surplus assets compared to the liabilities calculated on the basis of Art. 75 and Section 2 of Chapter IV of the Directive, and with the total own funds as defined in Section 3 of Chapter IV of the Directive. Refer to Chapter D for a breakdown of each item in the reconciliation reserve.

(euro thousands)

	Amount
Equity - Statutory	**501.068**
Adjustments on assets	**-306.775**
Goodwill and other intangible assets	-306.775
Properties and plants	-
Holdings in financial and credit institutions	-
Holdings in other entities	-
Financial instruments	-
Deferred tax assets	-
Adjustment on technical provisions	**518.251**
Life technical provisions	-
Life technical provisions - Index-linked and unit-linked	506.458
Other technical provisions	11.793
Adjustments on other liabilities	**199.239**
Deferred tax liabilities	-58.674
Financial liabilities	-
Pension benefit obligations	-
Insurance and intermediaries payables	271.278
Other adjustments	-13.366
Total Own Funds	**911.783**

E.1.3 Transitional provisions

E.1.3 Transitional provisions - Intesa Sanpaolo Vita Insurance Group

Within the Group, only Intesa Sanpaolo Vita uses transitional measures to value its own funds.

See next paragraph.

E.1.3 Transitional provisions – Intesa Sanpaolo Vita S.p.A.

Subordinated liabilities – Intesa Sanpaolo Vita S.p.A.

On the basis of Delegated Regulation No. 35/2015 the subordinate loans recognised on the financial statements of Intesa Sanpaolo Vita as at 31/12/2016 considered for Solvency II purposes are divided as follows:

- 10 loans of indeterminate duration granted by the Parent Company Intesa Sanpaolo and Cassa di Risparmio (Florence) totalling 20,822 euro thousands (Individual financial statements prepared for Local and Solvency II purposes);
- 1 loan of indeterminate duration granted by the Parent Company Intesa Sanpaolo totalling 29,463 euro thousands (Individual financial statements prepared for Local and Solvency II purposes);
- 1 non-convertible subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 500,000 euro thousands, whereas the Solvency II value is 519,673 euro thousands;
- 1 perpetual subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 750,000 euro thousands, whereas the Solvency II value is 772,965 euro thousands.

By applying the grandfathering principle, Intesa Sanpaolo Vita has divided the subordinated bonds between Tier 1– unrestricted (liabilities described in a. and c. above) and Tier 2 (liabilities described in b. and d).

E.1.4 Ancillary own funds

E.1.4 Ancillary own funds - Intesa Sanpaolo Vita Insurance Group

No Group company has requested authorisation for the use of ancillary own funds.

E.2 Solvency capital requirement and minimum capital requirement

E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Vita 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 Group SCR on 31/12/2016 was 3.747 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	Net Amount
Solvency Capital Requirement	**3.746.843**
Deferred Tax Adjustment	-172.528
Solvency Capital Requirement before Adjustment	3.919.371
Operational Risk	**540.543**
Basic Solvency Capital Requirement	**3.378.828**
Diversification	-911.462
Market Risk	**2.843.069**
Interest Rate Risk	615.529
Equity Risk	974.113
Property Risk	27.509
Spread Risk	1.392.563
Concentration Risk	249.482
Currency Risk	563.703
Diversification	-979.834
Underwriting Risk (Life)	**963.316**
Mortality Risk	113.126
Longevity Risk	130.022
Disability Risk	-
Expenses Risk	174.581
Revision Risk	-
Lapse Risk	793.643
Cat Risk	56.750
Diversification	-304.808
Underwriting Risk (Non-Life)	**107.812**
Premium&Reserve Risk	93.920
Lapse Risk	17.960
Cat Risk	31.577
Diversification	-35.644
Underwriting Risk (Health)	**43.824**
Cat Risk	3.727
Mass Accident Risk	*406*
Concentration Risk	*406*
Pandemic Risk	*3.683*
Diversification	*-767*
Non-SLT Risk	42.743
Reserve Risk	*42.318*
Lapse Risk	*6.013*
Diversification	*-5.588*
Diversification	-2.647
Default Risk	**332.273**

The Minimum Capital Requirement is derived from the Solvency Capital Requirement. More specifically, the MCR is calculated as:

$$\text{Minimum Capital Requirement (MCR)} = 45\% \text{ Solvency Capital Requirement}$$

For this reason, the input necessary to calculate the MCR is the same as for the SCR.

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1.848 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 6.846 million euro. With reference to Art. 230, the Group solvency value has been stated. It is calculated as the difference between the eligible own funds and the SCR at Group level, amounting to 3.733,9 million euro.

E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Vita S.p.A.

The company's SCR on 31/12/2016 was 3.258 million euro. In calculating its SCR, the company uses a volatility adjustment. The stated amount is definitive and is not subject to further valuations.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

(euro thousands)

Module	Net Amount
Solvency Capital Requirement	**3.258.447**
Deferred Tax Adjustment	-133.924
Solvency Capital Requirement before Adjustment	3.392.371
Operational Risk	**357.137**
Basic Solvency Capital Requirement	**3.035.234**
Diversification	-657.114
Market Risk	**2.667.036**
Interest Rate Risk	586.108
Equity Risk	945.619
Property Risk	24.636
Spread Risk	1.306.822
Concentration Risk	246.283
Currency Risk	451.807
Diversification	-894.238
Underwriting Risk	**736.637**
Mortality Risk	101.060
Longevity Risk	84.521
Disability Risk	-
Expenses Risk	113.166
Revision Risk	-
Lapse Risk	619.947
Cat Risk	54.214
Diversification	-236.270
Default Risk	**288.675**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1.466 million euro.

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

For the purposes of Art. 336 of Delegated Regulation No. 35/2015 the proportional share of the SCR of Intesa Sanpaolo Vita is 87% post-diversification.

E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Assicura S.p.A.

The company's SCR on 31/12/2016 was 144 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	Net Amount
Solvency Capital Requirement	**144.277**
Deferred Tax Adjustment	-2.770
Solvency Capital Requirement before Adjustment	147.046
Operational Risk	**15.375**
Basic Solvency Capital Requirement	**131.671**
Diversification	-53.910
Market Risk	**28.168**
Interest Rate Risk	1.394
Equity Risk	16.468
Property Risk	-
Spread Risk	12.414
Concentration Risk	-
Currency Risk	1.181
Diversification	-3.289
Underwriting Risk (Non-Life)	**107.812**
Premium&Reserve Risk	93.920
Lapse Risk	17.960
Cat Risk	31.577
Diversification	-35.644
Underwriting Risk (Health)	**43.824**
Cat Risk	3.727
Mass Accident Risk	*406*
Concentration Risk	*406*
Pandemic Risk	*3.683*
Diversification	*-767*
Non-SLT Risk	42.743
Reserve Risk	*42.318*
Lapse Risk	*6.013*
Diversification	*-5.588*
Diversification	-2.647
Default Risk	**5.777**

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 65 million euro.

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

For the purposes of Art. 336 of Delegated Regulation No. 35/2015 the proportional share of the SCR of Intesa Sanpaolo Vita is 4% post-diversification.

E.2 Solvency capital requirement and minimum capital requirement - Fideuram Vita S.p.A.

The company's SCR on 31 December 2016 was 454.704 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 its SCR, the company uses a 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	Net Amount
Solvency Capital Requirement	**454.704**
Deferred Tax Adjustment	-16.727
Solvency Capital Requirement before Adjustment	471.431
Operational Risk	**120.418**
Basic Solvency Capital Requirement	**351.013**
Diversification	-103.157
Market Risk	**250.411**
Interest Rate Risk	29.192
Equity Risk	165.201
Property Risk	2.873
Spread Risk	54.246
Concentration Risk	-
Currency Risk	58.633
Diversification	-59.734
Underwriting Risk	**179.529**
Mortality Risk	-
Longevity Risk	45.501
Disability Risk	-
Expenses Risk	47.345
Revision Risk	-
Lapse Risk	132.403
Cat Risk	332
Diversification	-46.053
Default Risk	**24.230**

No simplifications have been used to calculate the SCR.

The company's MCR on 31 December 2016 was 204.617 million euro.

E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Life D.A.C.

The company's SCR on 31 December 2016 was 249.964 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	Net Amount
Solvency Capital Requirement	**249.964**
Deferred Tax Adjustment	-35.709
Solvency Capital Requirement before Adjustment	285.673
Operational Risk	**47.612**
Basic Solvency Capital Requirement	**238.060**
Diversification	-68.248
Market Risk	**120.383**
Interest Rate Risk	20.613
Equity Risk	76.075
Property Risk	-
Spread Risk	19.086
Concentration Risk	3.199
Currency Risk	52.082
Diversification	-50.672
Underwriting Risk	**172.059**
Mortality Risk	12.066
Longevity Risk	-
Disability Risk	-
Expenses Risk	14.071
Revision Risk	-
Lapse Risk	163.293
Cat Risk	2.204
Diversification	-19.575
Default Risk	**13.867**

No simplifications have been used to calculate the SCR.

The company's MCR on 31 December 2016 was 112.484 million euro.

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

We consider that we have provided all the information relevant for the purposes of this document, in paragraphs E.1 to E.5.

Annexes – QRT Intesa Sanpaolo Vita Group

S.02.01.02

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	2.095.380
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	1.286
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	84.407.701
Property (other than for own use)	R0080	11.492
Holdings in related undertakings, including participations	R0090	1.045
Equities	R0100	1.575.512
Equities - listed	R0110	1.575.449
Equities - unlisted	R0120	63
Bonds	R0130	73.599.418
Government Bonds	R0140	55.530.013
Corporate Bonds	R0150	13.941.628
Structured notes	R0160	4.120.001
Collateralised securities	R0170	7.776
Collective Investments Undertakings	R0180	9.209.050
Derivatives	R0190	11.184
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	62.793.970
Loans and mortgages	R0230	5.738
Loans on policies	R0240	1.223
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	4.515
Reinsurance recoverables from:	R0270	15.681
Non-life and health similar to non-life	R0280	15.681
Non-life excluding health	R0290	15.382
Health similar to non-life	R0300	300
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	15.613
Reinsurance receivables	R0370	1.147
Receivables (trade, not insurance)	R0380	2.063.253
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	2.022.970
Any other assets, not elsewhere shown	R0420	562.480
Total assets	R0500	**153.985.219**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	543.596
Technical provisions – non-life (excluding health)	R0520	361.937
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	342.462
Risk margin	R0550	19.475
Technical provisions - health (similar to non-life)	R0560	181.659
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	171.552
Risk margin	R0590	10.107
Technical provisions - life (excluding index-linked and unit-linked)	R0600	80.504.329
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	80.504.329
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	79.912.517
Risk margin	R0680	591.812
Technical provisions – index-linked and unit-linked	R0690	61.289.459
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	61.032.822
Risk margin	R0720	256.637
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	13.928
Pension benefit obligations	R0760	10.191
Deposits from reinsurers	R0770	4.575
Deferred tax liabilities	R0780	2.382.982
Derivatives	R0790	84.425
Debts owed to credit institutions	R0800	30.451
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	922.106
Reinsurance payables	R0830	2.078
Payables (trade, not insurance)	R0840	892.876
Subordinated liabilities	R0850	1.438.783
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	1.438.783
Any other liabilities, not elsewhere shown	R0880	409.207
Total liabilities	R0900	**148.528.986**
Excess of assets over liabilities	R1000	**5.456.233**

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

		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**	6.371	125.114	0	70.261	10.529	2	73.604	18.484	116	1.955	5.513	81.810					393.758
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**	86	171	0	821	235	0	296	74	55	1.752	2.761	62					6.312
Net	**R0200**	6.285	124.943	0	69.440	10.294	2	73.307	18.410	60	203	2.751	81.748					387.443
Premiums earned																		
Gross - Direct Business	**R0210**	6.385	78.299	0	72.216	11.027	2	52.016	18.198	1.827	1.900	5.407	62.176					309.453
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**	201	299	0	821	235	0	401	87	902	1.750	2.702	1.372					8.770
Net	**R0300**	6.184	78.000	0	71.395	10.793	2	51.615	18.111	925	150	2.705	60.803					300.683
Claims incurred																		
Gross - Direct Business	**R0310**	4.008	11.603	0	42.405	5.318	0	4.766	2.750	3.689	762	1.522	7.727					84.550
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**	10	274	0	17	151	0	25	0	568	124	927	1.053					3.147
Net	**R0400**	3.998	11.330	0	42.388	5.167	0	4.741	2.750	3.121	637	595	6.674					81.401
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	-490	19	0	0	-46	0	-69	0	0	0	0	0					-586
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0					0
Net	**R0500**	-490	19	0	0	-46	0	-69	0	0	0	0	0					-586
Expenses incurred	**R0550**	956	51.645	0	13.697	3.406	1	32.050	5.736	204	747	1.391	32.666					142.499
Other expenses	**R1200**																	2.689
Total expenses	**R1300**																	145.188

		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		7.265.819	16.341.297	325.835					23.932.951
Reinsurers' share	R1420		253	67	1.100					1.419
Net	R1500	0	7.265.567	16.341.230	324.735	0	0	0	0	23.931.532
Premiums earned										
Gross	R1510		7.265.819	16.341.297	325.835					23.932.951
Reinsurers' share	R1520		253	0	1.100					1.352
Net	R1600	0	7.265.567	16.341.297	324.735	0	0	0	0	23.931.599
Claims incurred										
Gross	R1610		7.446.408	6.470.321	17.198					13.933.927
Reinsurers' share	R1620		61	24	-671					-585
Net	R1700	0	7.446.347	6.470.297	17.868	0	0	0	0	13.934.512
Changes in other technical provisions (1)										
Gross	R1710		-1.208.913	-10.343.523	53.486					-11.498.950
Reinsurers' share	R1720		0	0	-5					-5
Net	R1800	0	-1.208.913	-10.343.523	53.491	0	0	0	0	-11.498.945
Expenses incurred	R1900	0	203.534	389.070	105.040	0	0	0	0	697.644
Other expenses	R2500									5.260
Total expenses	R2600									702.903

[1] includes the sum of 6,683,594 euro thousands relating to the Change in the technical provisions of Intesa Sanpaolo Life with reference to Index and Unit Linked policies, in order to standardise all the data for the all the Insurance Group companies in preparing this Consolidated QRT. This amount is not included in the QRT of each company.

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Annex I

S.22.01.22

Impact of long term guarantees and transitional measures

		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	142.337.383	0	0	486.825	0
Basic own funds	R0020	6.846.408	0	0	-336.786	0
Eligible own funds to meet Solvency Capital Requirement	R0050	6.846.408	0	0	-336.786	0
Solvency Capital Requirement	R0090	3.746.843	0	0	206.482	0

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Annex I
S.23.01.22
Own funds

		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	677.879	677.879			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1.328.097	1.328.097			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	3.401.649	3.401.649			
Subordinated liabilities	R0140	1.438.783		793.787	644.996	
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	0	0	0	0	0
Total deductions	R0280	0	0	0	0	0
Total basic own funds after deductions	R0290	6.846.408	5.407.625	793.787	644.996	0
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	0				
Total ancillary own funds	R0400	0			0	0

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**	6.846.408	5.407.625	793.787	644.996	0
Total available own funds to meet the minimum consolidated group SCR	**R0530**	6.846.408	5.407.625	793.787	644.996	
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**	6.846.408	5.407.625	793.787	644.996	0
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	6.571.077	5.407.625	793.787	369.665	
Minimum consolidated Group SCR	**R0610**	1.848.326				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	355,5151%				
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**	6.846.408	5.407.625	793.787	644.996	
Group SCR	**R0680**	3.746.843				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	182,7247%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	5.456.233
Own shares (included as assets on the balance sheet)	**R0710**	48.608
Forseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	2.005.977
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Other non available own funds	**R0750**	
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	3.401.649
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total EPIFP	**R0790**	

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Annex I

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	4.662.199		
Counterparty default risk	R0020	332.273		
Life underwriting risk	R0030	1.240.257	None	
Health underwriting risk	R0040	43.824	None	
Non-life underwriting risk	R0050	107.812	None	
Diversification	R0060	-1.123.873		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	5.262.492		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	540.543
Loss-absorbing capacity of technical provisions	R0140	-1.883.664
Loss-absorbing capacity of deferred taxes	R0150	-172.528
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	3.746.843
Capital add-on already set	R0210	
Solvency capital requirement	R0220	3.746.843
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	1.848.326
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	3.746.843

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Annex I
S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
IT	LEI/5493000YZPPFRVZ7PF37	LEI	Fideuram Vita	1	Societa Per Azioni	2	IVASS
IT	LEI/81560058D9F02B0FCD27	LEI	Intesa Sanpaolo Assicura	2	Societa Per Azioni	2	IVASS
IE	LEI/635400H9NIJ5SQ65LG47	LEI	Intesa Sanpaolo Life	1	Societa Per Azioni	2	CBI
IT	LEI/549300UM31PJ24TTSR94	LEI	Intesa Sanpaolo Vita	4	Societa Per Azioni	2	IVASS

Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
0	1	0	Consolidata per direzione unitaria	2	1	1		1
1	1	1		1	1	1		1
1	1	1		1	1	1		1
								1

Annexes – QRT Intesa Sanpaolo Vita S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	1.950.593
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	283
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	79.615.507
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	1.182.826
Equities	R0100	1.494.518
Equities - listed	R0110	1.494.465
Equities - unlisted	R0120	52
Bonds	R0130	68.206.945
Government Bonds	R0140	51.270.500
Corporate Bonds	R0150	13.166.274
Structured notes	R0160	3.763.061
Collateralised securities	R0170	7.110
Collective Investments Undertakings	R0180	8.720.060
Derivatives	R0190	11.158
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	11.774.553
Loans and mortgages	R0230	4.782
Loans on policies	R0240	267
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	4.515
Reinsurance recoverables from:	R0270	0
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	3.575
Reinsurance receivables	R0370	120
Receivables (trade, not insurance)	R0380	1.736.715
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	1.430.270
Any other assets, not elsewhere shown	R0420	30.416
Total assets	R0500	**96.546.814**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1.505
Technical provisions – non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	1.505
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1.505
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	75.687.882
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	75.687.882
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	75.126.925
Risk margin	R0680	560.957
Technical provisions – index-linked and unit-linked	R0690	11.154.606
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	11.055.139
Risk margin	R0720	99.467
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	6.922
Pension benefit obligations	R0760	5.230
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	2.159.274
Derivatives	R0790	82.957
Debts owed to credit institutions	R0800	30.451
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	455.899
Reinsurance payables	R0830	23
Payables (trade, not insurance)	R0840	729.379
Subordinated liabilities	R0850	1.342.923
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	1.342.923
Any other liabilities, not elsewhere shown	R0880	146.286
Total liabilities	R0900	**91.803.337**
Excess of assets over liabilities	R1000	**4.743.476**

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

		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	6	1.253															1.260
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers'share	R0140	0	75															75
Net	R0200	6	1.179															1.185
Premiums earned																		
Gross - Direct Business	R0210	7	1.306															1.313
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers'share	R0240	0	73															73
Net	R0300	7	1.233															1.240
Claims incurred																		
Gross - Direct Business	R0310	0	467															467
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers'share	R0340		258															258
Net	R0400	0	209															209
Changes in other technical provisions																		
Gross - Direct Business	R0410	0	20															19
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non- proportional reinsurance accepted	R0430																	
Reinsurers'share	R0440	0	0															0
Net	R0500	0	20															20
Expenses incurred	R0550	1	500															501
Other expenses	R1200																	0
Total expenses	R1300																	501

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		
		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	Total
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**		6.867.706	3.245.390	323.473					10.436.568
Reinsurers' share	**R1420**		0	0	499					499
Net	**R1500**		6.867.706	3.245.390	322.973					10.436.069
Premiums earned										
Gross	**R1510**		6.867.706	3.245.390	323.473					10.436.568
Reinsurers' share	**R1520**		0	0	499					499
Net	**R1600**		6.867.706	3.245.390	322.973					10.436.069
Claims incurred										
Gross	**R1610**		7.169.196	1.048.426	16.415					8.234.037
Reinsurers' share	**R1620**				-815					-815
Net	**R1700**		7.169.196	1.048.426	17.231					8.234.853
Changes in other technical provisions										
Gross	**R1710**		-916.813	-2.226.639	-130.759					-3.274.211
Reinsurers' share	**R1720**		0	0	-5					-5
Net	**R1800**		-916.813	-2.226.639	-130.755					-3.274.206
Expenses incurred	**R1900**		196.312	71.720	104.742					372.774
Other expenses	**R2500**									3.686
Total expenses	**R2600**									376.460

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		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)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		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**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
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**	74.754.016		11.055.139				372.910			86.182.065						
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**	74.754.016		11.055.139	0		0	372.910	0	0	86.182.065		0	0	0	0	0
Risk Margin	**R0100**	525.888	99.467			35.069			0	0	660.423	0			0	0	0
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**	75.279.904	11.154.606			407.979			0	0	86.842.489	0			0	0	0

Annex I
S.17.01.02
Non-life Technical Provisions

		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 transport reinsurance	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**																	
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**	1	240															241
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**																	
Net Best Estimate of Premium Provisions	**R0150**	1	240	0	0	0	0	0	0	0	0	0	0	0	0	0	0	241
Claims provisions																		
Gross	**R0160**	0	1.263															1.263
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**																	
Net Best Estimate of Claims Provisions	**R0250**	0	1.263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.263
Total Best estimate - gross	**R0260**	1	1.503	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.504
Total Best estimate - net	**R0270**	1	1.503	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.504
Risk margin	**R0280**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	1	1.503	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.504
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1	1.503	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.504

S.19.01.21

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	1

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100	0	0
N-9	R0160												R0160	0	0
N-8	R0170												R0170	0	0
N-7	R0180				103								R0180	0	103
N-6	R0190												R0190	0	0
N-5	R0200		55										R0200	0	55
N-4	R0210	55	251	55	79								R0210	0	440
N-3	R0220	55	110										R0220	0	165
N-2	R0230	103	55										R0230	0	158
N-1	R0240	203											R0240	0	203
N	R0250												R0250	0	0
												Total	R0260	0	1.124

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100												R0100	
N-9	R0160												R0160	
N-8	R0170												R0170	
N-7	R0180												R0180	
N-6	R0190							17					R0190	
N-5	R0200												R0200	
N-4	R0210					57							R0210	
N-3	R0220				481								R0220	
N-2	R0230			172									R0230	
N-1	R0240		229										R0240	
N	R0250	305											R0250	1.263
												Total	R0260	1.263

S.22.01.21

Annex I

S.22.01.21

Impact of long term guarantees and transitional measures

		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	86.843.992	0	0	458.690	0
Basic own funds	R0020	6.039.706	0	0	-317.322	0
Eligible own funds to meet Solvency Capital Requirement	R0050	6.039.706	0	0	-317.322	0
Solvency Capital Requirement	R0090	3.258.447	0	0	263.290	0
Eligible own funds to meet Minimum Capital Requirement	R0100	5.783.830	0	0	-317.322	0
Minimum Capital Requirement	R0110	1.466.301	0	0	118.480	0

S.23.01.01

Annex I
S.23.01.01
Own funds

		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	3.048.263	3.048.263			
Subordinated liabilities	R0140	1.342.923		793.787	549.136	
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	6.039.706	4.696.783	793.787	549.136	0
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	0				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	6.039.706	4.696.783	793.787	549.136	0
Total available own funds to meet the MCR	R0510	6.039.706	4.696.783	793.787	549.136	
Total eligible own funds to meet the SCR	R0540	6.039.706	4.696.783	793.787	549.136	0
Total eligible own funds to meet the MCR	R0550	5.783.830	4.696.783	793.787	293.260	
SCR	R0580	3.258.447				
MCR	R0600	1.466.301				
Ratio of Eligible own funds to SCR	R0620	185%				
Ratio of Eligible own funds to MCR	R0640	394%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4.743.476
Own shares (held directly and indirectly)	R0710	46.693
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1.648.520
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	3.048.263
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	830.500
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	830.500

S.25.01.21

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	4.415.771		
Counterparty default risk	R0020	288.675		
Life underwriting risk	R0030	1.011.957	None	
Health underwriting risk	R0040		None	
Non-life underwriting risk	R0050		None	
Diversification	R0060	-855.937		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	4.860.466		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	357.137
Loss-absorbing capacity of technical provisions	R0140	-1.825.232
Loss-absorbing capacity of deferred taxes	R0150	-133.924
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	3.258.447
Capital add-on already set	R0210	
Solvency capital requirement	R0220	3.258.447

Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.02.01

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

		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	298	0

		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	6	0	0
Income protection insurance and proportional reinsurance	R0030	1.503	1.180	0	0
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				

		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	0	2.515.599

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210			70.696.405	
Obligations with profit participation - future discretionary benefits	R0220			4.057.610	
Index-linked and unit-linked insurance obligations	R0230			11.055.139	
Other life (re)insurance and health (re)insurance obligations	R0240			372.910	
Total capital at risk for all life (re)insurance obligations	R0250				36.585.946

Overall MCR calculation

		C0130
Linear MCR	R0300	2.515.896
SCR	R0310	3.258.447
MCR cap	R0320	1.466.301
MCR floor	R0330	814.612
Combined MCR	R0340	1.466.301
Absolute floor of the MCR	R0350	3.700
		C0130
Minimum Capital Requirement	R0400	1.466.301

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	298	2.515.599
Notional SCR excluding add-on (annual or latest calculation)	R0510	385	3.258.062
Notional MCR cap	R0520	173	1.466.128
Notional MCR floor	R0530	96	814.515
Notional Combined MCR	R0540	173	1.466.128
Absolute floor of the notional MCR	R0550	2.500	3.700
Notional MCR	R0560	2.500	1.466.128

Annexes – QRT Intesa Sanpaolo Assicura S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	14.846
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	38
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	796.710
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	46.940
Equities - listed	R0110	46.930
Equities - unlisted	R0120	11
Bonds	R0130	630.223
Government Bonds	R0140	575.555
Corporate Bonds	R0150	23.740
Structured notes	R0160	30.929
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	119.547
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	15.681
Non-life and health similar to non-life	R0280	15.681
Non-life excluding health	R0290	15.382
Health similar to non-life	R0300	300
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	9.887
Reinsurance receivables	R0370	890
Receivables (trade, not insurance)	R0380	11.129
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	34.597
Any other assets, not elsewhere shown	R0420	7.126
Total assets	**R0500**	**890.905**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	542.092
Technical provisions – non-life (excluding health)	R0520	361.937
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	342.462
Risk margin	R0550	19.475
Technical provisions - health (similar to non-life)	R0560	180.155
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	170.048
Risk margin	R0590	10.107
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	1.326
Pension benefit obligations	R0760	765
Deposits from reinsurers	R0770	4.575
Deferred tax liabilities	R0780	21.951
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	12.303
Reinsurance payables	R0830	2.039
Payables (trade, not insurance)	R0840	29.577
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	6.105
Total liabilities	R0900	**620.731**
Excess of assets over liabilities	R1000	**270.174**

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

		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	6.365	123.861		70.261	10.529	2	73.604	18.484	116	1.955	5.513	81.810					392.498
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	86	96		821	235	0	296	74	55	1.752	2.761	62					6.238
Net	R0200	6.279	123.765		69.440	10.294	2	73.307	18.410	60	203	2.751	81.748					386.259
Premiums earned																		
Gross - Direct Business	R0210	6.378	76.993		72.216	11.027	2	52.016	18.198	1.827	1.900	5.407	62.176					308.140
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	201	226		821	235	0	401	87	902	1.750	2.702	1.372					8.697
Net	R0300	6.177	76.767		71.395	10.793	2	51.615	18.111	925	150	2.705	60.803					299.443
Claims incurred																		
Gross - Direct Business	R0310	4.008	11.136		42.405	5.318	0	4.766	2.750	3.689	762	1.522	7.727					84.083
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	10	15		17	151	0	25	0	568	124	927	1.053					2.889
Net	R0400	3.998	11.121		42.388	5.167	0	4.741	2.750	3.121	637	595	6.674					81.192
Changes in other technical provisions																		
Gross - Direct Business	R0410	-490	-1		0	-46	0	-69	0	0	0	0	0					-606
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non- proportional reinsurance accepted	R0430																	
Reinsurers'share	R0440																	
Net	R0500	-490	-1		0	-46	0	-69	0	0	0	0	0					-606
Expenses incurred	R0550	955	51.146		13.697	3.406	1	32.050	5.736	204	747	1.391	32.666					141.998
Other expenses	R1200																	2.689
Total expenses	R1300																	144.687

Annex I
S.17.01.02
Non-life Technical Provisions

		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 transport reinsurance	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**																	
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**	2.501	129.717		28.048	3.798	0	68.672	-672	7.238	351	1.193	100.793					341.639
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	3	72		0	0		395	-38	3.508	342	504	1.722					6.509
Net Best Estimate of Premium Provisions	**R0150**	2.498	129.645	0	28.048	3.798	0	68.277	-634	3.730	9	689	99.071	0	0	0	0	335.131
Claims provisions																		
Gross	**R0160**	4.042	33.787		75.862	1.854	0	10.315	9.383	5.243	2.379	808	27.197					170.870
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	65	159		700	207		204	438	2.742	1.802	630	2.226					9.172
Net Best Estimate of Claims Provisions	**R0250**	3.977	33.628	0	75.162	1.647	0	10.111	8.945	2.501	577	178	24.971	0	0	0	0	161.697
Total Best estimate - gross	**R0260**	6.543	163.504	0	103.910	5.652	0	78.987	8.711	12.481	2.730	2.001	127.990	0	0	0	0	512.509
Total Best estimate - net	**R0270**	6.475	163.273	0	103.210	5.445	0	78.388	8.311	6.231	586	867	124.042	0	0	0	0	496.828
Risk margin	**R0280**	386	9.721		6.145	324	0	4.667	495	371	35	52	7.386					29.582
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**	6.929	173.225	0	110.055	5.976	0	83.654	9.206	12.852	2.765	2.053	135.376	0	0	0	0	542.091
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	68	231	0	700	207	0	599	400	6.250	2.144	1.134	3.948	0	0	0	0	15.681
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	6.861	172.994	0	109.355	5.769	0	83.055	8.806	6.602	621	919	131.428	0	0	0	0	526.410

S.19.01.21

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	1

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year												In Current year	Sum of years
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											404	R0100	404	404
N-9	R0160	7.904	10.121	2.005	1.189	371	156	433	284	11	75		R0160	75	22.549
N-8	R0170	10.951	13.801	3.223	763	439	209	141	158	35			R0170	35	29.720
N-7	R0180	18.281	15.793	3.027	1.214	504	396	160	45				R0180	45	39.420
N-6	R0190	18.454	16.123	5.543	1.461	1.238	301	250					R0190	250	43.370
N-5	R0200	16.907	25.118	6.516	4.078	2.206	1.627						R0200	1.627	56.452
N-4	R0210	20.714	26.676	12.058	4.372	2.378							R0210	2.378	66.198
N-3	R0220	28.568	32.889	16.213	3.113								R0220	3.113	80.783
N-2	R0230	32.634	34.148	6.624									R0230	6.624	73.406
N-1	R0240	35.842	30.441										R0240	30.441	66.283
N	R0250	37.951											R0250	37.951	37.951
												Total	R0260	82.943	516.536

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												Year end (discounted
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											6	R0100	
N-9	R0160										122		R0160	
N-8	R0170									2.402			R0170	
N-7	R0180								745				R0180	
N-6	R0190							2.075					R0190	
N-5	R0200						7.583						R0200	
N-4	R0210					13.253							R0210	
N-3	R0220				16.242								R0220	
N-2	R0230			17.705									R0230	
N-1	R0240		25.121										R0240	
N	R0250	85.397											R0250	170.870
												Total	R0260	170.870

S.23.01.01

Annex I
S.23.01.01
Own funds

		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	240.244	240.244			
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	268.156	268.156	0	0	0
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	0				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	268.156	268.156	0	0	0
Total available own funds to meet the MCR	R0510	268.156	268.156	0	0	
Total eligible own funds to meet the SCR	R0540	268.156	268.156	0	0	0
Total eligible own funds to meet the MCR	R0550	268.156	268.156	0	0	
SCR	R0580	144.277				
MCR	R0600	64.924				
Ratio of Eligible own funds to SCR	R0620	186%				
Ratio of Eligible own funds to MCR	R0640	413%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	270.174
Own shares (held directly and indirectly)	R0710	2.018
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 portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	240.244
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	7.450
Total Expected profits included in future premiums (EPIFP)	R0790	7.450

S.25.01.21

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	28.168		
Counterparty default risk	R0020	5.777		
Life underwriting risk	R0030	0	None	
Health underwriting risk	R0040	43.824	None	
Non-life underwriting risk	R0050	107.812	None	
Diversification	R0060	-53.910		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	131.671		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	15.375
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-2.770
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	144.277
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	144.277

Other information on SCR

Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	99.753

		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	6.475	6.279
Income protection insurance and proportional reinsurance	R0030	163.272	123.765
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	103.210	69.440
Other motor insurance and proportional reinsurance	R0060	5.445	10.294
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	2
Fire and other damage to property insurance and proportional reinsurance	R0080	78.389	73.307
General liability insurance and proportional reinsurance	R0090	8.310	18.410
Credit and suretyship insurance and proportional reinsurance	R0100	6.231	60
Legal expenses insurance and proportional reinsurance	R0110	586	203
Assistance and proportional reinsurance	R0120	867	2.751
Miscellaneous financial loss insurance and proportional reinsurance	R0130	124.042	81.748
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

		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

		C0070
Linear MCR	R0300	99.753
SCR	R0310	144.277
MCR cap	R0320	64.924
MCR floor	R0330	36.069
Combined MCR	R0340	64.924
Absolute floor of the MCR	R0350	2.500
		C0070
Minimum Capital Requirement	R0400	64.924

Annexes – QRT Fideuram Vita S.p.A.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	129.941
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	4.838.796
Property (other than for own use)	R0080	11.492
Holdings in related undertakings, including participations	R0090	176
Equities	R0100	33.722
Equities - listed	R0110	33.722
Equities - unlisted	R0120	
Bonds	R0130	4.578.962
Government Bonds	R0140	3.522.309
Corporate Bonds	R0150	730.516
Structured notes	R0160	325.471
Collateralised securities	R0170	666
Collective Investments Undertakings	R0180	214.419
Derivatives	R0190	25
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	24.475.123
Loans and mortgages	R0230	956
Loans on policies	R0240	956
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	0
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	2.151
Reinsurance receivables	R0370	130
Receivables (trade, not insurance)	R0380	460
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid	R0400	
Cash and cash equivalents	R0410	500.759
Any other assets, not elsewhere shown	R0420	524.844
Total assets	R0500	**30.473.160**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	
Technical provisions – non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	4.816.447
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	4.816.447
TP calculated as a whole	R0660	
Best Estimate	R0670	4.785.591
Risk margin	R0680	30.855
Technical provisions – index-linked and unit-linked	R0690	24.097.105
TP calculated as a whole	R0700	
Best Estimate	R0710	24.005.884
Risk margin	R0720	91.221
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	983
Pension benefit obligations	R0760	4.197
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	153.993
Derivatives	R0790	1.469
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	354.160
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	10.564
Subordinated liabilities	R0850	95.964
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	95.964
Any other liabilities, not elsewhere shown	R0880	237.614
Total liabilities	R0900	**29.772.495**
Excess of assets over liabilities	R1000	**700.666**

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

		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**		398.113	4.109.934	2.362					4.510.409
Reinsurers' share	**R1420**		253		600					853
Net	**R1500**		397.861	4.109.934	1.762					4.509.557
Premiums earned										
Gross	**R1510**		398.113	4.109.934	2.362					4.510.409
Reinsurers' share	**R1520**		253		600					853
Net	**R1600**		397.861	4.109.934	1.762					4.509.557
Claims incurred										
Gross	**R1610**		277.212	2.973.975	782					3.251.969
Reinsurers' share	**R1620**		61		145					205
Net	**R1700**		277.152	2.973.975	637					3.251.763
Changes in other technical										
Gross	**R1710**		-206.351	-1.411.105	-84					-1.617.540
Reinsurers' share	**R1720**									0
Net	**R1800**		-206.351	-1.411.105	-84					-1.617.540
Expenses incurred	**R1900**		7.222	29.731	298					37.251
Other expenses	**R2500**									1.573
Total expenses	**R2600**									38.824

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		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**	4.785.417		22.235.558	1.770.326			175			28.791.475
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**										0
Finite Re - total	**R0090**	4.785.417		22.235.558	1.770.326			175			28.791.475
Risk Margin	**R0100**	30.855	91.221			1					122.076
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										0
Best estimate	**R0120**										0
Risk margin	**R0130**										0
Technical provisions - total	**R0200**	4.816.271	24.097.105			175					28.913.551

S.22.01.21

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

		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	28.913.551			28.135	
Basic own funds	R0020	796.629			-19.464	
Eligible own funds to meet Solvency Capital Requirement	R0050	796.629			-19.464	
Solvency Capital Requirement	R0090	454.704			10.825	
Eligible own funds to meet Minimum Capital Requirement	R0100	741.589			-18.490	
Minimum Capital Requirement	R0110	204.617			4.871	

S.23.01.01

Annex I
S.23.01.01
Own funds

		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 (EU) 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	343.219	343.219			
Subordinated liabilities	R0140	95.964			95.964	
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	796.629	700.666		95.964	
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 ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	796.629	700.666		95.964	
Total available own funds to meet the MCR	R0510	796.629	700.666		95.964	
Total eligible own funds to meet the SCR	R0540	796.629	700.666		95.964	
Total eligible own funds to meet the MCR	R0550	741.589	700.666		40.923	
SCR	R0580	454.704				
MCR	R0600	204.617				
Ratio of Eligible own funds to SCR	R0620	175%				
Ratio of Eligible own funds to MCR	R0640	362%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	700.666
Own shares (held directly and indirectly)	R0710	
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	343.219
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	32.546
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	32.546

S.25.01.21

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	319.497		
Counterparty default risk	R0020	24.230		
Life underwriting risk	R0030	179.584		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-111.425		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	411.887		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	120.418
Loss-absorbing capacity of technical provisions	R0140	-60.874
Loss-absorbing capacity of deferred taxes	R0150	-16.727
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	454.704
Capital add-on already set	R0210	
Solvency capital requirement	R0220	454.704
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	335.368

		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	4.785.417	
Obligations with profit participation - future discretionary benefits	R0220	189.923	
Index-linked and unit-linked insurance obligations	R0230	24.005.884	
Other life (re)insurance and health (re)insurance obligations	R0240	175	
Total capital at risk for all life (re)insurance obligations	R0250		198.570

Overall MCR calculation

		C0070
Linear MCR	R0300	335.368
SCR	R0310	454.704
MCR cap	R0320	204.617
MCR floor	R0330	113.676
Combined MCR	R0340	204.617
Absolute floor of the MCR	R0350	3.700
		C0070
Minimum Capital Requirement	R0400	204.617

Annexes – QRT Intesa Sanpaolo Life D.A.C.

S.02.01.02

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	965
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	338.748
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	332
Equities - listed	R0110	332
Equities - unlisted	R0120	
Bonds	R0130	183.391
Government Bonds	R0140	161.649
Corporate Bonds	R0150	21.742
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	155.024
Derivatives	R0190	1
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	26.544.295
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	0
Reinsurance receivables	R0370	7
Receivables (trade, not insurance)	R0380	317.269
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	57.343
Any other assets, not elsewhere shown	R0420	94
Total assets	R0500	**27.258.721**

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
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	0
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	26.037.748
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	25.971.799
Risk margin	R0720	65.949
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	4.698
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	59.656
Derivatives	R0790	0
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	99.744
Reinsurance payables	R0830	16
Payables (trade, not insurance)	R0840	125.876
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	19.201
Total liabilities	**R0900**	**26.346.939**
Excess of assets over liabilities	**R1000**	**911.783**

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

		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**			8.985.974						8.985.974
Reinsurers' share	**R1420**			67						67
Net	**R1500**	0	0	8.985.907	0	0	0	0	0	8.985.907
Premiums earned										
Gross	**R1510**			8.985.974						8.985.974
Reinsurers' share	**R1520**									
Net	**R1600**	0	0	8.985.974	0	0	0	0	0	8.985.974
Claims incurred										
Gross	**R1610**			2.447.921						2.447.921
Reinsurers' share	**R1620**			24						24
Net	**R1700**	0	0	2.447.896	0	0	0	0	0	2.447.896
Changes in other technical provisions										
Gross	**R1710**			770						770
Reinsurers' share	**R1720**									
Net	**R1800**	0	0	770	0	0	0	0	0	770
Expenses incurred	**R1900**	0	0	287.618	0	0	0	0	0	287.618
Other expenses	**R2500**									
Total expenses	**R2600**									287.618

S.05.02.01

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		AF	…	IT	…	SS	
								C0280
Premiums written								
Gross	R1410				8.985.974			8.985.974
Reinsurers' share	R1420				67			67
Net	R1500				8.985.907			8.985.907
Premiums earned								
Gross	R1510				8.985.974			8.985.974
Reinsurers' share	R1520							
Net	R1600				8.985.974			8.985.974
Claims incurred								
Gross	R1610				2.447.921			2.447.921
Reinsurers' share	R1620				24			24
Net	R1700				2.447.896			2.447.896
Changes in other technical provisions								
Gross	R1710				770			770
Reinsurers' share	R1720							
Net	R1800				770			770
Expenses incurred	R1900				287.618			287.618
Other expenses	R2500							0
Total expenses	R2600							287.618

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		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)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		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**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
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**			25.971.799							25.971.799						
the adjustment for expected losses due to counterparty default	**R0080**																
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0		25.971.799			0	0	0	0	25.971.799		0	0	0	0	0
Risk Margin	**R0100**		65.949								65.949						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**	0	26.037.748			0			0	0	26.037.748	0			0	0	0

S.23.01.01

Annex I
S.23.01.01
Own funds

		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	635	635			
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	806.704	806.704			
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	911.783	911.783	0	0	0
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	0				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	911.783	911.783	0	0	0
Total available own funds to meet the MCR	R0510	911.783	911.783	0	0	
Total eligible own funds to meet the SCR	R0540	911.783	911.783	0	0	0
Total eligible own funds to meet the MCR	R0550	911.783	911.783	0	0	
SCR	R0580	249.964				
MCR	R0600	112.484				
Ratio of Eligible own funds to SCR	R0620	365%				
Ratio of Eligible own funds to MCR	R0640	811%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	911.783
Own shares (held directly and indirectly)	R0710	0
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 ring fenced funds	R0740	
Reconciliation reserve	R0760	806.704
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

S.25.01.21

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	120.383		
Counterparty default risk	R0020	13.867		
Life underwriting risk	R0030	172.059	None	
Health underwriting risk	R0040	0	None	
Non-life underwriting risk	R0050	0	None	
Diversification	R0060	-68.248		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	238.060		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	47.612
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-35.709
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	249.964
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	249.964

Other information on SCR

Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	182.626

		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	25.971.799	
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		1.176.555

Overall MCR calculation

		C0070
Linear MCR	R0300	182.626
SCR	R0310	249.964
MCR cap	R0320	112.484
MCR floor	R0330	62.491
Combined MCR	R0340	112.484
Absolute floor of the MCR	R0350	3.700
		C0070
Minimum Capital Requirement	R0400	112.484

Independent 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”, according to the provisions of Article 47f(7) of the Italian Code of Private Insurance, and in accordance with the IVASS Letter to the Market of 07 December 2016.

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article10 of the IVASS letter to the market of 7 December 2016

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

We have audited the following templates (the "Templates") showing the Group's consolidated figures attached to the 2016 Solvency and Financial Condition Report of the Intesa Sanpaolo Vita Insurance Group (the "SFCR"), prepared in accordance with article 47-septies of Legislative decree no. 209/2005 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:

— "S.02.01.02 Balance sheet";

— "S.23.01.22 Own funds";

and the related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR.

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016:

— our procedures on the "S.02.01.02 Balance sheet" Template did not cover the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720);

— our procedures on the "S.23.01.22 Own funds" Template did not cover the solvency capital requirement (item R0680) and minimum capital requirement (item R0610),

which are, therefore, excluded from our opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Directors' responsibility

The directors are responsible for the preparation of the Templates and the related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Templates and related disclosures that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these Templates and related disclosures based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Templates and related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Templates and related disclosures. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Templates and related disclosures, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Templates and related disclosures that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the Templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Templates "S.02.01.02 Balance sheet" and "S.23.01.22 Own funds" showing the Group's consolidated figures and related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR as at 31 December 2016, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Accounting policies, purposes and restriction on use

The Templates and related disclosures have been prepared in accordance with the accounting policies described in section "D. Valuation for solvency purposes" and for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Other matters

We issued our audit report on the consolidated financial statements of the Intesa Sanpaolo Vita Group as at and for the year ended 31 December 2016 pursuant to articles 14 and 16 of Legislative decree no. 39/2010 and article 102 of Legislative decree no. 209/2005 on 24 February 2017.

Milan, 30 June 2017

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article10 of the IVASS letter to the market of 7 December 2016

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

We have audited the following templates (the "Templates") relating to Intesa Sanpaolo Vita S.p.A. attached to the 2016 Solvency and Financial Condition Report of the Intesa Sanpaolo Vita Insurance Group (the "SFCR"), prepared in accordance with article 47-septies of Legislative decree no. 209/2005 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:

— "S.02.01.02 Balance sheet";

— "S.23.01.01 Own funds";

and the related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR.

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016:

— our procedures on the "S.02.01.02 Balance sheet" Template did not cover the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720);

— our procedures on the "S.23.01.01 Own funds" Template did not cover the solvency capital requirement (item R0580) and minimum capital requirement (item R0600),

which are, therefore, excluded from our opinion.

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Directors' responsibility

The directors are responsible for the preparation of the Templates and the related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Templates and related disclosures that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these Templates and related disclosures based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Templates and related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Templates and related disclosures. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Templates and related disclosures, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Templates and related disclosures that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the Templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Templates "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" of Intesa Sanpaolo Vita S.p.A. and related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR as at 31 December 2016 have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Accounting policies, purposes and restriction on use

The Templates and related disclosures have been prepared in accordance with the accounting policies described in section "D. Valuation for solvency purposes" and for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Other matters

We issued our audit report on the separate financial statements of Intesa Sanpaolo Vita S.p.A. as at and for the year ended 31 December 2016 pursuant to articles 14 and 16 of Legislative decree no. 39/2010, article 165 of Legislative decree no. 58 of 24 February 1998 and article 102 of Legislative decree no. 209/2005 on 28 February 2017.

Milan, 30 June 2017

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article10 of the IVASS letter to the market of 7 December 2016

To the board of directors of
Intesa Sanpaolo Assicura S.p.A.

We have audited the following templates (the "Templates") relating to Intesa Sanpaolo Assicura attached to the 2016 Solvency and Financial Condition Report of the Intesa Sanpaolo Vita Insurance Group (the "SFCR"), prepared in accordance with article 47-septies of Legislative decree no. 209/2005 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:

— "S.02.01.02 Balance sheet";

— "S.23.01.01 Own funds";

and the related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR.

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016:

— our procedures on the "S.02.01.02 Balance sheet" Template did not cover the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720);

— our procedures on the "S.23.01.01 Own funds" Template did not cover the solvency capital requirement (item R0580) and minimum capital requirement (item R0600),

which are, therefore, excluded from our opinion.

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Directors' responsibility

The directors are responsible for the preparation of the Templates and the related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Templates and related disclosures that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these Templates and related disclosures based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Templates and related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Templates and related disclosures. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Templates and related disclosures, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Templates and related disclosures that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the Templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Templates "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" of Intesa Sanpaolo Assicura S.p.A. and related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR as at 31 December 2016, have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Accounting policies, purposes and restriction on use

The Templates and related disclosures have been prepared in accordance with the accounting policies described in section "D. Valuation for solvency purposes" and for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Other matters

We issued our audit report on the financial statements of Intesa Sanpaolo Assicura S.p.A. as at and for the year ended 31 December 2016 pursuant to articles 14 and 16 of Legislative decree no. 39/2010, article 165 of Legislative decree no. 58 of 24 February 1998 and article 102 of Legislative decree no. 209/2005 on 24 February 2017.

Milan, 30 June 2017

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article10 of the IVASS letter to the market of 7 December 2016

To the board of directors of
Fideuram Vita S.p.A.

We have audited the following templates (the "Templates") relating to Fideuram Vita S.p.A. attached to the 2016 Solvency and Financial Condition Report of the Intesa Sanpaolo Vita Insurance Group (the "SFCR"), prepared in accordance with article 47-septies of Legislative decree no. 209/2005:

— "S.02.01.02 Balance sheet";

— "S.23.01.01 Own funds";

and the related disclosures about Fideuram Vita S.p.A. set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR.

As required by articles 9 and 10 of the IVASS (the Italian Insurance Supervisory Authority) letter to the market of 7 December 2016:

— our procedures on the "S.02.01.02 Balance sheet" Template did not cover the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720);

— our procedures on the "S.23.01.01 Own funds" Template did not cover the solvency capital requirement (item R0580) and minimum capital requirement (item R0600),

which are, therefore, excluded from our opinion.

Directors' responsibility

The directors are responsible for the preparation of the Templates and the related disclosures in accordance with the applicable European Union provisions and the Italian sector legislation. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Templates and related disclosures that are free from material misstatement, whether due to fraud or error.

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Independent auditors' responsibility

Our responsibility is to express an opinion on these Templates and related disclosures based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Templates and related disclosures are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Templates and related disclosures. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Templates and related disclosures, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Templates and related disclosures that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the Templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Templates "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" and related disclosures set out in sections "D. Valuation for solvency purposes" and "E.1. Own funds" of the SFCR as at 31 December 2016, relating to Fideuram Vita S.p.A. have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Accounting policies, purposes and restriction on use

The Templates and related disclosures have been prepared in accordance with the accounting policies described in section "D. Valuation for solvency purposes" and for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes.

Other matters

We issued our audit report on the financial statements of Fideuram Vita S.p.A. as at and for the year ended 31 December 2016 pursuant to articles 14 and 16 of Legislative decree no. 39/2010, article 165 of Legislative decree no. 58 of 24 February 1998 and article 102 of Legislative decree no. 209/2005 on 27 February 2017.

Rome, 28 June 2017

KPMG S.p.A.

(signed on the original)

Riccardo De Angelis
Director of Audit

Acronyms

Certain paragraphs of this document contain acronyms. In some cases, English terminology has been used to minimise any doubts as to interpretation, in the use of international definitions or methods. To facilitate the understanding of certain concepts, the Italian translations have been given below.

English term	Acronym
As a whole	
Best Estimate	BE/BEL
Cash flow	
Certainty equivalent	CE
Contract boundaries	
Cost of Capital	CoC
Policyholder Dynamic Behaviour	
Expert judgement	
Future Discretionary Benefits	FDB
Homogeneous Risk Groups	HRG
Lines of Business	LoB
Long Term Guarantees Measures	LTG
Management Actions	FMG
Market consistent	
Minimum Capital Requirement	MCR
Non hedgeable risks	
Non Similar to Life Technique	Non-SLT
Reference curve	
Solvency Capital Requirement	SCR
Risk Appetite Framework	RAF
Risk free curve	
Risk margin	RM
Risk neutral	
Quantitative Reporting Template	QRT
Similar to Life Technique	SLT
Statutory reserve	
Technical Provisions	TP
Unbundling	
Underwriting risks	
Volatility adjustment	VA

To guarantee consistency of presentation, the Solvency rules contain specific definitions of insurance lines of business, as shown below:

Solvency II Lines of Business		
A.	Non-Life insurance obligations	
1	Medical expense insurance	Medical expense insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3.
2	Income protection insurance	Income protection insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3.
3	Workers' compensation insurance	Health insurance obligations which relate to accidents at work, industrial injury and occupational diseases and where the underlying business is not pursued on a similar technical basis to that of life insurance.
4	Motor vehicle liability insurance	Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land (including carrier's liability).
5	Other motor insurance	Insurance obligations which cover all damage to or loss of land vehicles (including railway rolling stock).
6	Marine, aviation and transport insurance	Insurance obligations which cover all damage or loss to sea, lake, river and canal vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. Insurance obligations which cover liabilities arising out of the use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).
7	Fire and other damage to property insurance	Insurance obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6 due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft.
8	General liability insurance	Insurance obligations which cover all liabilities other than those in the lines of business 4 and 6.
9	Credit and suretyship insurance	Insurance obligations which cover insolvency, export credit, instalment credit, mortgages, agricultural credit and direct and indirect suretyship.
10	Legal expenses insurance	Insurance obligations which cover legal expenses and cost of litigation.
11	Assistance	Insurance obligations which cover assistance for persons who get into difficulties while travelling, while away from home or while away from their habitual residence.
12	Miscellaneous financial loss	Insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses other than those mentioned above, other financial loss (non-trading) as well as any other risk of Non-Life insurance not covered by the lines of business 1 to 11.

B.	Proportional non-life reinsurance obligations	
13-24	Proportional reinsurance obligations that relate to policies in the areas of activity from 1 to 12 respectively.	
C.	Non-proportional non-life reinsurance obligations	
25	Non-proportional Health reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 1 to 3.
26	Non-proportional casualty reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 4 and 8.
27	Non-proportional marine, aviation and transport reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in line of business 6.
28	Non-proportional property reinsurance	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 5, 7 and 9 to 12.

D.	Life insurance obligations	
29	Health insurance	Health insurance obligations where the underlying business is pursued on a similar technical basis to that of life insurance, other than those included in line of business 33.
30	Insurance with profit participation	Insurance obligations with profit participation other than obligations included in line of business 33 and 34.
31	Index-linked and unit-linked insurance	Insurance obligations with Index-linked and unit-linked benefits other than those included in lines of business 33 and 34.
32	Other life insurance	Other life insurance obligations other than obligations included in lines of business 29 to 31, 33 and 34.
33	Annuities stemming from Non-Life insurance contracts and relating to Health insurance obligations	
34	Annuities stemming from Non-Life insurance contracts and relating to insurance obligations other than Health insurance obligations	
E.	Life reinsurance obligations	
35	Health reinsurance	Reinsurance obligations which relate to the obligations included in lines of business 29 and 33.
36	Life reinsurance	Reinsurance obligations which relate to the obligations included in lines of business 30 to 32 and 34