

PROSPECTUS DATED 15 DECEMBER 2014



Intesa Sanpaolo Vita S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€750,000,000 Fixed-to-Floating Undated Subordinated Notes

Issue price: 100%

Intesa Sanpaolo Vita S.p.A. (the "**Issuer**" or "**ISP Vita**") will issue on 17 December 2014 (the "**Issue Date**"), €750,000,000 Fixed-to-Floating Undated Subordinated Notes (the "**Notes**").

The Notes are perpetual securities and have no fixed or final redemption date. Unless previously redeemed or purchased and cancelled, the Notes may be redeemed at the option of the Issuer on 17 December 2024 (the "**First Call Date**") or on any Interest Payment Date thereafter, in whole but not in part, at 100% of their nominal value plus accrued interest. The Issuer may also redeem all (but not some only) of the Notes at 100% of their nominal value plus accrued interest at any time before the First Call Date upon the occurrence of a Tax Event or a Regulatory Event (each term as defined in "*Terms and Conditions of the Notes*").

The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) the First Call Date at the rate of 4.75% per annum, payable annually in arrear on 17 December in each year, commencing on 17 December 2015. Thereafter, the Notes will bear interest at a rate of 4.817% per annum above 6-month EURIBOR (being the Euro-zone interbank offered rate for six-months deposit in Euro), payable semi-annually in arrear on 17 June and 17 December in each year. The Issuer is required to defer accrued interest on the Notes in the circumstances set out in Condition 5 (*Mandatory Deferral of Interest*).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg as a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Securities (the "**Luxembourg Prospectus Law**"), which implements Directive 2003/71/EC (as amended, which includes the amendments made by Directive 2010/73/EU) in Luxembourg. Application has also been made to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market (the "**Regulated Market**") is a regulated market for the purposes of the Markets in Financial Investments Directive (Directive 2004/39/EC). This Prospectus (together with any documents incorporated by reference herein) is available on the Luxembourg Stock Exchange website (www.bourse.lu). The CSSF gives no undertaking as to the economic or financial opportuneness of the transactions contemplated by this Prospectus or the quality and solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law.

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. An investment in Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 6.

Under current legislation in Italy, payments of interest, premium or other income relating to the Notes are subject to substitute tax (*imposta sostitutiva*) at a rate of 26%, regardless of maturity. The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such substitute tax or withholding. For further information, see "*Taxation*" on page 69.

The Notes are expected to be rated "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). Fitch is established in the European Union and registered under Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes will be in bearer form and in the denomination of €100,000 each. The Notes will initially be represented by a temporary global note (the "**Temporary Global Note**"), with interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances: see "*Overview of provisions relating to the Notes while in global form*".

Joint Lead Managers

**Banca IMI
Citi
Morgan Stanley**

**BofA Merrill Lynch
HSBC
UBS Investment Bank**

CONTENTS

Section	Page
IMPORTANT NOTICES	3
RESPONSIBILITY STATEMENT	5
RISK FACTORS	6
OVERVIEW	19
INFORMATION INCORPORATED BY REFERENCE	27
TERMS AND CONDITIONS OF THE NOTES	31
OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	53
DESCRIPTION OF INTESA SANPAOLO VITA S.P.A.	56
TAXATION	70
SUBSCRIPTION AND SALE	78
GENERAL INFORMATION	80

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 5(3) of the Prospectus Directive and for the purposes of the Luxembourg Prospectus Law.

This Prospectus should be read and construed together with any supplements hereto and with any other documents incorporated by reference herein (see "*Information Incorporated by Reference*").

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied by the Issuer in connection with the Notes or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Joint Lead Manager named under "*Subscription and Sale*" below (each a "**Joint Lead Manager**" and, together, the "**Joint Lead Managers**").

The Issuer has confirmed to the Joint Lead Managers that the statements contained in this Prospectus relating to the Notes, the Issuer and the Group are in every material respect true and accurate and not misleading and, to the best of the knowledge and belief of the Issuer, there are no other facts in relation thereto, as of the date of this Prospectus, the omission of which would make any statement in this Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements; the opinions and intentions expressed in this Prospectus with regard to the Issuer, the Group and to the matters described herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; this Prospectus does not omit any material information relating to the assets and liabilities, financial position and profits and losses of the Issuer and the Group.

No representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers or any of their respective affiliates, and none of the Joint Lead Managers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility or liability (whether fiduciary, in tort or otherwise) as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus may only be used for the purposes for which it has been published. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and

will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer or the Joint Lead Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

For the avoidance of doubt, the content of the website(s) referred to in this Prospectus does not form part of the Prospectus.

In this Prospectus, unless otherwise specified, references to "**EUR**", "**euro**" or "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended. Unless otherwise specified or where the context requires, references to laws and regulations are to the laws and regulations of Italy.

References in this Prospectus to the "**ISP Vita Group**" or the "**Group**" shall refer to the Issuer and its consolidated subsidiaries together with, where the context requires, companies included within its scope of consolidation; and references to the "**Intesa Sanpaolo Group**" shall refer to Intesa Sanpaolo S.p.A. (the parent company of the Issuer and the ultimate parent company of the ISP Vita Group) and its consolidated subsidiaries.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, MORGAN STANLEY & CO. INTERNATIONAL PLC AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MARKET STATISTICS

Information and statistics presented in this Prospectus regarding business trends, market trends, market volumes and the market position of the Issuer or the Group are either derived from, or are based on, internal data or publicly available data from various independent sources. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources. The Issuer confirms that information and statistics sourced from third parties has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render reproduced information, or information and statistics presented in this Prospectus that are derived from, or based on, such sources, inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding the Issuer's strategy, plans, objectives, prospects; future developments in the markets in which the Issuer operates; and anticipated regulatory changes in the industry in which the Issuer operates. These forward-looking statements can be identified by use of forward-looking terminology, such as the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "should" or "will" or, in each case, their negative, or other variations or comparable terminology. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of future performance and that the actual financial condition, results of operations and cash flows, and the development of the industry in which the Issuer operates, may differ, also materially, from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

Any forward-looking statements are made only as at the date of this Prospectus and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, the Issuer undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

RISK FACTORS

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes. All these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view as to the likelihood of any such contingency occurring.

Additional risks and uncertainties that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may occur and materialise and may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment.

Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views, based upon their own judgment and upon advice from such legal, financial and tax advisers as they have deemed necessary prior to making any investment decision. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section

RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

The Group's business is subject to global macroeconomic conditions and financial market environment

The global economy, the condition of financial markets and macroeconomic developments can all influence the Group's performance. Globally, the financial system has experienced unprecedented levels of market volatility since 2007 due to adverse credit and liquidity conditions and disruptions in the financial markets. Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have affected the liquidity and resulted in greater volatility in global financial markets, and continue to affect the functioning of financial markets and to impact the global economy. In Europe, despite measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Group's business, results of operations and financial condition may be adversely affected. Adverse macroeconomic developments have negatively affected, and may continue to negatively affect, unemployment rates, consumer spending and confidence, personal bankruptcy rates as well as levels of defaults. Volatility and disruption of capital and credit markets may also affect the availability and cost of funds of ISP Vita and its subsidiaries. To the extent that such market volatility continues or worsens, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group's business is directly affected by the financial and macroeconomic conditions of Italy

The Group performs its operations predominantly in Italy and only marginally in other European countries through its subsidiary Intesa Sanpaolo Life Ltd. Its business is therefore directly affected by adverse macroeconomic conditions in Italy. A continuing decline or stagnation of Italian GDP, increasing or stagnating unemployment and poor conditions in the capital markets in Italy could negatively affect the demand for the Group's insurance and investment products, in particular unit-linked or other pension products. In addition, during periods of economic downturn, the Group may experience increased incidence of claims and lapses or surrenders of policies or defaults in premium payments by policyholders. As a result of the focus of the Group's business in Italy, a continuation or worsening of the current adverse economic conditions in Italy, including those resulting from the European sovereign debt crisis, could have a material adverse effect on the Group's business, results of operations and financial condition.

ISP Vita's reliance on the Intesa Sanpaolo Group

At the date of this Prospectus, 99.99% of the outstanding ordinary shares of the Issuer is held by Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"). The Issuer is therefore directly affected by shareholder decisions taken by Intesa Sanpaolo. In particular, part of the funding of the Issuer is provided by its parent company, Intesa Sanpaolo, by way of subordinated loans and in the form of payments for future share capital increases. Should Intesa Sanpaolo's management change the current funding approach, or should negative financial condition and results of the operations of the Intesa Sanpaolo Group prevent Intesa Sanpaolo from continuing to provide (or require a reduction of) such funding support to ISP Vita, there can be no guarantees that the Issuer will be capable of obtaining loans and financing from other sources under the same or better conditions as currently.

As part of the Intesa Sanpaolo Group (a financial conglomerate whose main activities are in the banking sector), the Issuer benefits from the significant cross selling opportunities offered by Intesa Sanpaolo's wide customer base, the supervision, guidance and expertise of Intesa Sanpaolo as well as efficacy at the wider group level. The Issuer relies to a significant extent on the retail branches and financial promoters of Intesa Sanpaolo's banking operations for the distribution of many of the ISP Vita Group's products, and is supported in its operational risks management by reviews and monitoring activities conducted by Intesa Sanpaolo at head office level. See further "*Description of Intesa Sanpaolo Vita S.p.A. – Share capital and shareholders; Intesa Sanpaolo Group*".

Financial conglomerates can be susceptible to risks of contagion, management complexity and conflicts of interests in general. Any decline in the financial condition, earnings and liquidity of Intesa Sanpaolo (whether as a result of macroeconomic conditions or caused by factors relating to Intesa Sanpaolo's banking activities), deterioration in its business reputation or failure in the Intesa Sanpaolo's group-wide risk management procedures affecting also the insurance operations of the ISP Vita Group, may adversely impact the financial condition and results of operations of the Issuer.

The information technology application platform of ISP Vita (including the operating systems and data management software) – managed directly by the Issuer itself – forms part of the overall information technology application platform of the Intesa Sanpaolo Group, which influences both the information technology architecture as well as disaster recovery

proceedings and contingency plans of the ISP Vita Group. In particular, integration of the Group's IT system with that of the branches of the Intesa Sanpaolo Group facilitates the acquisition and management by the ISP Vita Group of new insurance contracts and post sales activities. The ISP Vita Group therefore depends significantly on the effective operation of such technology and information systems and such dependence exposes the Group to the risk of operational impairments and interruptions that may be caused by malfunctioning of the IT platform of the Intesa Sanpaolo Group.

Risks relating to interest rates

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term rates) may adversely affect the Group's insurance results and its investment portfolios, by affecting the availability of customers' disposable income for investments in insurance products and by impacting the value of the Group's investment portfolios. By way of example, an increase in interest rates could negatively impact the Group's fixed-income portfolio and such negative impact may not necessarily be compensated by the positive gain (if any) on interest rate derivative contracts entered into by the Group to hedge its exposure. In addition, it may not be possible to hold sufficient assets of a suitable duration to meet policyholder liabilities. See further "*Description of Intesa Sanpaolo Vita S.p.A. – Risk Management*" for a description of the manner in which the Group seeks to minimise mismatches in terms of timing and values in order to keep any mismatches within predefined limits. Products that are designed to partly or entirely transfer exposure to interest rate movements to the policyholders partly reduce the impact of interest rate fluctuation on the Group's business. However, reductions in the effective investment income (which includes interest as well as realised gains and losses) to a level that is below the interest rates prevailing at the issue date of the policies, or below long-term guarantees, could reduce the profit margins or lead to losses on the insurance business written by the Group to the extent the maturity composition of the assets do not match the maturity composition of the insurance obligations they are backing. If the current low interest rates in the market persist, this will have a negative impact, in the long-term, on the effective income of the Group.

The Group is subject to market and credit risks

The Group's investment portfolios are comprised of available for sale assets, securities held for trading purposes, financial assets and liabilities carried at fair value and, to a lesser extent, real estate holdings, participations in a number of financial and non-financial institutions and loan advances. The Group's exposure to financial risks deriving from its investment portfolios is, in certain cases - for example, life policies with profit participation clauses that offer the insured the ability to receive a share of the profit from the fund management (the segregated fund) and a minimum guaranteed level - transferred partially to policyholders which therefore generate proprietary market and credit risks for the Group. In other cases, the exposure does not usually present direct risks (for example, investments related to index-linked policies, unit-linked policies and pension funds (*Fondi Pensione Aperti*)) but these are nonetheless monitored for reputational risks. To the extent these risks are not so transferred, impairments on the value of the securities and other financial assets held by the Group, any consequential write-downs to fair value together with fluctuations and volatility in real estate prices and adverse market conditions affecting one or more sectors where the Group holds its investments will adversely affect the Group's financial position and results of operations. Reduction in investment income of assets backing policy liabilities will affect the results of

the Group's life assurance operations as a whole and its financial condition as a result of the impact on the capital requirements of its life assurance businesses.

In addition, the Group is subject to the credit risk of third parties with regard to holdings in its investment portfolios. Issuers of debt securities held by the Group in its investment portfolios comprise both central and local governments, central banks as well as non-sovereign corporate entities. This exposes the Group to the risk of counterparty defaults which has been aggravated during periods of economic downturn like that experienced since 2007.

Risks relating to derivative transactions

The Group has credit exposures arising from transactions in derivative financial instruments – primarily plain vanilla interest rate swaps, futures, forwards, constant-maturity swaps and credit default swaps traded on over-the-counter markets – which are used to achieve a more efficient management of its investment portfolios and to hedge against financial risks present in such investment portfolios. The Group's portfolios include also structured bonds that comprise embedded derivatives. This component of the Group's portfolios is derived mostly from index linked products that the Group has ceased to offer since 2008.

These operations in derivative financial instruments expose the Group to market risk and operational risk, as well as the risk that the counterparty defaults on its obligations or becomes insolvent, which in turn may negatively impact the Group's business, financial condition and results of operations.

The Group is subject to operational risks

The Group is subject to operational risks, defined by Solvency II as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risks include legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes (excluding strategic and reputational risks). The Intesa Sanpaolo Group - to which ISP Vita belongs – maintains at group level a system of controls designed to keep operational risks at appropriate levels. In particular, the Compliance and Operational Risk Committee of the Intesa Sanpaolo Group, chaired by the chief risk officer, is responsible for periodically reviewing the group's overall operational and compliance risk profile, authorising any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activities and approving operational risk transfer strategies. In addition to being subject to supervision at group level, ISP Vita constantly monitors its internal procedures in light of regulatory and other developments, in the international context (ORX Insurance Sector Database consortium), in the European context (Solvency II) and on a national level (IVASS, ANIA and CROFI). See further "*Description of Intesa Sanpaolo Vita S.p.A. – Risk management – Operational risks*". There can, however, be no assurance that these measures will effectively protect the Group from operational risks in the future.

Risks relating to the nature of the Group's insurance business

The business, results of operations and financial condition of the Group depend on its ability to select and underwrite risks, and in particular the ability to accurately price its different insurance products, to establish appropriate loss reserves to cover the underwritten risks and the performance of its obligations and, with respect to its life operations and pension products, to perform correct statistical and actuarial projections regarding life expectancies and factors related to pension claims.

Performance depends on ability to accurately price insurance products

The Group's ability to set adequate premium rates can be adversely affected by several factors, including the lack of sufficient reliable data, the incomplete or incorrect analysis of available data, the uncertainties inherent in estimates and assumptions (particularly with respect to the number and amount of claims to be covered by premiums), the application of inappropriate or inadequate formulae or methodologies, unanticipated changes in the regulatory and judicial framework as well as changes in claims settlement practices.

The Group uses its experience in this sector and information available to it in the market to develop estimates of revenues from future insurance policies. However, future claims may significantly exceed the estimates used by the Group to price its products, both in terms of volume and amount, which could result in material adverse effects on its business, results of operations and financial condition.

Net income will decline if actual claims exceed loss reserves

The Group's insurance subsidiaries establish reserves covered by selected assets, depending on the category of insurance and the type of risk insured.

In particular, with respect to loss reserves in non-life operations, the amount of such reserves is adjusted at the end of every financial year and reflects the results of operations of such period, and if such reserves prove insufficient with respect to actual claims, of future periods. To the extent the Group's loss reserves prove to be insufficient in the future (also in light of judicial and regulatory developments), its business, results of operations and financial condition may be materially adversely affected.

Projections underlying technical reserve calculations for life insurance policies may be incorrect and net income could be affected by policy surrenders rates, demographic assumptions and investment returns

Premiums payable in connection with life insurance policies are calculated based on statistical and actuarial estimates with respect to life expectancies. If such statistical data is unreliable, the Group's loss reserves with respect to life insurance and pension products may be insufficient, which could have adverse effects on its business, results of operations and financial conditions.

In addition, with respect to pension products, the Group determines technical reserves based on forecasts of: (i) mortality rates; (ii) job turnover rates within the workforce; (iii) invalidity rates; (iv) early retirement rates; (v) discount rates; (vi) long-term interest on investments; and (vii) rates regarding salary raises, future pension claim increases and increases of long-term health care costs. These parameters may differ from actual data as a result of, among other things, changes in economic conditions related to increased or decreased life expectancies of the insured clients. A difference may affect the amount of pensions or pension related costs in future years, and could result in the Group's technical reserves becoming insufficient, with material adverse effects on its business, results of operations and financial condition.

With respect to profitability on segregated funds (*gestioni separate*) providing for minimum guaranteed returns (in accordance with applicable law and regulations), the Group is subject to a financial risk related to the performance of the assets underlying such policies. If such assets fail to perform at a level required to fund the guaranteed return, the Group's

profitability could be adversely affected, with material adverse effects on its business, results of operations and financial condition.

Surrenders and early redemptions of insurance and investment products can result in losses and decreased revenues if their levels differ significantly from assumed levels. Such surrenders and early redemptions could require the Group to dispose of assets earlier than planned, potentially at a lower price than the acquisition price of such assets, or to adjust the maturity profile of its investment portfolio in order to meet obligations towards the customers.

For a description of the methodologies adopted by the Group to manage risks present in its life and non-life businesses, see "*Description of Intesa Sanpaolo Vita S.p.A. – Risk management*".

Regulatory changes could adversely affect the Group's business

The Group's life and non-life operations are subject to detailed and comprehensive laws and regulations as well as regulatory supervision. In Italy, *Istituto per la Vigilanza sulle Assicurazioni* ("**IVASS**", the Italian supervisory body for insurance) has broad jurisdiction over many aspects of the Group's businesses, which may include capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

In the European Union, risk based capital requirements are being introduced pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "**Solvency II Directive**"), which was agreed to by the European Parliament in April 2009 and formally approved by a meeting of the European Union's Economic and Financial Affairs Council in November 2009. On 19 January 2011, the European Commission has proposed the adoption of a directive (the "**Omnibus II Directive**") that is expected to introduce a number of changes to the Solvency II regime. The Omnibus II Directive will also empower the Commission to apply more flexible transitional provisions for insurance undertakings affected by Solvency II and grant extended powers to the new European Insurance and Occupational Pensions Authority (EIOPA, which has replaced CEIOPS, The Committee of European Insurance and Occupational Pensions Supervisors since 1 January 2011). The Omnibus II Directive has been adopted as Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014. It was published in the Official Journal of the EU on 22 May 2014, and entered into force on 23 May 2014, save for article 2(25), (43) and (82) which shall apply from 31 March 2015. The Solvency II Directive, as amended by the Omnibus II Directive, will have to be implemented into national legislation by the member states before 31 March 2015, and the Solvency II regime will become fully applicable on 1 January 2016.

There remains uncertainty regarding the definitive contents of the Solvency II implementation measures, technical implementing standards and guidance, as well as regarding the final contents of the detailed technical specifications from EIOPA. It is generally expected that there will be an overall increase in solvency capital requirements for insurance and reinsurance undertakings compared to the existing regime. On 10 October 2014, the EU Commission adopted a delegated act under the Solvency II Directive, as amended by the Omnibus II Directive (the "**Delegated Act**"). The Delegated Act sets out implementing rules with detailed requirements for individual insurance undertakings and groups. The Delegated Act takes the form of draft Regulation which, once in force, will be directly effective across the European Union without the need for any national implementing

legislation. The European Parliament and the European Council have until January 2015 to object to the Delegated Act, and could ask for this "no-objection" review period to be extended until April 2015. Discussions and consultations on certain implementing technical standards and guidances of the Solvency II Directive are still ongoing and the potential future impact on available resources and capital requirements of the Group cannot currently be fully assessed.

The Group is party to legal and other disputes

The Issuer and its subsidiaries are, and may in the future be, involved in legal proceedings and other disputes, including those of a fiscal nature, in the ordinary course of their activities. Although the Issuer believes that appropriate provisions have been made to meet the costs and potential liability deriving from such proceedings and disputes, there is no assurance that such provisions are sufficient and it is possible that an adverse outcome could, from time to time, have an adverse effect on the Issuer's results of operations or cash flows. For a description of the legal proceedings that currently affect the Group, see "*Description of Intesa Sanpaolo Vita S.p.A. – Litigation*".

RISKS RELATING TO THE NOTES

The Notes are complex financial instruments and may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and in particular the terms relating to subordination, redemption, interest deferral and loss absorption; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are deeply subordinated obligations

The Issuer's obligations under the Notes will be undated, unsecured subordinated obligations of the Issuer. If an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, payment obligations on the Notes will be subordinated in right of payment to the prior payment in full of dated subordinated obligations and all other unsubordinated obligations of the Issuer, any obligations which are preferred by law and all

subordinated obligations of the Issuer except for those liabilities which rank *pari passu* with, or junior to, the Notes. See further Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Notes. Investors in the Notes may recover proportionately less than holders of unsubordinated obligations of the Issuer and of subordinated obligations of the Issuer which rank senior to the Notes, should the Issuer become insolvent.

No express event of default

Noteholders should be aware that the Terms and Conditions of the Notes do not contain any express events of default provision.

The Notes may be redeemed in certain circumstances

The Notes may – subject to prior approval of *Istituto per la Vigilanza sulle Assicurazioni* (IVASS), or any successor entity of IVASS, or any other competent lead regulator to which the Issuer becomes subject (the "**Relevant Supervisory Authority**") - be redeemed by the Issuer at its option on the First Call Date and on any Interest Payment Date thereafter at 100% of their nominal value plus accrued interest thereon, as set out in Condition 7.4 (*Redemption at the option of the Issuer*) of the Terms and Conditions of the Notes.

In addition, the Notes may – subject to prior approval of the Relevant Supervisory Authority - be redeemed by the Issuer at its option at 100% of their nominal value plus accrued interest thereon upon the occurrence of a Tax Event or a Regulatory Event as set out in Condition 7.2 (*Redemption for tax reasons*) and Condition 7.3 (*Redemption for regulatory reasons*) of the Terms and Conditions of the Notes.

In particular, the Issuer may redeem the Notes if, *inter alia*, under Italian Legislation on Solvency Margin following implementation of the Solvency II Directive, the Notes (in whole or in part) fail to be treated as Tier 1 Own Funds (including as a result of grandfathering), or cease to qualify as Tier 1 Own Funds after initially qualifying as such, except where this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as Tier 1 Own Funds and provided that any Notes so exceeding the applicable limits may be included as Tier 2 Own Funds, as further described in Condition 7.3 (*Redemption for regulatory reasons*). There remains uncertainty at this stage as to the extent and precise manner in which the Solvency II Directive will be implemented, including in relation to the scope of the transitional provisions and as to how the transitional provisions will be interpreted and applied by local supervisory authorities.

Should – following implementation of the Solvency II Directive - all or part of the Notes may no longer be treated by the Issuer as own funds for the purposes of covering its Required Solvency Margin or fail to be grandfathered as Tier 1 Own Funds under the transitional arrangements, the Issuer will be entitled to redeem the Notes in accordance with Condition 7.3 (*Redemption for regulatory reasons*) or amend the terms and conditions of the Notes without the consent of the Noteholders, in accordance with Condition 14.4 (*Modification following a Tax Event or Regulatory Event*).

In case the Issuer exercises its option to redeem Notes in accordance with the Conditions, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

Deferral of Interest

The Issuer is required to defer accrued interests on the Notes in the circumstances set out in Condition 5 (*Mandatory Deferral of Interest*). In particular, the Issuer shall defer payment of all or some only of the interest accrued to an Interest Payment Date in respect of the Notes if: (i) a Solvency Capital Event has occurred and will be continuing on such Interest Payment Date, or would be caused by the payment by the Issuer of interest and/or arrears of interest on the relevant date; or (ii) payment of the relevant interest and/or arrears of interest would result in the Issuer becoming insolvent in accordance with provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time; or (iii) a Solvency Margin Event has occurred and is continuing, and a deferral of the obligations of the Issuer to make payments in respect of interests on the Notes is required pursuant to Article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and Article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005 to enable the Issuer to carry on its activities in accordance with applicable regulatory requirements, provided that in the case where the payment of interest or arrears of interest would itself result in a Solvency Capital Event to occur, the Issuer shall defer the portion of the interest amount that would cause the Solvency Capital Event to occur. Failure to pay any interest amount in accordance with the Conditions on an Interest Payment Date does not constitute any default of the Issuer, and unpaid amounts of interest so deferred will only become due and payable in the specific circumstances and subject to the satisfaction of the relevant conditions, all as set out in the Conditions. See further Condition 5 (*Mandatory Deferral of Interest*).

Loss Absorption

To the extent the Issuer at any time suffers losses (also taking into account profits and losses relating to previous financial years) which would result in the Solvency Margin being reduced below the Required Solvency Margin (a **Solvency Margin Event**), the Notes shall be available to absorb losses in accordance with article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005. Therefore, the Issuer's payment obligation relating to principal amounts of the Notes will be suspended to the extent necessary to enable the Issuer to carry on its activities in accordance with applicable regulatory requirements pursuant to Condition 6 (*Loss Absorption*).

Perpetual Securities

The Notes are perpetual securities and have no fixed maturity or fixed redemption date. Accordingly, the Issuer is under no obligation to repay all or any part of the principal amount of the Notes and the holders of the Notes have no right to call for their redemption.

Variation of the Terms and Conditions of Notes

The Issuer may in certain circumstances modify the terms and conditions of the Notes without any requirement for the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no Regulatory Event or Tax Event would exist after such modification, provided that the relevant conditions set forth in Condition 14.4 (*Modification following a Tax Event or Regulatory Event*) of the Terms and Conditions of the Notes are satisfied.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

U.S. Foreign Account Tax Compliance Withholding

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non U.S. financial institutions must enter into agreements with the U.S. Internal Revenue Service ("**IRS Agreements**") (as described below) or otherwise be exempt from the requirements of FATCA. Non U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("**IGA legislation**") intended to implement an intergovernmental agreement entered into pursuant to FATCA ("**IGAs**"), may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of "foreign passthru payments" and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the later (a) 1 July 2014, and (b) in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into

intergovernmental agreements will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid to the order of the common depositary or common or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 24 March 2014, the Council of the European Union formally adopted a Council Directive amending the EU Savings Directive (the "**Amending Directive**") and broadening the scope

of the requirements described above. Member States are required to implement national legislation giving effect to these changes by 1 January 2016. That domestic legislation must be applied from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Risks related to Notes and the markets generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and interest rate risk that may be relevant in connection with an investment in the Notes.

The secondary market generally

There is currently no secondary market for the Notes. Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. Any purchase of the Notes by ISP Vita or any of its Subsidiaries, or by the Issuer's parent company or any Subsidiary of the Issuer's parent company, shall be subject to prior approval of the competent regulatory authority if and to the extent required by then applicable legislation. Therefore, investors may not be able to sell their Notes easily or

at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Notes are expected to be rated "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). Fitch is established in the European Union and registered under Regulation No. 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). As such, it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List_registered_and_certified_CRAs) in accordance with the CRA Regulation. The ratings granted by Fitch or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, Fitch or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Interest rate and spread risks

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates and/or spreads may adversely affect the value of the fixed rate Notes.

OVERVIEW

The following overview does not purport to be complete and is qualified by the remainder of this Prospectus.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this section, and references to a numbered "Condition" shall be to the relevant Condition under the Terms and Conditions set out below.

Issuer:	Intesa Sanpaolo Vita S.p.A. (" ISP Vita ").
Notes:	€ 750,000,000 Fixed-to-Floating Undated Subordinated Notes.
Joint Lead Managers:	Banca IMI S.p.A., Citigroup Global Markets Limited, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc and UBS Limited.
Fiscal Agent:	Deutsche Bank AG, London Branch.
Luxembourg Listing Agent:	Société Européenne de Banque S.A.
Issue Price:	100% of the nominal value.
First Call Date:	17 December 2024.
Status of the Notes and Subordination:	<p>The Notes constitute unconditional and unsecured subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and:</p> <ul style="list-style-type: none">(a) junior to:<ul style="list-style-type: none">(i) any unsubordinated obligations of the Issuer (including liabilities to policyholders of the Issuer); and(ii) any other subordinated obligations of the Issuer having a specified maturity date and to any other subordinated obligations of the Issuer which – but for any applicable limitation on the amount of such capital – are eligible for a regulatory treatment: (a) before implementation of Future Regulations of up to 25% of the Required Solvency Margin (or such other fraction of the Required Solvency Margin as will apply to dated instruments or liabilities, as opposed to perpetual instruments or liabilities); or (b) following implementation of the Future Regulations, as Tier 2 Own Funds (or whatever the terminology employed by the Future Regulations), except those obligations that are

expressed to rank junior to the Notes;

- (b) at least equally with the Issuer's payment obligations in respect of any Parity Securities and with all other subordinated obligations of the Issuer which – but for any applicable limitation on the amount of such capital – are eligible for a regulatory treatment: (a) before implementation of the Future Regulations, of up to 50% of the Required Solvency Margin (or such other fraction of the Required Solvency Margin as will apply to perpetual instruments or liabilities (as opposed to dated instruments or liabilities)); or (b) following implementation of the Future Regulations, as Tier 1 Own Funds (or whatever the terminology employed by the Future Regulations);
- (c) senior to the Issuer's payment obligations in respect of any Junior Securities.

"Future Regulations" means the solvency margin, regulatory capital or capital regulations (if any) to be introduced in Italy in implementation of the Solvency II Directive and which are applicable to ISP Vita.

"Solvency Margin" means ISP Vita's solo and adjusted solvency margins (*marginie di solvibilità*) as defined in article 2.1(h) of ISVAP Regulation no. 19 of 14 March 2008 and in accordance with EU Directive 73/239/EEC and EU Directive 2002/83/EEC, and **"Required Solvency Margin"** means the Solvency Margin required as defined in article 2(1)(i) of the same regulation.

"Relevant Supervisory Authority" means *Istituto per la Vigilanza sulle Assicurazioni* (IVASS), or any successor entity of IVASS, or any other competent lead regulator to which the Issuer becomes subject.

"Tier 1 Own Funds" means own funds eligible to be classified as Tier 1 (or whatever the terminology employed by the Future Regulations, including any transitional arrangements as applicable) under the Future Regulations.

"Tier 2 Own Funds" means own funds eligible to be classified as Tier 2 (or whatever the terminology employed by the Future Regulations, including any transitional arrangements as applicable) under the Future Regulations.

**Fixed Rate of Interest and
Fixed Rate Interest
Payment Dates:**

The Notes bear interest on their principal amount from (and including) the Issue Date to (but excluding) the First Call Date at the rate of 4.75% per annum, payable annually in arrear on 17 December in each year, commencing on 17 December 2015 (each a **"Fixed Rate Interest Payment**

Date").

Floating Rate of Interest and Floating Rate Interest Payment Date:

Unless previously redeemed, the Notes will bear interest at a rate of 4.817% per annum above 6-month EURIBOR (being the Euro-zone interbank offered rate for six-months deposit in Euro), payable semi-annually in arrear on 17 June and 17 December in each year, commencing on 17 June 2025 (each a "**Floating Rate Interest Payment Date**" and, together with the Fixed Rate Interest Payment Dates, the "**Interest Payment Dates**").

Mandatory deferral of Interest

The Issuer shall defer payment of all or some only of the interest accrued to an Interest Payment Date in respect of the Notes if:

- (i) a Solvency Capital Event has occurred and will be continuing on such Interest Payment Date, or would be caused by the payment by the Issuer of interest and/or arrears of interest on the relevant date; or
- (ii) payment of the relevant interest and/or arrears of interest would result in the Issuer becoming insolvent in accordance with provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time; or
- (iii) a Solvency Margin Event has occurred and is continuing, and a deferral of the obligations of the Issuer to make payments in respect of interests on the Notes is required pursuant to Article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and Article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005 to enable the Issuer to carry on its activities in accordance with applicable regulatory requirements,

provided that in the case where the payment of interest or arrears of interest would itself result in a Solvency Capital Event to occur, the Issuer shall defer the portion of the interest amount that would cause the Solvency Capital Event to occur.

A "**Solvency Capital Event**" is deemed to have occurred if:

- (i) the Solvency Margin of ISP Vita, on a consolidated or non-consolidated basis, falls below the Required Solvency Margin; or
- (ii) the Relevant Supervisory Authority has given (and has not withdrawn) notice to ISP Vita that it has determined that ISP Vita's financial and solvency

condition is deteriorating in such a manner that its Solvency Margin is likely to fall below the Required Solvency Margin in the short term.

A “**Solvency Margin Event**” is deemed to have occurred if the Issuer suffers losses (also taking into account profits and losses relating to previous financial years) which would result in the Solvency Margin being reduced below the Required Solvency Margin.

Any unpaid amounts of interest deferred will constitute arrears of interest (“**Deferred Interest**”). Deferred Interest shall not bear interest. See further Condition 5 (*Mandatory Deferral of Interest*).

Deferred Interest

Deferred Interest may, at the option of the Issuer, be paid in whole or in part at any time; and shall become due and payable, in whole, on the earliest of:

- (1) the next Interest Payment Date unless a Mandatory Interest Deferral Event is continuing on such Interest Payment Date;
- (2) the date of any redemption of the Notes in accordance with the Terms and Conditions of the Notes; or
- (3) the date an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer,

provided that the Relevant Supervisory Authority has given and has not withdrawn its prior consent to payment of the relevant amounts (if such prior consent is so required under applicable legislation at the relevant time); and *provided further that* neither a Solvency Capital Event nor a Solvency Margin Event will be caused by the payment of Deferred Interest.

Loss absorption

If a Solvency Margin Event has occurred and is continuing, the principal amounts of the Notes shall be available to absorb losses in accordance with article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005, and, therefore, the payment obligations of the Issuer relating to principal amounts of the Notes will be suspended to the extent necessary to enable ISP Vita to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, interest will continue to accrue on the nominal value of the Notes.

The payment obligations of the Issuer relating to any principal amounts of the Notes so suspended as aforesaid

will be reinstated (in priority to any Junior Securities and on a *pari passu* basis with any Parity Securities and *pari passu* claims of the Issuer), as if such payment obligations had not been so suspended:

- (A) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, inter alia, *liquidazione coatta amministrativa*) of ISP Vita and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, inter alia, *liquidazione coatta amministrativa*);
- (B) in whole, in the event of early redemption of the Notes pursuant to Condition 7.2 (*Redemption for tax reason*), Condition 7.3 (*Redemption for regulatory reason*), Condition 7.4 (*Redemption at the option of the Issuer*); or
- (C) in whole or in part, from time to time, to the extent that the Solvency Margin Event is no longer continuing and, therefore, the Solvency Margin is again at least equal to the Required Solvency Margin.

See further Condition 6 (*Loss Absorption*).

Form and denomination:

The Notes will be issued in bearer form in the denomination of €100,000 each. The Notes will initially be represented by Temporary Global Notes which will be deposited on or around the Issuer Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Notes will be exchangeable for definitive Notes only in certain limited circumstances.

Optional Redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter

The Notes may be redeemed at the option of the Issuer – but subject to prior approval of the Relevant Supervisory Authority – in whole but not in part on the First Call Date and on any Interest Payment Date thereafter, in accordance with Condition 7.4 (*Redemption at the option of the Issuer*) at 100% of their nominal value together with accrued interest thereon.

Redemption for tax reasons:

The Notes may be redeemed – subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time - at the option of the Issuer upon the occurrence of a Tax Event (as defined in Condition 7.2), in accordance with Condition 7.2

(Redemption for tax reasons).

Redemption for regulatory reasons:

The Notes may be redeemed – subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time - at the option of the Issuer, in accordance with Condition 7.3 (*Redemption for regulatory reasons*), if:

- (i) the Issuer is no longer subject to the regulatory supervision of the Relevant Supervisory Authority; or
- (ii) the Issuer is subject to consolidated regulatory supervision of the Relevant Supervisory Authority, and, it is not permitted under the applicable legislation and regulations adopted by the Relevant Supervisory Authority, or an official application or interpretation of those rules and regulations including a decision of any court or tribunal at any time whilst any of the Notes are outstanding to treat the Notes (in whole or in part) as own funds for the purposes of the determination of its Required Solvency Margin under Italian Legislation on Solvency Margin prior to implementation of Future Regulations; or
- (iii) the Relevant Supervisory Authority issues new or amends requirements for available own funds eligible to meet up to 50 per cent. of the Required Solvency Margin and subsequently notifies to ISP Vita that the Notes (in whole or in part) do not meet such requirements (including for avoidance of doubt, where the Relevant Supervisory Authority has previously notified to ISP Vita that the Notes do meet such requirements); or
- (iv) under Italian Legislations on Solvency Margin following the implementation of Future Regulations, the Notes (in whole or in part) fail to be treated as Tier 1 Own Funds (including as a result of grandfathering), or cease to qualify as Tier 1 Own Funds after initially qualifying as such,

except where, in the case of sub-(ii), (iii) or (iv) this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as own funds to meet up to 50 per cent. of the Required Solvency Margin or as Tier 1 Own Funds, as the case may be, *provided that* in the case of sub-(iv), any Notes so exceeding the applicable limits may be included as Tier 2 Own Funds.

Modification following a Regulatory Event or Tax

The Issuer may, in certain circumstances and subject to its fulfilment of certain conditions, following a Regulatory

Event:	Event or a Tax Event, modify the terms of the Notes without any requirement for the consent or approval of the Noteholders, as described in further detail in Condition 14.4 (<i>Modification following a Tax Event or Regulatory Event</i>) of the Terms and Conditions of the Notes.
Taxation:	<p>All payments in respect of Notes will be made free and clear of withholding taxes of the Taxing Jurisdiction (and subject to certain exceptions), unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 9 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>"Taxing Jurisdiction" means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax.</p>
Enforcement of Notes in Global Form:	For so long as the Notes are represented by Global Notes, the rights of holders of beneficial interests in the Global Notes against the Issuer will be governed by a Deed of Covenant entered into by the Issuer dated 15 December 2014, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Approval, Listing and Admission to Trading:	The CSSF has approved this document as a prospectus under the Luxembourg Prospectus Law. Application has also been made for Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.
Governing Law:	The Notes will be governed by, and shall be construed in accordance with, English Law, except for provisions concerning the status and subordination of the Notes which are governed by the laws of Italy. The Deed of Covenant will be governed by the laws of England.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the United Kingdom and the Republic of Italy, see " <i>Subscription and Sale</i> " below.
Use of proceeds:	The proceeds of the Notes will be applied by the Issuer for general corporate purposes and to optimise the own funds composition of the Issuer itself, taking into consideration the implementation of the Solvency II regime and its transitional measures, and – subject to determination on the basis of the Group's results, the outcome of the offering of the Notes and available financial resources of the Issuer - that of the Intesa

Sanpaolo financial conglomerate to which the Issuer belongs.

Risk Factors:

The purchase of Notes may involve substantial risks and may be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. For a description of such risks, see "*Risk Factors*".

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated by reference in, and to form part of, this Prospectus:

- (1) the audited consolidated (combined) annual financial statements as at and for the years ended 31 December 2013 and 2012 of ISP Vita (respectively, the “**2013 Consolidated (Combined) Financial Statements**” and the “**2012 Consolidated (Combined) Financial Statements**”), in each case together with the accompanying notes and auditors' reports, to the extent specified in the table below;
- (2) the unaudited consolidated (combined) interim financial statements as at and for the six months ended 30 June 2014 of ISP Vita (the “**2014 Consolidated (Combined) Interim Financial Statements**”), together with the accompanying notes, to the extent specified in the table below;
- (3) the audited consolidated annual financial statements as at and for the year ended 31 December 2013 of ISP Vita (the “**2013 Consolidated Financial Statements**”), together with the accompanying notes and auditors' report, to the extent specified in the table below; and
- (4) the unaudited consolidated interim financial statements as at and for the six months ended 30 June 2014 of ISP Vita (the “**2014 Consolidated Interim Financial Statements**”), together with the accompanying notes and the auditors' limited review report, to the extent specified in the table below,

save that any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement. Any information not listed in the table below but included in the documents incorporated by reference is provided for information only.

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available, without charge, at the principal office of the Paying Agent in Luxembourg and on the Luxembourg Stock Exchange's website (www.bourse.lu).

The 2013 Consolidated (Combined) Financial Statements, the 2012 Consolidated (Combined) Financial Statements and the 2014 Consolidated (Combined) Financial Statements have been prepared in accordance with ISVAP Regulation no. 18 of 12 March 2008 and ISVAP Regulation No. 7 of 13 July 2007 and comprise – in addition to subsidiaries wholly owned by ISP Vita – also the assets, liabilities and results of operations of Fideuram Vita S.p.A. with whom ISP Vita has no parent-subsiary relationship but is nonetheless included within the Issuer's scope of consolidation by virtue of the fact that ISP Vita and Fideuram Vita S.p.A. are considered to be subject to unitary management (“*direzione unitaria*”) in accordance with

the provisions of article 96 of Legislative Decree No. 209 of 7 September 2005 and instructions from IVASS.

A number of collective investment entities and unit funds in respect of which ISP Vita retains the majority of the *quote* or units are also included within the scope of consolidation of the Group. See further the annex "*Consolidation area*" to the notes to the 2013 Consolidated (Combined) Financial Statements. Starting from 1 January 2014, many collective investments and unit funds have been excluded from the scope of consolidation as a result of the change in consolidation requirements following application of IFRS 10.

The 2014 Consolidated (Combined) Interim Financial Statements, the 2013 Consolidated (Combined) Financial Statements, the 2012 Consolidated (Combined) Financial Statements, the 2014 Consolidated Interim Financial Statements and the 2013 Consolidated Financial Statements have been prepared in compliance with the accounting principles issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards (IFRS), endorsed by the European Commission as provided for by Community Regulation No. 1606 of 19 July 2002 as well as with IVASS Regulation no. 7 of 13 July 2007 issued by IVASS in implementation of article 90 of Legislative Decree No. 209 of 7 September 2005.

The information incorporated by reference that is not included in the following cross-reference list is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive.

Document	Information incorporated	Page
Consolidated (combined) financial statements of ISP Vita as at and for the year ended 31 December 2013	Consolidated (combined) statement of financial position	46 – 47
	Consolidated (combined) income statement	48
	Consolidated (combined) statement of comprehensive income	49
	Changes in consolidated (combined) statement of changes in equity	50
	Consolidated (combined) statement of cash flows (indirect method)	51
	Notes to the consolidated (combined) financial statements	53 – 129
	Reclassified consolidated (combined) statement of financial position and income statement	13
	Reference context and group performance – Events after the reporting date and outlook	43
	Independent auditors' report	provided as a separate document
	Consolidated (combined) financial statements of ISP Vita as at and for the year ended 31 December 2012	Consolidated (combined) balance sheet
Consolidated (combined) income statement		47
Consolidated (combined) statement of comprehensive income		48
Changes in consolidated (combined) shareholders' equity		49
Consolidated (combined) statement of cash flows		50 – 51
Notes to the consolidated (combined) financial statements		53 – 112
Reclassified consolidated (combined) balance sheet		14
Reclassified consolidated (combined) income statement		13
Independent auditors' report		provided as a separate document
Consolidated financial statements of ISP Vita as at and for the year ended 31 December 2013	Subsequent events and outlook	51
	Statement of financial position	54 - 55
	Income statement	56
	Statement of comprehensive income	57
	Statement of changes in equity	58
	Statement of cash flows (indirect method)	59
	Notes to the consolidated financial statements	63 – 133
	Reclassified consolidated statement of financial position and income statement	13
	Reclassified consolidated statement of comprehensive income	14
	Reclassified consolidated statement of changes in equity	15
	Reclassified consolidated statement of cash flows (indirect method)	16
Independent auditors' report	143 – 144	

Consolidated (Combined) interim financial statements of ISP Vita as at and for the six months ended 30 June 2014	Consolidated (combined) statement of financial position	43 - 44
	Consolidated (combined) income statement	45
	Consolidated (combined) statement of comprehensive income	46
	Consolidated (combined) statement of changes in equity	47
	Consolidated (combined) statement of cash flows (indirect method)	48
	Consolidated (combined) reclassified statement of financial position and income statement	13
	Notes to the consolidated (combined) interim financial statements	50 - 91
Consolidated interim financial statements of ISP Vita as at and for the six months ended 30 June 2014	Consolidated statement of financial position	50 - 51
	Consolidated income statement	52
	Consolidated statement of comprehensive income	53
	Consolidated statement of changes in equity	54
	Consolidated statement of cash flows (indirect method)	55
	Consolidated reclassified statement of financial position and income statement	13
	Notes to the consolidated interim financial statements	
	Independent auditors' limited review report	57 - 95
		99 - 102

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which will be endorsed on each Note in definitive form (if issued).

The terms and conditions applicable to the Notes in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

The €750,000,000 Fixed-to-Floating Undated Subordinated Notes (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of Intesa Sanpaolo Vita S.p.A. (the "**Issuer**" or "**ISP Vita**") are the subject of an issue and paying agency agreement dated 15 December 2014 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form in the denomination of €100,000, with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery.

The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

2. **DEFINITIONS AND INTERPRETATION**

2.1 **Definitions**

In these Conditions the following expressions have the following meanings:

"**Additional Amount**" has the meaning given to it in Condition 9 (*Taxation*);

"**Calculation Agent**" means the Fiscal Agent or any successor calculation agent appointed from time to time in connection with the Notes;

"**Deferred Interest**" has the meaning given in Condition 5 (*Mandatory Deferral of Interest*);

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**First Call Date**" means 17 December 2024;

"**Fixed Rate Day Count Fraction**" means, for the purpose of calculation of an amount of interest for any period of time in a Fixed Rate Interest Period (for the purpose of this definition, the "**Calculation Period**") the actual number of days in the Calculation Period divided by the actual number of days in the relevant calendar year;

"**Fixed Rate of Interest**" has the meaning given in Condition 4(a) (*Interest – Fixed Rate*);

"**Fixed Rate Interest Payment Date**" means 17 December in each year, commencing on 17 December 2015 and including the First Call Date;

"**Fixed Rate Interest Period**" means each period beginning on (and including) the Issue Date or any Fixed Rate Interest Payment Date and ending on (but excluding) the next Fixed Rate Interest Payment Date for so long as Condition 4(a) (*Interest – Fixed Rate*) applies;

"**Floating Rate Day Count Fraction**" means, for the purpose of calculation of an amount of interest for any period of time in a Floating Rate Interest Period (for the purpose of this definition, the "**Calculation Period**") the actual number of days in the Calculation Period divided by 360;

"**Floating Rate of Interest**" has the meaning given in Condition 4(b) (*Interest – Floating Rate*);

"**Floating Rate Interest Payment Date**" means 17 June and 17 December in each year commencing on 17 June 2025 up to and including the date of redemption of the Notes;

"**Floating Rate Interest Period**" means each period beginning on (and including) the First Call Date or any Floating Rate Interest Payment Date and ending on (but excluding) the next Floating Rate Interest Payment Date for so long as Condition 4(b) (*Interest – Floating Rate*) applies;

"**Future Regulations**" means the solvency margin, regulatory capital or capital regulations (if any) to be introduced in Italy in implementation of the Solvency II Directive and which are applicable to ISP Vita;

"**Interest Payment Date**" means a Fixed Rate Interest Payment Date or a Floating Rate Interest Payment Date, as the case may be;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Period**" means a Fixed Rate Interest Period or a Floating Rate Interest Period, as the case may be;

"**Issue Date**" means 17 December 2014;

"**Italian Legislation on Solvency Margin**" means provisions of Italian law in force from time to time (including, for the avoidance of doubt, the Future Regulations upon their implementation) governing the instruments or liabilities taken into account in calculating the Solvency Margin.

"**IVASS**" means the *Istituto per la Vigilanza sulle Assicurazioni*, the Italian supervisory body for insurance;

"**Junior Securities**" means (A) all classes of share capital (including preference shares – *azioni privilegiate* – and savings shares – *azioni di risparmio*, if any) of ISP Vita; (B) any obligation, including preferred securities, guarantees or similar instruments issued by ISP Vita which rank junior to the Notes or *pari passu* with the share capital of ISP Vita; and (C) any guarantee or similar instrument from ISP Vita, ranking junior to the Notes or *pari passu* with the share capital of ISP Vita, covering the preferred securities or preferred or preference shares issued by a Subsidiary of ISP Vita;

"**Legislative Decree No. 239**" has the meaning given in Condition 9 (*Taxation*);

Mandatory Interest Deferral Events has the meaning given in Condition 5 (*Mandatory Deferral of Interest*);

"**Margin**" means 4.817 per cent.;

"**Parity Securities**" means (a) any subordinated note or bond issued by the Issuer, guarantees, preferred or preference shares or other securities issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and (b) any subordinated note or bond or preferred or preference shares or other securities issued by a Subsidiary of the Issuer having the benefit of a guarantee or similar instrument from the Issuer, which guarantee or instrument ranks or is expressed to rank *pari passu* with the Notes;

"**Payment Business Day**" means:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign exchange deposits) in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (B) in the case of payment by transfer to a euro account, a TARGET Settlement Day;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Rate of Interest**" means the Fixed Rate of Interest or the Floating Rate of Interest, as the case may be;

"Regulatory Event" has the meaning given in Condition 7.3 (*Redemption and Purchase – Redemption for regulatory reasons*);

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Supervisory Authority" means IVASS, or any successor entity of IVASS, or any other competent lead regulator to which the Issuer becomes subject;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or, as the case may be, interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment, to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or to amend the definition of "Reserved Matter";

"Solvency Capital Event" has the meaning given in Condition 5 (*Mandatory Deferral of Interest*);

"Solvency II Directive" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) and any applicable implementing provisions;

"Solvency Margin" means ISP Vita's solo and adjusted solvency margins (*margine di solvibilità*), as defined in article 2.1(h) of ISVAP Regulation no. 19 of 14 March 2008 and in accordance with EU Directive 73/239/EEC and EU Directive 2002/83/EEC, and **"Required Solvency Margin"** means the Solvency Margin required as defined in article 2(1)(i) of the same regulation;

"Solvency Margin Event" has the meaning given in Condition 5 (*Mandatory Deferral of Interest*);

"Specified Office" has the meaning given in the Agency Agreement;

"Subsidiary" means, in relation to any Person (the **"First Person"**) at any particular time, any other Person (the **"Second Person"**):

- (i) whose affairs and policies the First Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the First Person;

"**TARGET2**" means the Trans-European Automated real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET2 Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tax Event**" has the meaning given in Condition 7.2 (*Redemption and Purchase - Redemption for tax reasons*);

"**Taxing Jurisdiction**" means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax;

"**Tier 1 Own Funds**" means own funds eligible to be classified as Tier 1 (or whatever the terminology employed by the Future Regulations, including any transitional arrangements as applicable) under the Future Regulations; and

"**Tier 2 Own Funds**" means own funds eligible to be classified as Tier 2 (or whatever the terminology employed by the Future Regulations, including any transitional arrangements as applicable) under the Future Regulations.

2.2 Interpretation

In these Conditions:

- (i) any reference to principal shall be deemed to include the principal amount of the Notes, any Additional Amounts thereon and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any Additional Amounts thereon and any other amount in the nature of interest payable pursuant to these Conditions; and
- (iii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement.

3. STATUS AND SUBORDINATION

3.1 Status

The Notes and any relative Coupons constitute direct, unconditional and unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and:

- (a) junior to:
 - (i) any unsubordinated obligations of the Issuer (including liabilities to policyholders of the Issuer); and
 - (ii) any other subordinated obligation of the Issuer having a specified maturity date and to any other subordinated obligations of the Issuer which – but for any applicable

limitation on the amount of such capital – are eligible for a regulatory treatment: (a) before implementation of the Future Regulations of up to 25 per cent. of the Required Solvency Margin (or such other fraction of the Required Solvency Margin as will apply to dated instruments or liabilities, as opposed to perpetual instruments or liabilities); or (b) following implementation of the Future Regulations, as Tier 2 Own Funds (or whatever the terminology employed by the Future Regulations), except those obligations that are expressed to rank junior to the Notes;

- (b) at least equally with the Issuer's payment obligations in respect of any Parity Securities and with all other subordinated obligations of the Issuer which – but for any applicable limitation on the amount of such capital – are eligible for a regulatory treatment (a) before implementation of the Future Regulations, of up to 50 per cent. of the Required Solvency Margin (or such other fraction of the Required Solvency Margin as will apply to perpetual instruments or liabilities, as opposed to dated instruments or liabilities) or (b) following implementation of the Future Regulations, as Tier 1 Own Funds (or whatever the terminology employed by the Future Regulations); and
- (c) senior to the Issuer's payment obligations in respect of any Junior Securities.

3.2 No set-off

To the extent and in the manner permitted by applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Notes or the Coupons, and each Noteholder and Couponholder will, by virtue of his holding of any Note or Coupon, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

4. INTEREST

- (a) *Fixed Rate:* The Notes bear interest from (and including) the Issue Date up to (but excluding) the First Call Date at a rate equal to 4.75 per cent. per annum (the "**Fixed Rate of Interest**") payable, subject as provided in these Conditions, annually in arrear on each Fixed Rate Interest Payment Date. The amount of interest payable in respect of each Note on any Fixed Rate Interest Payment Date shall be €4,750 in respect of each Note of €100,000 denomination. If interest is required to be paid for any period which is not equal to a Fixed Rate Interest Period, it shall be calculated by applying the Fixed Rate of Interest to the principal amount of such Note, multiplying the product by the Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- (b) *Floating Rate:*
 - (i) If the Issuer does not redeem the Notes in accordance with Condition 7.4 (*Redemption and Purchase – Redemption at the option of the Issuer*) on the First Call Date, the Notes will bear interest at the Floating Rate of Interest (as defined below) payable, subject as provided in these Conditions, semi-annually in arrear on each Floating Rate Interest Payment Date.

(ii) The rate of interest applicable to the Notes (the "**Floating Rate of Interest**") for each Floating Rate Interest Period will be determined by the Calculation Agent on the following basis:

(1) the Calculation Agent will determine the rate for deposits in Euro for a period equal to the relevant Floating Rate Interest Period which appears on Reuters Page Euribor01 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the comparable rates) as of 11.00 a.m. (Brussels time) on the second TARGET Settlement Day before the first day of the relevant Floating Rate Interest Period (the "**Floating Rate Interest Determination Date**");

(2) if such rate does not appear on that page, the Calculation Agent will

(I) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in the market at that time; and

(II) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and

(3) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11.00 (Brussels time) on the first day of the relevant Interest Period for loans in Euro to leading European banks for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Floating Rate of Interest for such Floating Rate Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided however that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Floating Rate Interest Period, the Floating Rate of Interest applicable to the Notes during such Floating Rate Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Floating Rate Interest Period.

(iii) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Floating Rate of Interest is to be determined in relation to each Floating Rate Interest Period, calculate the

Interest Amount payable in respect of each Note for such Floating Rate Interest Period, by multiplying such Floating Rate of Interest by the principal amount of such Note during such Floating Rate Interest Period, and multiplying such product by the relevant Floating Rate Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

- (iv) *Publication:* The Calculation Agent will cause each Floating Rate of Interest and Interest Amount determined by it, together with the relevant Floating Rate Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Floating Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Floating Rate Interest Period. Notice thereof shall also be given promptly to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Floating Rate Interest Period.
- (v) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (c) *Accrual of interest:* Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption pursuant to Condition 7.1 (*Redemption and purchase – Redemption*), Condition 7.2 (*Redemption and purchase – Redemption for tax reasons*), Condition 7.3 (*Redemption and purchase – Redemption for regulatory reasons*) and Condition 7.4 (*Redemption and purchase – Redemption at the option of the Issuer*) unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which case such amounts of principal improperly withheld or refused will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of: (i) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5. MANDATORY DEFERRAL OF INTEREST

- (a) The Issuer shall, by giving notice to the Noteholders pursuant to Condition 16 (*Notices*) below, defer payment of all or some only of the interest accrued to an Interest Payment Date in respect of the Notes if: (i) a Solvency Capital Event has

occurred and will be continuing on such Interest Payment Date, or would be caused by the payment by the Issuer of interest and/or arrears of interest on the relevant date; or (ii) payment of the relevant interest and/or arrears of interest would result in the Issuer becoming insolvent in accordance with provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time; or (iii) a Solvency Margin Event has occurred and is continuing, and a deferral of the obligations of the Issuer to make payments in respect of interests on the Notes is required pursuant to Article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and Article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005 to enable the Issuer to carry on its activities in accordance with applicable regulatory requirements, provided that in the case where the payment of interest or arrears of interest would itself result in a Solvency Capital Event to occur, the Issuer shall defer the portion of the interest amount that would cause the Solvency Capital Event to occur ((i), (ii) and (iii) together a "**Mandatory Interest Deferral Events**").

A "**Solvency Capital Event**" is deemed to have occurred if:

- (i) the Solvency Margin of ISP Vita, on a consolidated or non-consolidated basis, falls below the Required Solvency Margin; or
- (ii) the Relevant Supervisory Authority has given (and has not withdrawn) notice to ISP Vita that it has determined that ISP Vita's financial and solvency condition is deteriorating in such a manner that its Solvency Margin is likely to fall below the Required Solvency Margin in the short term.

A "**Solvency Margin Event**" is deemed to have occurred if the Issuer suffers losses (also taking into account profits and losses relating to previous financial years) which would result in the Solvency Margin being reduced below the Required Solvency Margin.

- (b) If the Issuer is required to defer an interest payment pursuant to these Conditions, it shall not have any obligation to pay such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under these Conditions or for any purpose.

(c) *Deferred Interest*

- (i) Any unpaid amounts of interest deferred pursuant to these Conditions will constitute arrears of interest ("**Deferred Interest**"). Deferred Interest shall not bear interest.
- (ii) Deferred Interest may, at the option of the Issuer, be paid in whole or in part at any time; and shall become due and payable, in whole, on the earliest of:
 - (1) the next Interest Payment Date unless a Mandatory Interest Deferral Event is continuing on such Interest Payment Date;
 - (2) the date of any redemption of the Notes in accordance with these Conditions; or

- (3) the date an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer,

provided that the Relevant Supervisory Authority has given and has not withdrawn its prior consent to payment of the relevant amounts (if such prior consent is so required under applicable legislation at the relevant time); and *provided further that* neither a Solvency Capital Event nor a Solvency Margin Event will be caused by the payment of Deferred Interest.

6. LOSS ABSORPTION

- (a) If a Solvency Margin Event has occurred and is continuing, the principal amounts of the Notes shall be available to absorb losses in accordance with article 17(2)(c) of ISVAP Regulation no. 19 of 14 March 2008 and article 45(8)(e) of Legislative Decree no. 209 of 7 September 2005, and, therefore, the payment obligations of the Issuer relating to principal amounts of the Notes will be suspended to the extent necessary to enable ISP Vita to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, interest will continue to accrue on the nominal value of the Notes.
- (b) The payment obligations of the Issuer relating to any principal amounts of the Notes so suspended as aforesaid will be reinstated (in priority to any Junior Securities and on a *pari passu* basis with any Parity Securities and *pari passu* claims of the Issuer), as if such payment obligations had not been so suspended:
 - (A) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, inter alia, *liquidazione coatta amministrativa*) of ISP Vita and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, inter alia, *liquidazione coatta amministrativa*);
 - (B) in whole, in the event of early redemption of the Notes pursuant to Condition 7.2 (*Redemption for tax reason*), Condition 7.3 (*Redemption for regulatory reason*), Condition 7.4 (*Redemption at the option of the Issuer*); or
 - (C) in whole or in part, from time to time, to the extent that the Solvency Margin Event is no longer continuing and, therefore, the Solvency Margin is again at least equal to the Required Solvency Margin.
- (c) Amounts reinstated will become due and payable in accordance with these Conditions.
- (d) The Issuer shall forthwith give notice of any suspension and/or reinstatement pursuant to this Condition 6 to the Noteholders in accordance with Condition 16 (*Notices*) below and such notice shall include a confirmation of the Issuer's entitlement to such suspension and/or reinstatement, together with details of the amounts to be so suspended and/or reinstated.

7. REDEMPTION AND PURCHASE

7.1 Redemption

The Notes are perpetual securities in respect of which there is no specified maturity date. Subject to the provisions of Condition 7.2 (*Redemption for tax reasons*), Condition 7.3 (*Redemption due to a Regulatory Event*) and Condition 7.4 (*Redemption of the option of the Issuer*), the Notes will mature and will be redeemed by the Issuer at 100% of their nominal value together with accrued interest on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with, as the case may be, (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (the duration of ISP Vita is, subject to any extension, currently set at 31 December 2050); or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.

The Notes may not be redeemed at the option of Noteholders.

7.2 Redemption for tax reasons

- (a) The Notes may (subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time) be redeemed at the option of the Issuer in whole, but not in part, at any time before the First Call Date upon the occurrence of a Tax Event, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*), at 100% of their nominal value together with interest accrued (if any) to the date fixed for redemption.

A "**Tax Event**" is deemed to have occurred if:

- (A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 9 (*Taxation*), as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which the Republic of Italy is a party), or any change in the application or official or generally published interpretation of such laws or regulations (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures it deems appropriate; or
- (B) deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for Italian income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which the Republic of Italy is a party), or any change in the application or official or generally published interpretation of such laws or regulations or applicable accounting standards (including a change or amendment resulting from a ruling by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date, and such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would, in the case of sub-(A), be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due or, in the case of sub-(B), be unable to deduct such amounts for Italian income tax purposes.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by a duly authorised representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal or tax advisers of recognised standing to the effect that, in the case of sub-(A), the Issuer has or will become obliged to pay such Additional Amounts or, in the case of sub-(B), the Issuer is unable to deduct such amounts for Italian income tax purposes, in each case, as a result of such change or amendment.
- (c) Any notice of redemption shall be irrevocable and shall specify the date on which the Notes will be redeemed. The Issuer shall be bound to redeem the Notes on the relevant date specified in such notice in accordance with this Condition 7.2.

7.3 **Redemption for regulatory reasons**

- (a) If at any time before the First Call Date the Issuer determines that a Regulatory Event has occurred, the Notes may (subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time) be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*), at 100% of their nominal value together with interest accrued (if any) to the date fixed for redemption.
- (b) For the purposes of this Condition 7.3, "**Regulatory Event**" means that:
 - (i) the Issuer is no longer subject to the regulatory supervision of the Relevant Supervisory Authority; or
 - (ii) the Issuer is subject to consolidated regulatory supervision of the Relevant Supervisory Authority, and, it is not permitted under the applicable legislation and regulations adopted by the Relevant Supervisory Authority, or an official application or interpretation of those rules and regulations including a decision of any court or tribunal at any time whilst any of the Notes are outstanding to treat the Notes (in whole or in part) as own funds for the purposes of the determination of its Required Solvency Margin under Italian Legislation on Solvency Margin prior to implementation of Future Regulations; or
 - (iii) the Relevant Supervisory Authority issues new or amends requirements for available own funds eligible to meet up to 50 per cent. of the Required Solvency Margin and subsequently notifies to ISP Vita that the Notes (in whole or in part) do not meet such requirements (including for avoidance of doubt, where the Relevant Supervisory Authority has previously notified to ISP Vita that the Notes do meet such requirements); or

- (iv) under Italian Legislations on Solvency Margin following the implementation of Future Regulations, the Notes (in whole or in part) fail to be treated as Tier 1 Own Funds (including as a result of grandfathering), or cease to qualify as Tier 1 Own Funds after initially qualifying as such,

except where, in the case of sub-(ii), (iii) or (iv) this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as own funds to meet up to 50 per cent. of the Required Solvency Margin or as Tier 1 Own Funds, as the case may be, *provided that* in the case of sub-(iv), any Notes so exceeding the applicable limits may be included as Tier 2 Own Funds.

For the avoidance of doubts, this provision shall not apply in case of full recognition of the Notes as Tier 1 Own Funds as a result of grandfathering provisions.

- (c) Any notice of redemption shall be irrevocable and shall specify the date on which the Notes will be redeemed. The Issuer shall be bound to redeem the Notes on the relevant date specified in such notice in accordance with this Condition 7.3.

7.4 **Redemption at the option of the Issuer**

- (a) The Notes may be redeemed at the option of the Issuer (but subject to the prior approval of the Relevant Supervisory Authority) in whole, but not in part, on the First Call Date and on any Interest Payment Date thereafter at 100% of their nominal value together with interest accrued (if any) to the date fixed for redemption on giving not less than 15 nor more than 30 days' notice to the Noteholders.
- (b) Any notice of redemption shall be irrevocable and shall specify the date on which the Notes will be redeemed. The Issuer shall be bound to redeem the Notes on the relevant date specified in such notice in accordance with this Condition 7.4.

7.5 **Purchase**

ISP Vita or any of its Subsidiaries or the Issuer's parent company or any Subsidiary of the Issuer's parent company may - subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time - at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

7.6 **Cancellation**

All Notes purchased by or on behalf of ISP Vita or its Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Receipts and Coupons to the Fiscal Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations in respect of any such Notes shall be discharged. Any Notes purchased by or on behalf of ISP Vita or any of its Subsidiaries and not so surrendered for cancellation may be reissued or resold.

7.7 Authorisation

- (a) Any redemption provided for by Condition 7.2 (*Redemption for tax reason*), Condition 7.3 (*Redemption for regulatory reason*) or Condition 7.4 (*Redemption at the option of the Issuer*) and any purchase provided for by Condition 7.5 (*Purchase*) above shall be subject to any prior authorisation which may be required by any applicable law then in force, including authorisation from any authority supervising the business of the Issuer.
- (b) In particular, if the Italian Legislation on Solvency Margin provides that subordinated debt securities may be taken into account for the calculation of any relevant solvency margin, solvency requirement or adjusted solvency only if the terms and conditions of the relevant subordinated securities include a provision to the effect that authorisation from a supervisory authority must be obtained prior to the redemption or purchase of the relevant debt securities, such authorisation shall be a condition precedent to the redemption or repurchase of the Notes.
- (c) In this Condition 7.7:

"**Authorisation**" means consent, authorisation, approval, leave or permit; and

"**law**" includes any law, act of parliament, regulation, ruling, circular or letter or any official application or interpretation of the above, including a holding of a court of competent jurisdiction.

8. PAYMENTS

- (a) *Principal*: Payments of principal shall be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the Note at the Specified Office of any Paying Agent outside the United States by Eurocheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the Euro-zone.
- (b) *Interest*: Payments of interest shall, subject to Condition 8(f) (*Payments other than in respect of matured Coupons*), be made only against presentation and surrender (or, in the case of part payment only, endorsement) of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8(a) (*Principal*) above.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) *Deductions for unmatured Coupons*: if a Note is presented without all unmatured Coupons relating thereto, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided*,

however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment. Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (Principal) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (e) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (f) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (g) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. TAXATION

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any of the Taxing Jurisdiction, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after the withholding or deduction shall equal the respective amounts which otherwise would have been received in respect of the Notes or, as the case may be, Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment in respect of any Note or Coupon presented for payment:

- (i) in the Republic of Italy; or
- (ii) by or on behalf of a holder which is liable to the Taxes in respect of the Note or Coupon by reason of its having some connection with the Taxing Jurisdiction other than the mere holding of the Note or Coupon; or
- (iii) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (iv) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a

non-Italian resident legal entity or a non-Italian resident individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian authorities (the states allowing for an adequate exchange of information with the Republic of Italy are those listed in Ministerial decree of 4 September 1996, as amended and supplemented); or

- (v) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation which have been or may subsequently be enacted ("**Legislative Decree No. 239**"); or
- (vi) in all circumstances in which the requirements and procedures set forth in Legislative Decree No. 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (vii) where such withholding or deduction is imposed on a payment and required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (viii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (ix) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such Additional Amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
- (x) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended and supplemented from time to time; or
- (xi) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the Code, any laws, regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto; or
- (xii) any combination of items (i) through (x) above.

If, in respect of payments it makes in relation to the Notes, the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in this Condition to the Republic of Italy shall, where the context permits, be construed as references to such other jurisdiction.

10. ACCELERATION

If an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer, then any Note may – subject to applicable provisions of

law governing such winding-up, liquidation or dissolution – by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at 100% of their nominal value together with accrued interest (if any) without further action or formality.

11. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

12. **REPLACEMENT OF NOTES AND COUPONS**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or negotiation by any listing authority, stock exchange and/or negotiation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or negotiation system), subject to all applicable laws and listing authority, stock exchange and/or negotiation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. **AGENTS**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or additional or successor paying agents; *provided, however, that:*

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place

required by the rules of such listing authority, stock exchange and/or quotation system; and

- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER; MODIFICATION FOLLOWING A REGULATORY EVENT OR TAX EVENT

14.1 Meetings of Noteholders

- (a) The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.
- (b) In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution subject to compliance with the laws, legislation, rules and regulation of Italy in force and applicable to ISP Vita from time to time:
 - (A) a meeting may be convened by the Issuer or the Noteholders' Representative and shall be convened by either of them upon the request in writing of Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;
 - (B) a meeting of Noteholders will be validly held if (i) there are one or more persons present, being or representing Noteholders holding more than one half of the aggregate principal amount of the outstanding Notes, or (ii) in the case of a second meeting following adjournment of the first meeting for want of quorum and in respect of any subsequent meeting, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; *provided, however, that* the quorum shall always be at least one half of the aggregate principal amount of the outstanding Notes for the purposes of considering a Reserved Matter and *provided further that* the by-laws of the Issuer and/or, as the case may be, applicable provisions of Italian law, may from time to time require a different quorum at any such meeting which shall be indicated in the Notice convening the relevant Meeting;
 - (C) the majority required to pass an Extraordinary Resolution will be (i) one or more persons holding or representing at least one more than one half of the aggregate principal amount of the outstanding Notes, or (ii) in the case of any subsequent meeting one or more persons holding or representing at least two third of the aggregate principal amount of the Notes represented at the meeting *provided, however, that* a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders by one or more persons holding or representing at least one half of the aggregate principal

amount of the outstanding Notes and *provided further that* the by-laws of the Issuer and/or, as the case may be, applicable provisions of Italian law, may from time to time require a different majority which shall be indicated in the Notice convening the relevant Meeting.

- (D) a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will – to the extent permitted under then applicable law - take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

14.2 **Noteholders' Representative**

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a Noteholders' Representative (*rappresentante comune*) may be appointed, *inter alia*, to represent the interests of Noteholders in respect of the Notes, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

14.3 **Modification**

The Conditions of the Subordinated Notes may not be amended without the prior approval of the Relevant Supervisory Authority. The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error and it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

14.4 **Modification following a Tax Event or Regulatory Event**

- (a) Where a Tax Event or Regulatory Event occurs and is continuing, the Issuer may, without any requirement for the consent or approval of the Noteholders and without prejudice to its option to redeem pursuant to Condition 7.2 (*Redemption and Purchase - Redemption for tax reasons*) or Condition 7.3 (*Redemption and Purchase - Redemption for regulatory reasons*), as the case may be, modify the terms and conditions of the Notes to the extent that such modification is reasonably necessary to ensure that no Tax Event or Regulatory Event would exist after such modification *provided that*, following such modification:
 - (i) the terms and conditions of the Notes, as so modified (the "**modified Notes**"), are – in the Issuer's reasonable determination – no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification (the "**existing Notes**") *provided that* any modification may be made in accordance with paragraphs (ii) to (iv) below and any such modification shall not constitute a breach of this paragraph (i); and
 - (ii) the person having the obligations of the Issuer under the Notes continues to be ISP Vita; and

- (iii) the modified Notes rank at least equal to the existing Notes prior to such modification and feature the same tenor, principal amount, at least the same interest rate (including applicable margins), the same interest payment dates, and first call date (except for any early redemption rights analogous to redemption rights under the existing Notes (if any) for Regulatory Event and for Tax Event), the same existing rights to any accrued interest and any other amounts payable under the Notes as the existing Notes prior to such modification; and
- (iv) the modified Notes continue to be listed on the official list of the Luxembourg Stock Exchange (for the purposes of the Market in Financial Instrument Directive 2004/39/EC) and admitted to trading on the regulated market of the Luxembourg Stock Exchange (*provided that* the existing Notes were so listed prior to the occurrence of such Regulatory Event or Tax Event),

and provided further that:

- (1) ISP Vita obtains approval of the proposed modification from the Relevant Supervisory Authority (if such approval is required) or gives prior written notice (if such notice is required to be given) to the Relevant Supervisory Authority and, following the expiry of all relevant statutory time limits, the Relevant Supervisory Authority is no longer entitled to object or impose changes to the proposed modification;
 - (2) the modification does not give rise to a change in any published rating of the existing Notes in effect at such time (to the extent the existing Notes were rated prior to the occurrence of such Regulatory Event or Tax Event);
 - (3) the modification does not give rise to any right on the part of the Issuer to exercise any option to redeem the Notes prior to their stated maturity that does not already exist prior to such modification, without prejudice to the provisions under Condition 7.2 (*Redemption and purchase – Redemption for tax reasons*), Condition 7.3 (*Redemption and purchase – Redemption for regulatory reasons*) and Condition 7.4 (*Redemption and purchase – Redemption at the option of the Issuer*);
 - (4) the Issuer has delivered to the Fiscal Agent a certificate, substantially in the form set out in the Agency Agreement, signed by a duly authorised representative of the Issuer stating that conditions (i) to (iv) and (1) to (3) above have been complied with, such certificate to be made available for inspection by Noteholders; and
 - (5) in the case of any proposed modifications owing to a Tax Event, the Issuer has delivered to the Fiscal Agent an opinion of independent legal or tax advisers of recognised standing to the effect that the Tax Event can be avoided by the proposed modifications.
- (b) In connection with any modification as indicated in this Condition 14.4, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are then listed or admitted to trading.

15. **FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. **NOTICES**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, for so long as the Notes are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu) or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

19. **GOVERNING LAW AND JURISDICTION**

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with,

English Law, except that provisions concerning the status and subordination of the Notes are governed by the laws of the Republic of Italy. Condition 14.1 (*Meetings of Noteholders*) and the relevant provisions of the Agency Agreement concerning meetings of Noteholders and the appointment of a Noteholders' Representative (*rappresentante comune*), where applicable, are subject to compliance with the laws of the Republic of Italy.

- (b) *Jurisdictions*: The Issuer agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) *Appropriate forum*: The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- (d) *Service of Process*: The Issuer has appointed Intesa Sanpaolo S.p.A., London Branch at its registered office at 90 Queen Street, London EC4N 1SA as its agent for service of process. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.
- (e) *Non-exclusivity*: The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystème eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystème monetary policy and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystème eligibility criteria. **The Notes do not satisfy the Eurosystème eligibility criteria applicable as of the date of this Prospectus.**

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of €100,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Acceleration*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 17 December 2014 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is an overview of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by a Permanent Global Note and/or a Temporary Global Note and the Permanent Global Note and/or the Temporary Global Note are deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg except that, for so long as such Notes are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

Payment Business Day: Notwithstanding the definition of "**Payment Business Day**" in Condition 2.1 (*Definitions*), while all the Notes are represented by a Permanent Global Note or a Temporary Global Note and the Permanent Global Note or the Temporary Global Note is

deposited with a safekeeper for Euroclear and/or Clearstream, Luxembourg, "Payment Business Day" means any day which is a TARGET Settlement Day .

DESCRIPTION OF INTESA SANPAOLO VITA S.P.A.

ISP Vita is a private limited liability company resulting from the merger (the "**Merger**") of Centrovita Assicurazioni S.p.A., Intesa Sanpaolo Vita S.p.A. (formerly Intesa Vita S.p.A.) and Sud Polo Vita S.p.A. into EurizonVita S.p.A. which then changed its legal name to Intesa Sanpaolo Vita S.p.A. The Merger took legal effect as of 31 December 2011, with retroactive effect as of 1 January 2011 for tax and accounting purposes.

The Issuer's current registered office is at Corso Giulio Cesare 268, Turin, Italy and its administrative office is at Viale Stelvio 55/57, Milan and the telephone number is +390230511. ISP Vita is registered at the Companies Register of Turin under registration number 02505650370.

ISP Vita is enrolled with the register of Italian insurance and reinsurance companies under no. 100066, and is the parent company of the Intesa Sanpaolo Vita insurance group, which is enrolled in the register of insurance groups under no. 28.

The corporate objects of ISP Vita are to carry out insurance and reinsurance business activities in the life and non-life segments as well as business activities relating to health insurance and supplementary pensions, within the limits and in accordance with provisions of applicable law. Its corporate duration, as set out in its current by-laws, expires on 31 December 2050.

Share capital and shareholders; Intesa Sanpaolo Group

As at the date of this Prospectus, the issued and authorised share capital of ISP Vita amounts to €320,422,508, divided into 655,157,496 ordinary shares with no nominal value.

Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), the ultimate parent company of the Intesa Sanpaolo Group, owns 99.99 % of the issued outstanding share capital of ISP Vita . Intesa Sanpaolo is a public limited liability company incorporated in Italy. ISP Vita is subject to the supervision and coordination by, and is a consolidated subsidiary of, Intesa Sanpaolo. Intesa Sanpaolo provides parent funding to ISP Vita through subordinated loans. The ISP Vita Group carries out insurance and pensions activities within the Intesa Sanpaolo Group, a financial conglomerate whose main activities are in the banking sector. The Group relies also on the retail branches and financial promoters of the Intesa Sanpaolo Group for the distribution of many of its products. See further " – *Distribution channels*". As part of the Intesa Sanpaolo Group, the Issuer benefits from the significant cross selling opportunities offered by the wide customer base of the Intesa Sanpaolo Group, as well as the supervision, guidance and expertise of one of Italy's leading banking groups. For a description of the business relationships between the Group and companies within the Intesa Sanpaolo Group in the ordinary course of the Group's business: see further Part F (*Information concerning related parties*) of the notes to the 2013 Consolidated (Combined) Financial Statements.

The Group

The Group is a leading insurance group (*source: Associazione Nazionale fra le Imprese Assicuratrici*, the Italian national association of insurance undertakings) in terms of total assets and customers in Italy with over 3 million customers. As at and for the year ended 31 December 2013, taking into account Fideuram Vita S.p.A. subject to unitary management pursuant to the applicable insurance legislation (see further "*Information Incorporated by Reference*"), the Group had approximately €93.8 billion of assets under management and

gross earned premiums of €11,928.7 million, most of which derived from its life business with 1.79% attributable to its non-life business. Gross collection for the same period amounted to €19,813.8 million, while net earned premiums amounted to €11,921.3 million, of which €11,715.7 million derived from life business. Net insurance benefits and claims for the same period amounted to €13,232.3 million, while commissions and other acquisition costs amounted to €326.8 million. Consolidated result for the 2013 financial year amounted to €374.0 million. Net commissions (mostly from unit linked product) amounted to €144.2 million, while net income from financial instruments and investments amounted to €2,441.6 million.

Excluding Fideuram Vita S.p.A. from the scope of consolidation, the Group had, as at and for the year ended 31 December 2013, approximately €75.2 billion of assets under management and gross earned premiums of €11,370 million, most of which derived from its life business, with 1.87% attributable to its non-life business. Gross collection for the same period amounted to €14,178.5 million. Net earned premiums for the year ended 31 December 2013 amounted to €11,363.1 million, of which €11,156.6 million derived from the life business. Net insurance benefits and claims for the same period amounted to €12,459.6 million, while commissions and other acquisition costs amounted to €323.3 million. Consolidated result for the 2013 financial year amounted to €346.7 million. Net commissions (mostly from unit linked products) amounted to €97.0 million, and net income from financial instruments and investments amounted to €2,226.0 million.

The following tables set out certain key financial information of the Group which is derived from its audited consolidated (combined) balance sheets and income statements as at and for the years ended 31 December 2013 and 2012.

	<i>As at 31 December</i>	
	2013 Audited	2012 (*) Audited
<i>(euro in thousands)</i>		
BALANCE SHEET		
Intangible assets	635,497	637,227
Tangible Assets	983	755
Amounts ceded to reinsurers from technical reserves	14,168	13,438
Investments	98,122,173	87,853,669
– Land and buildings (investment properties)	27,597	27,838
– Investments in subsidiaries, associated companies and joint ventures	-	13,200
– Held to maturity investments	-	-
– Loans and receivables	80,996	92,903
– Available for sale financial assets	57,513,584	46,341,002
– Financial assets at fair value through profit or loss	40,499,996	41,378,726
Other Receivables	735,065	421,479
Other assets	1,791,746	1,496,164
Cash and cash equivalents	2,704,625	4,819,473
Total assets	104,004,257	95,242,205
Shareholders' equity	4,841,191	5,051,063
Shareholders' equity attributable to the Group	4,841,191	5,051,063
– Share capital	677,270	677,270
– Capital reserves	1,327,197	1,327,197
– Revenue reserves and other reserves	2,116,765	2,385,049
– Reserve for currency translation differences	(3)	2
– Reserve for unrealised gains and losses on available for sale financial assets	346,755	266,732
– Other gains or losses recognised directly in equity	(830)	(336)
– Result of the period	374,037	395,149
Other provisions	8,909	16,813
Technical reserves	62,943,839	55,376,421
Financial liabilities	31,890,279	27,881,548
– Financial liabilities at fair value through profit or loss	31,151,350	27,593,250
– Other financial liabilities	738,929	288,298
Debts	3,331,115	5,914,052
– Debts arising out of direct insurance operations	143,434	113,581
– Debts arising out of reinsurance operations	863	829
– Other debts	3,186,818	5,799,642
Other liabilities	988,924	1,002,308
Total shareholders' equity and liabilities	104,004,257	95,242,205
<i>For the year ended 31 December</i>		
	2013 Audited	2012 (*) Audited
<i>(euro in thousands)</i>		
INCOME STATEMENT		
Net premiums	11,921,326	5,660,143
– Gross earned premiums	11,928,684	5,666,524
– Earned premiums ceded	(7,358)	(6,381)
Commission income	533,048	441,024
Net income from financial instruments at fair value through profit or loss	356,232	1,342,573
Income from other financial instruments and investment property	2,345,924	2,223,521
Other income	166,946	100,925
Total income	15,323,476	9,768,186
Net insurance benefits and claims	(13,232,314)	(7,528,963)
Commission expenses	(388,821)	(324,529)
Expenses from other financial instruments and investment property	(260,510)	(460,137)
Acquisition and administration costs	(443,223)	(365,315)
Other expenses	(382,213)	(496,504)
Total expenses	(14,707,081)	(9,175,448)
Earnings before taxes	616,395	592,738
Income taxes	(242,358)	(197,589)
Earnings after taxes	374,037	395,149
Consolidated result of the period	374,037	395,149

Result of the period attributable to the Group**374,037****395,149**

(*) Certain 31.12.2012 balance sheet data have been restated, where necessary, to take into account the change in accounting principles and in the scope of consolidation in compliance with international accounting principles.

The following tables set out certain key financial information of the Group which is derived from its unaudited consolidated (combined) balance sheet and income statement as at 30 June 2014.

	<i>As at</i>	
	<i>30 June</i>	<i>31 December</i>
	<i>2014</i>	<i>2013 (*)</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>(euro in thousands)</i>	
BALANCE SHEET		
Intangible assets	634,888	635,497
Tangible Assets	1,318	983
Amounts ceded to reinsurers from technical reserves	25,152	14,168
Investments	104,957,640	95,731,105
– Land and buildings (investment properties)	27,477	27,597
– Investments in subsidiaries, associated companies and joint ventures	-	-
– Held to maturity investments	-	-
– Loans and receivables	81,672	80,996
– Available for sale financial assets	65,057,742	57,513,584
– Financial assets at fair value through profit or loss	37,790,749	38,108,928
Other Receivables	775,929	735,065
Other assets	2,139,865	1,791,746
Cash and cash equivalents	4,844,571	2,704,625
Total assets	113,379,363	101,613,189
Shareholders' equity	5,371,919	4,841,191
Shareholders' equity attributable to the Group	5,371,919	4,841,191
– Share capital	677,770	677,270
– Capital reserves	1,327,197	1,327,197
– Revenue reserves and other reserves	2,490,528	2,116,765
– Reserve for currency translation differences	(4)	(3)
– Reserve for unrealised gains and losses on available for sale financial assets	562,771	346,755
– Other gains or losses recognised directly in equity	(951)	(830)
– Result of the period	314,608	374,037
Other provisions	9,178	8,909
Technical reserves	71,408,415	62,943,839
Financial liabilities	34,675,676	31,854,647
– Financial liabilities at fair value through profit or loss	33,953,440	31,151,350
– Other financial liabilities	722,236	703,300
Debts	652,502	975,679
– Debts arising out of direct insurance operations	163,810	143,434
– Debts arising out of reinsurance operations	2,686	863
– Other debts	486,006	831,382
Other liabilities	1,261,673	988,924
Total shareholders' equity and liabilities	113,379,363	101,613,189
	<i>For the six months ended 30 June</i>	
	<i>2014</i>	<i>2013 (*)</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(euro in thousands)</i>	
INCOME STATEMENT		
Net premiums	8,487,097	4,849,032
– Gross earned premiums	8,491,484	4,853,143
– Earned premiums ceded	(4,387)	(4,111)
Commission income	286,712	254,816
Net income from financial instruments at fair value through profit or loss	93,692	122,977
Income from other financial instruments and investment property	1,309,643	1,168,118
Other income	66,648	61,473
Total income	10,243,792	6,456,416
Net insurance benefits and claims	(9,201,981)	(5,440,236)
Commission expenses	(208,318)	(184,233)
Expenses from other financial instruments and investment property	(28,148)	(95,972)
Acquisition and administration costs	(223,733)	(209,525)
Other expenses	(144,176)	(160,484)
Total expenses	(9,806,356)	(6,090,450)

Earnings before taxes	437,436	365,966
Income taxes	(122,828)	(105,601)
Earnings after taxes	314,608	260,365
Consolidated result of the period	314,608	260,365
Result of the period attributable to the Group	314,608	260,365

(*) Certain 31.12.2013 balance sheet data and 30.6.2013 income statement data have been restated, where necessary, to take into account the change in accounting principles and in the scope of consolidation in compliance with international accounting principles.

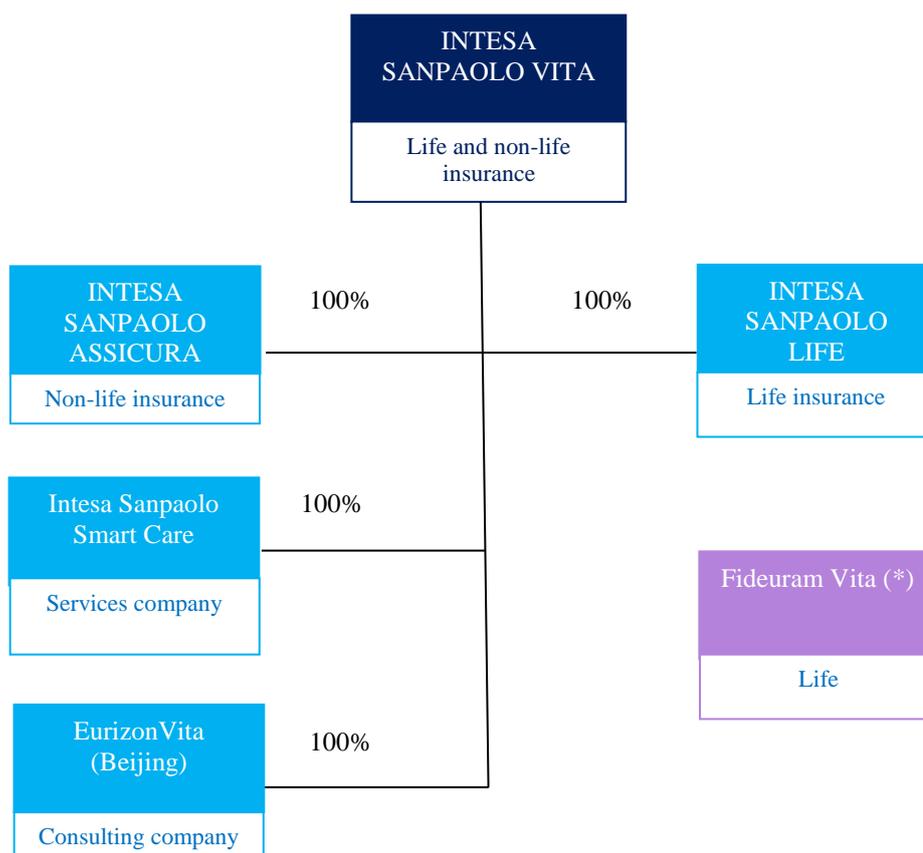
The Group offers a highly comprehensive range of investment and savings, insurance and pension products through a multi-channel distribution platform. The Group offers also non-life products to support Creditor Protection Insurance (protection for loans), motor and property and personal insurances.

ISP Vita operates in the life insurance business segment and is the parent company of the Group. At the date of this Prospectus, ISP Vita has the following subsidiaries:

- Intesa Sanpaolo Assicura S.p.A. ("**Intesa Sanpaolo Assicura**"), a 100% subsidiary of ISP Vita incorporated in Italy, which carries out insurance and reinsurance business in the non-life sector. Intesa Sanpaolo Assicura merged with, and incorporated, Bentos Assicurazioni S.p.A. (a 100% subsidiary of ISP Vita that specialises in non-life insurance) in December 2013, to consolidate the Group's non-life business within a single operating entity to enable a more structured and harmonised management of this area of activities;
- Intesa Sanpaolo Life Ltd. ("**Intesa Sanpaolo Life**"), a 100% subsidiary of ISP Vita based in Ireland, which specialises in unit-linked life insurance products and drives the run off of the index-linked portfolio. It holds regulatory clearance to operate in various European countries, including Ireland, Italy, Hungary, Luxembourg, Slovenia and Slovakia, and currently distributes its products in Italy and Slovakia through local intermediaries;
- EurizonVita (Beijing) Business Advisory Co., Ltd. ("**EurizonVita**"), a 100% subsidiary of ISP Vita based in China, which provides instrumental activities in relation to the minority participations held by ISP Vita in the Chinese life insurance company, Union Life Insurance Limited Company. EurizonVita has been placed under voluntary liquidation; and
- Intesa Sanpaolo Smart Care S.r.l. ("**Intesa Sanpaolo Smart Care**"), a new wholly owned subsidiary incorporated in September 2013 with the objective to expand the business offered through the sale of hardware/software products and remote services to allow the bundle offer with insurance product or the stand alone offer of technologies and services, thereby expanding the value chain of the ISP Vita Group through the use of new distribution channels to place products and services also on a standalone basis without necessarily requiring their link-up with a policy. Management believes that the introduction of insurance products incorporating remote technologies could contribute to establishing a stable leadership for the ISP Vita Group also in the non-life sector and would facilitate the Group to develop new areas of businesses not currently covered.

ISP Vita also consolidates, in its consolidated financial statements, Fideuram Vita S.p.A. ("**Fideuram Vita**"). Fideuram Vita – whose share capital is held by Intesa Sanpaolo S.p.A. (80.01%) and Banca Fideuram (19.99%) - is included in the scope of consolidation of ISP Vita in accordance with the provisions of article 96, paragraph 2(a) of Legislative Decree No. 209 of 7 September 2005 (the "**Insurance Code**") and instructions from IVASS¹. Fideuram Vita offers to its customers pension and insurance products as well as investment and savings solutions.

The following diagram illustrates the structure of the ISP Vita Group as of the date of this Prospectus.



(*) Fideuram Vita S.p.A. is consolidated within the Group in accordance with the Insurance Code and instructions from IVASS.

¹ Under Art. 96(1) of the Insurance Code, there is an obligation to draw up consolidated financial statements when two or more insurance undertakings having their head office in Italy operate under so called “unified management” (*direzione unitaria*) by virtue of contract or by-law provisions or when the majority of their management bodies are comprised of the same persons. Pursuant to art. 96(2)(a) of the Insurance Code and instructions from IVASS, this obligation also applies to insurance undertakings deemed to be subject to “unified management” as a result of being subject to the management of and supervision by the same parent company (incorporated in Italy, not being an insurance or reinsurance company) or the same insurance holding company. “Unified management” is deemed to exist between ISP Vita and Fideuram Vita as a result of both being subject to the management of and supervision by Intesa Sanpaolo.

Business operations

ISP Vita's objective is to deliver to its customers simple products capable of providing added value to the customer, an efficient service throughout the different phases of the insurance product, post-sales assistance tailored to meet the needs of its policy subscribers together with improved and transparent customer communication. The Group operates predominantly in Italy.

The principal products of the Group include:

- traditional life insurance policies (term and whole life) and participating life insurance policies, offering a variety of investment options;
- investment contracts with discretionary participation features (DPF): policies linked to segregated funds, contracts with benefits contractually based on investments performance;
- pension products: designed for retirement purposes or long-term investing and offering a variety of investment portfolios and underlying mutual funds; and
- a variety of non-life lines of business including insurance against sickness, accident, unemployment, permanent disability, insufficiency of income, property and liability, creditor protection and motor liability.

Since the completion of the Merger in December 2011, the Issuer's management has focused on completing the post-merger integration processes and rationalising the Group's operational platform. Management of the Issuer has also launched an overall review of the contractual documentation and post-sales practice of the Group's products, with a view to introducing simpler and clearer language both in terms of content and presentation. Since 2012, modern, front-end online sales connect ISP Vita to all the branches of the Intesa Sanpaolo Group and provide added support to the distribution network in both sales and after-sales activities. The strategic lines of action followed by the Group in 2013 were the following:

- focus on the customer and product innovation;
- focus on levels of capitalisation and safeguarding company assets;
- focus on corporate risks, promoting their reduction and monitoring, control and management, and developing a risk management culture at corporate level;
- focus on financial management and a conscious approach to management of liabilities;
- focus on cost management.

In particular:

- ISP Vita has undertaken a review and extension of its existing product range with a view to better meeting its customer requirements. Specific actions have been taken to provide commercial support to distribution networks, resulting in a considerable increase in business volumes, and initiatives have been launched to support the operations of its parent company aimed at expanding opportunities for customer contact and services, through both the extension of branch opening hours and out-of-branch activities;
- Intesa Sanpaolo Assicura has concluded the launch of the new motor insurance product "Viaggia Con Me" (Travel with Me). Support activities for the technical

performance of creditor protection insurance products and innovation in other product areas have continued, in particular in relation to home insurance; and

- Intesa Sanpaolo Life has focused its activities to increase assets under management, on the identification of niche products in the unit-linked segment by creating products aimed at achieving significant results for customers.

The pension fund business activities of Intesa Sanpaolo Previdenza – SIM S.p.A. (a subsidiary of Intesa Sanpaolo) have been transferred to ISP Vita, with effect from 1 December 2014, as part of the strategy of the Intesa Sanpaolo Group to concentrate all pension activities within the ISP Vita Group.

Distribution channels

The pensions, savings and investment products of ISP Vita are distributed through the retail branches of the Intesa Sanpaolo Group, pursuant to a distribution agreement that was renewed in 2011 and expires in 2021 with an option for renewal.

The credit protection insurance products of ISP Vita are distributed both through the retail branches of the Intesa Sanpaolo Group and the distribution network of Intesa Sanpaolo Personal Finance (formerly Neos Finance S.p.A., while the products of Intesa Sanpaolo Life are distributed in Italy and Slovakia through local intermediaries.

The pension products of ISP Vita (“PIP Progetto Pensione” and the open pension funds “Sanpaolo Previdenza” and “Sanpaolo Previdenza Aziende”) are distributed mainly through the bank branches of the Intesa Sanpaolo Group and the network of financial advisors of Banca Fideuram S.p.A. and private bankers of Sanpaolo Invest SIM S.p.A. The non-life products of Intesa Sanpaolo Assicura are distributed through the retail branches of the Intesa Sanpaolo Group, the distribution network of Intesa Sanpaolo Personal Finance, as well as the financial promoters of the Banca Fideuram network. Intesa Sanpaolo Assicura has also developed its own internet distribution channel.

Risk management

The following paragraphs describe the manner in which the Group manages the premium, actuarial-demographic and reserve risks present in its life and non-life portfolios and its operational risks in general. See further Part G (*Information on risks*) of the explanatory notes to the consolidated (combined) financial statements of the Issuer as at and for the year ended 31 December 2013 incorporated by reference herein. For a better description of the nature of these risks, see "*Risk Factors – Risks relating to the nature of the Group's insurance business*".

Life business

Premium risks are managed initially when pricing and determining the technical features of the product, and subsequently over the life of the instrument by means of periodic checks on sustainability and profitability (both at product level and at portfolio level, including liabilities). During the product definition stage, profit testing is used, which is aimed at measuring profitability and identifying any weaknesses beforehand, by means of specific sensitivity analyses.

Actuarial and demographic risks arise when an unfavourable trend is recorded in the actual loss ratio compared with the trend estimated when the rate was calculated, and these risks are reflected in the level of "reserves". The loss ratio refers not only to actuarial loss, but also to

financial loss (guaranteed interest rate risk). The Group manages these risks by means of systematic statistical analysis of the evolution of liabilities in its own contract portfolio, divided by risk type, and through simulations of expected profitability of the assets hedging technical reserves.

Reserve risk is managed through the exact calculation of mathematical reserves, with a series of detailed checks (for example, checking that all the variables required for the calculation such as yields, quotations, technical foundations, parameters for the supplementary reserves and recalculation of the value of single contracts are correctly saved in the system) as well as overall verifications, by comparing results with the estimates produced on a monthly basis. Specific emphasis is placed on using the correct assumptions for contracts, by checking the relative portfolio against the movements during the period, divided by purpose, and checking the consistency of the amounts settled compared with the movements of reserves. The mathematical reserves are calculated on almost the entire portfolio on a contract-by-contract basis, and the methodology used to determine the reserves takes into account all the future commitments of the company.

Non-life business

Premium risks are managed when pricing and determining the product's technical features, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all liabilities).

Reserve risk is managed through the exact calculation of the technical reserves, distinguished, in the non-life segment, between premiums reserves, claims reserves, profit sharing and reversal reserves, other technical reserves and the equalisation reserve.

With regard to risk assumption, policies are checked when acquired through an automatic system aimed at detecting the underwriting parameters associated with the applicable tariff. The check is thus not only formal, but also substantive, and in particular allows potential exposures to be identified in terms of capital and limits of liability, in order to verify that the portfolio matches the technical and tariff scheme agreed upon with the sales network.

Subsequently, statistical checks are carried out to verify potentially anomalous situations (such as concentration by area or by type of risk) and to keep under control accumulation at the level of individual persons (with particular reference to policies that provide cover in the accident and health branches). This is also carried out in order to provide the reinsurance department with suitable indications of the portfolio characteristics in order to prepare the annual reinsurance plan.

Asset liability management

In line with the growing focus in the insurance sector on the issues of value, risk and capital in recent years, a series of initiatives have been launched to strengthen risk governance and manage and control risk-based capital.

With regard to the Group's investment portfolios (including investments made to cover obligations with the insured and investments of its free capital), an investment framework resolution has been adopted to control and monitor market and credit risks. The resolution defines the goals and operating limits to distinguish the investments in terms of eligible assets and asset allocation, breakdown by rating classes and credit risk, concentration risk by issuer and sector, and market risks (measured in terms of sensitivity to variations in risk factors and value at risk). Investment decisions, portfolio growth and compliance with operating limits are reviewed on a monthly basis by specific investment committees.

In order to measure and manage all the underwriting and financial risks together, a simulation tool is used with the objective of measuring the intrinsic value, the fair value of the liabilities and the economic capital. The system is based on a dynamic Asset Liability Management (ALM) model that forecasts stochastically-generated economic scenarios, simulating the evolution of the value of assets and liabilities based on the technical features of the products, the trend in significant financial variables and a management rule which guides investments and disinvestments. This model measures the capital required to cover actuarial and financial risk factors. Among the former, the model measures risks deriving from the dynamics of an extreme surrendering of policies, from sharp changes in mortality and longevity, and from pressure on costs; among the latter, the models takes into consideration stress scenarios over year-long time spans on interest rates, on credit spread and on stock market trends. By means of the ALM system, the process makes it possible to calculate the sensitivity of liabilities with respect to the movements of market risk factors in order to effectively manage the financial assets covering technical provisions.

Any gaps between projected outflows and cash at hand are evaluated on a monthly basis in order to monitor liquidity risk arising from the difficulty of meeting outlay requirements not sufficiently covered by the redemption of investments. The asset and liability maturity profile is evaluated on a monthly basis, and seeks to keep the indicators of the average financial duration of these two components in a fixed range of compatibility, so as to ensure that assets are managed consistently with the maturity profile of the corresponding liabilities while also reflecting tactical views and market expectations.

Operational risks

The risk management division of the Intesa Sanpaolo Group performs a centralised function for the management of the operational risks group-wide. This division is responsible for the definition, implementation, and monitoring of the methodological and organisational framework of all business operations within the Intesa Sanpaolo Group (including the insurance business operations represented by the Group), as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to top management. ISP Vita has adopted its own risk monitoring system and procedures, in compliance with guidelines laid down by the parent company, for identifying, assessing, managing and mitigating the Group's own risks, and an integrated reporting system that supplies to its own management and that of the parent company all the relevant quantitative and qualitative information required for the management and/or mitigation of risks.

Board of Directors

Pursuant to the Issuer's by-laws, the board of directors is comprised of 3 to 11 members. At the date of this Prospectus, the Issuer's board of directors consists of nine directors.

Set out below are the current directors of ISP Vita, each of whose business address is Corso Giulio Cesare 268, Turin, their names, positions and principal business activities performed outside of ISP Vita. All of the directors have been appointed for a term expiring on the approval of the financial statements for the year ending 31 December 2014.

Name	Position	Principal activities performed by the director outside the ISP Vita Group
Luigi Maranzana	Chairman	None
Nicola Maria Fioravanti	Managing Director	Intesa Sanpaolo Assicura S.p.A. - Chairman
Elio Fontana	Vice-Chairman	Fondo Pensione Cariplo - Director Fondazione Cariplo - Director

Paolo Fignagnani	Director	None
Paolo Maria Grandi	Director	Banca Prossima S.p.A. – Chairman Consorzio PAN – Chairman Intesa Sanpaolo Holding International S.p.A. – Chairman SIA S.p.A. – Director Banca CR Firenze S.p.A. – Director and member of the Executive Committee Istituto Europeo di Oncologia – Director Banca IMI – Director ABI – Associazione Bancaria Italiana – Director Palladio Finanziaria S.p.A. - Director
Andrea Panozzo	Director	None
Anna Torriero	Director	CEPER S.r.l. – Director
Guglielmo Weber	Director	None--

Conflicts of interest

The directors of ISP Vita may, from time to time, hold directorships or other significant interests with companies outside the ISP Vita Group (including with Intesa Sanpaolo, the parent company of ISP Vita and companies belonging to the Intesa Sanpaolo Group) which may have business relationships with the ISP Vita Group.

As at the date of this Prospectus and to ISP Vita’s knowledge – also upon the examinations provided under article 36 of Law Decree no. 2014 of 6 December 2011 as converted into Law No. 214 of 22 December 2011 – no member of the Issuer’s board of directors is subject to potential conflicts of interest between their obligations arising out of their office or employment with the Issuer or the ISP Vita Group and any personal or other interests, except for those that may concern transactions put before the competent bodies of ISP Vita and/or entities belonging to the ISP Vita Group, such transactions having been undertaken in strict compliance with the relevant regulations in force.

Board of Statutory Auditors

Pursuant to Italian law, ISP Vita maintains a board of statutory auditors (*collegio sindacale*) composed of at least three independent experts in accounting matters.

The board of statutory auditors consists of three permanent and two alternate auditors, who may be re-elected. Once elected, auditors shall forfeit their assignment should situations of incompatibility arise, as envisaged by the law, and should they hold the office of permanent auditor in more than ten Italian listed and unlisted insurance companies (not including subsidiaries, parent company or companies controlled by the parent company).

Set out below are the current statutory auditors of ISP Vita, each of whose business address is Corso Giulio Cesare 268, Turin, their names, positions and principal business activities performed outside of ISP Vita. All of the statutory auditors were appointed at the ordinary shareholders’ meeting of ISP Vita held on 19 March 2013, for a term expiring on the approval of the financial statements for the year ending 31 December 2015.

Name	Position	Principal activities performed by the statutory auditor outside the ISP Vita Group
Massimo Broccio	Chairman	CONSORTEX S.c.p.a. –Board of Statutory Auditors’ Chairman SETEFI SpA - Standing statutory auditor ASSOCIAZIONE T WAI (World Affairs Institute) -Standing statutory auditor EURIZON CAPITAL S.p.A. - Standing statutory auditor SERI-JAKALA S.p.A. - Board of Statutory Auditors’ Chairman

		BANCO DI NAPOLI S.p.A. - Standing statutory auditor FONDAZIONE TORINO MUSEI - Board of Statutory Auditors' Chairman
Paolo Mazzi	Standing statutory auditor	DELTA ERRE S.p.A. – Chairman Università degli Studi di Padova - Director Fondazione G.B. Morgagni ONLUS - Director ACEGAS APS SERVICE S.r.l. - Board of Statutory Auditors' Chairman ALESSI DOMENICO S.p.A. - Board of Statutory Auditors' Chairman CELENIT S.p.A. - Board of Statutory Auditors' Chairman MUNARI F.LLI S.p.A. - Board of Statutory Auditors' Chairman Serenissima SGR S.p.A. - Board of Statutory Auditors' Chairman Banca Prossima S.p.A. - Standing statutory auditor Intesa Sanpaolo Group Services S.c.p.a. - Standing statutory auditor Centro Provinciale Istruzione Professionale Edile - Standing statutory auditor
Riccardo Ranalli	Standing statutory auditor	Intesa Sanpaolo Assicura S.p.A. - Board of Statutory Auditors' Chairman Fideuram Vita S.p.A. - Board of Statutory Auditors' Chairman Intesa Sanpaolo Group Services S.c.p.A. - Board of Statutory Auditors' Chairman Extra TO S.c.a.r.l. - Board of Statutory Auditors' Chairman Tecnoinvestimenti S.p.A. - Board of Statutory Auditors' Chairman Superstrada Pedemontana Veneta S.r.l. - Standing statutory auditor Ativa S.p.A. Standing statutory auditor Milanosesto S.p.A. – Director Brebemi S.p.A. - Standing statutory auditor Argentea S.c.p.A. - Standing statutory auditor Intesa Sanpaolo Smart Care S.r.l. – Single statutory auditor Autostrade Lombarde S.p.A. - Standing statutory auditor Facit S.p.A. – Board of Statutory Auditors' Chairman Immobiliare Effe S.p.A. - Board of Statutory Auditors' Chairman Mingori S.p.A. – Member of the Advisory Board Praxi S.p.A. - Standing statutory auditor
Eugenio Mario Braja	Alternate statutory auditor	Cerrato S.r.l. - Standing statutory auditor IMMIT – Immobili Italiani S.r.l. - Standing statutory auditor ISP CB Ipotecario S.r.l. - Standing statutory auditor ISP CB Pubblico S.r.l. - Standing statutory auditor ISP OBG S.r.l. - Standing statutory auditor Ledal S.p.A. - Standing statutory auditor Santander Private Banking S.p.A. - Standing statutory auditor Wabco Automotive Italia s.r.l. - Standing statutory auditor
Patrizia Marchetti	Alternate statutory auditor	Villa Melano S.p.A. - Board of Statutory Auditors' Chairman

Conflicts of interest

None of the statutory auditors of ISP Vita have any actual or potential conflicts of interests between their duties to ISP Vita as statutory auditors and their private interest and/or other duties.

Independent auditors

Reconta Ernst & Young S.p.A. have audited, without qualification, the 2012 Consolidated (Combined) Financial Statements of the Issuer as at and for the year ended 31 December 2012, in accordance with auditing standards recommended by CONSOB, as indicated in their report thereon. Reconta Ernst & Young S.p.A. is a member of Assirevi, the Italian professional association of auditors and is registered under no. 2 in the special register (*albo*

speciale) maintained by CONSOB and set out under Article 161 of Legislative Decree no. 58 of 24 February 1998 (as amended) and as required by article 17 "Setting up the Register" of Ministerial decree no. 145 of 20 June 2012 "Regulation implementing article 2.2/3/4/7 and article 7.7 of Legislative decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (12G0167)". Reconta Ernst & Young S.p.A. is included in the Register of Certified Auditors held by the Ministry for Economy and Finance – State general accounting office, at no. 70945. Reconta Ernst & Young S.p.A.'s address is Via Po 32, 00198 Rome.

The mandate of Reconta Ernst & Young S.p.A. (which was granted in 2007) terminated with the approval of the financial statements for the year ended 31 December 2012 and was succeeded by KPMG S.p.A., the Issuer's independent auditors as of 20 March 2013, pursuant to directions from the Issuer's parent company, Intesa Sanpaolo, to have a single auditor for all companies of the Intesa Sanpaolo Group.

KPMG S.p.A. is a member of Assirevi, the Italian professional association of auditors and is registered under no. 13 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree no. 58 of 24 February 1998 (as amended) and as required by article 17 "Setting up the Register" of Ministerial decree no. 145 of 20 June 2012 "Regulation implementing article 2.2/3/4/7 and article 7.7 of Legislative decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (12G0167)". KPMG S.p.A. is included in the Register of Certified Auditors held by the Ministry for Economy and Finance – State general accounting office, at no. 70623. KPMG S.p.A. have audited, without qualification, the 2013 Consolidated (Combined) Financial Statements and the 2013 Consolidated Financial Statements of the Issuer as at and for the year ended 31 December 2013, in accordance with auditing standards recommended by CONSOB, as indicated in their reports thereon.

KPMG S.p.A. has been appointed to act as ISP Vita's external auditor for the period 2013-2021. KPMG S.p.A.'s address is via Vittor Pisani, 25, 20124, Milan.

Litigation

ISP Vita and its subsidiaries are involved in various litigation proceedings and disputes (including those of a fiscal nature). For a description of certain tax assessments notified to the Group (in the case of ISP Vita, also in its capacity as successor to the companies which were incorporated in the Merger) and the relating proceedings pending before the tax commissions and the competent courts, see the paragraph headed "Tax position" at pages – 102 - 105 in the explanatory notes to the consolidated financial statements of the Issuer as at and for the year ended 31 December 2013 incorporated by reference herein. Although the outcome of such proceedings and disputes cannot be predicted with certainty, management believes that their ultimate outcome will not, taking into consideration provisions already set aside in the Group's consolidated financial statements, have a material adverse effect on the Group's results of operations or cash flows.

Employees

As at 31 December 2013, the Group had 520 employees, taking into account also members of the personnel seconded to (7) and from (25) companies of the Intesa Sanpaolo Group.

Recent developments

The economy of the Eurozone has remained weak during recent months. In Italy, the downward trend of Gross Domestic Product (GDP) has continued, with GDP contracting

consecutively in the first three quarters of 2014 (source: ISTAT). Tight fiscal consolidation policy, austerity measures and rising unemployment continue to undermine consumer and business confidence. See further “*Risk Factors – The Group’s business is directly affected by the financial and macroeconomic conditions of Italy*” and the paragraph headed “*Reference context and Group performance - Subsequent events and outlook*” in ISP Vita’s consolidated financial statements as at and for the year ended 31 December 2013, incorporated by reference in this Prospectus.

On 1 January 2014, the segregated funds “SPV Fondo Vivatre” and “Fondo Vivatre” merged. The increased size of the merged fund, which disposes of a larger portfolio of assets, should enable it to be managed in a more efficient manner and better exploit market opportunities.

On 23 January 2014 ISP Vita entered into a binding agreement for the sale of its 19.9% equity interest held in the Chinese life insurance company, Union Life, subject to obtaining the requisite authorisations by the local supervisory authorities. The consideration, according to the RMB/Euro exchange rate at the end of January 2014, was agreed at around €146 million, and would give rise to a positive contribution of approximately €30 million after tax to the Group’s income statement.

2014 half-year results

On 29 July 2014, the board of directors of ISP Vita approved a half-year report on the Group’s financial results as at and for the six months ended 30 June 2014. The unaudited consolidated (combined) interim financial statements of ISP Vita prepared in accordance with ISVAP Regulation no. 18 of 12 March 2008 and ISVAP Regulation No. 7 of 13 July 2007, as well as the unaudited consolidated interim financial statements of ISP Vita, in each case as at and for the six months ended 30 June 2014, together with the limited review report issued by the auditors on the latter, are incorporated by reference in this Prospectus. See further “*Information Incorporated by Reference*”.

TAXATION

The following is a general summary of certain tax consequences in Italy and the Grand Duchy of Luxembourg of acquiring, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. This summary is based upon tax laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.

*Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014, ("**Decrete No. 66** Errore. Il segnalibro non è definito."), has introduced new tax provisions amending certain aspects of the tax regime of the Notes as summarised below. In particular the Decree No. 66 has increased from 20 per cent. to 26 per cent. the rate of withholding and substitute taxes of interest accrued, and capital gains realised, as of 1 July 2014 on financial instruments (including the Notes) other than government bonds.*

Prospective purchasers of the Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws. Prospective purchasers of the Notes should not apply any of the information below to other areas including (but not limited to) the legality of transactions involving the Notes.

ITALY

Interest

Interest received outside the conduct of a business activity is deemed to be received for Italian tax purposes at each interest payment date (in the amount actually paid) and also when it is implicitly included in the selling price of the Notes.

Interest received by Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise is taxable on an accrual basis.

Interest and other proceeds

Pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Decrete No. 239**"), as amended and restated, and pursuant to Article 44, paragraph 2(c) of Decree No. 917 of 22 December 1986 ("**Decrete No. 917**"), in general, interest and other proceeds (including the difference between the redemption amount and the issue price) ("**Interest**") in respect of notes that qualify as "bonds" or "debentures similar to bonds" ("*obbligazioni*" or "*titoli similari alle obbligazioni*") for Italian tax purposes and are issued by Italian banks or listed companies (i.e., the so called "*Grandi Emittenti*") may be subject to an Italian substitute tax (*imposta sostitutiva*) depending on the legal status of the beneficial owner of such Interest and other proceeds. For these purposes, notes qualify as "bonds" or "debentures similar to bonds" if they incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the

relevant issuer or of the business in relation to which they are issued, are included in the category of "bonds and debentures similar to bonds" referred to in Decree No. 239, subject to the above regime.

Interest on the Notes

Interest on the Notes received by Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise is included in the taxable base for the purposes of corporate income tax (*imposta sul reddito delle società*, "**IRES**"), at 27.5% or individual income tax (*imposta sul reddito delle persone fisiche*, "**IRPEF**", at progressive rates), as applicable and - under certain circumstances - of the regional tax on productive activities (*imposta regionale sulle attività produttive*, "**IRAP**").

Interest on the Notes is subject to a 26 substitute tax ("*imposta sostitutiva*") if the recipient is included among the following categories of Italian residents: individuals, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES.

The 26% *imposta sostitutiva* does not apply where the Notes are held in a discretionary investment portfolio managed by an Italian authorised financial intermediary and the beneficial owner thereof, where possible, has opted to be taxed at a flat rate of 26% on the year-end increase in value of the investment portfolio accrued, even if not realised (which increase in value includes any Interest accrued on the Notes), pursuant to the so-called portfolio management tax regime ("*regime del risparmio gestito*") provided for by Article 7 of Legislative Decree 21 November 1997, No. 461 ("**Decree 461/1997**").

If the holders of the Notes are individuals or non-profit organisations engaged in an entrepreneurial activity and the Notes are connected to such entrepreneurial activity, the 26% *imposta sostitutiva* applies on a provisional basis and may be deducted from the taxation on income due.

Interest accrued on the Notes held by Italian open-ended or closed-ended investment funds ("*investment funds*"), *società di investimento a capitale variabile* ("**SICAV**") is not subject to such *imposta sostitutiva* but is included in the aggregate income of the investment funds, SICAV. A withholding tax of 26% will be levied on income of the investment funds or the SICAV derived by unitholders through distribution and/or redemption or disposal of the units. A withholding tax of 20% is levied on proceeds accrued up to 30 June 2014 and received by certain categories of unitholders upon redemption or disposal of the units.

Interest accrued on the Notes held by pension funds is not subject to such *imposta sostitutiva* but is included in the aggregate income of the pension funds which is subject to a substitute tax at the rate of 11% (increased to 11.5% for fiscal year 2014, pursuant to Decree No. 66. The draft of the 2015 Budget Law provides for a further increase to 20% for fiscal year 2015. Such increase would apply on a retroactive basis also for fiscal year 2014, but on a reduced taxable basis).

Interest on the Notes held by real estate investment funds to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply and Italian resident SICAFs to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 (the "**Decree No. 44**") apply, are not subject to *imposta sostitutiva*: no tax is levied on the aggregate income of the real estate fund.

Pursuant to Decree No. 239, *imposta sostitutiva* is levied by banks, SIMs, fiduciary companies, SGRs, stockbrokers, and other entities identified by a Decree of the Ministry of Finance (the "**Intermediaries**"). The Intermediaries must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident intermediary and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying Interest to the Noteholder.

Non-resident holders are not subject to such 26% *imposta sostitutiva* according to Article 6, paragraph 1, of Legislative Decree No. 239 of 1 April 1996, provided that:

- (a) they are either (i) resident for tax purposes in a State which allows an adequate exchange of information with Italy or, in the case of institutional investors not subject to tax, they are established in such a State, or (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks or other authorities engaged in the management of the official reserves (of a foreign State). According to Law No. 244 of 24 December 2007, a Decree still to be issued will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which allow for an adequate exchange of information with Italy;
- (b) the Notes are deposited directly or indirectly (i) with a bank or a SIM resident in Italy, (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Finance or (iii) with a non-resident entity or company which has an account with a centralised clearance system (such as Euroclear or Clearstream, Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance;
- (c) the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner, which states that the beneficial owner is a resident of a State that allows an adequate exchange of information with Italy. The declaration, which is not requested for supranational entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign central banks or entities which manage, *inter alia*, the official reserves of a foreign State, which must be in conformity with the form approved with ministerial decree 12 December 2001, is valid until it is revoked;
- (d) the banks or brokers mentioned above receive all necessary information to identify the non-resident beneficial owner of the deposited Notes, and all the necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 26% *imposta sostitutiva* on Interest if any of the above conditions (a), (b), (c) or (d) is not satisfied.

Fungible issues

Pursuant to Article 11, paragraph 2 of Decree 239, where the Issuer issues further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new Notes will be deemed to be the same amount as the issue price of the existing Notes. This

rule applies where (a) the new Notes are issued within 12 months from the issue date of the existing Notes and (b) the difference between the issue price of the new Notes and that of the existing Notes does not exceed 1% multiplied by the number of years of maturity of the Notes.

Capital gains

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

A 26% *imposta sostitutiva* is applicable on capital gains realised on the disposal of Notes by Noteholders included among the following categories of Italian residents: individuals holding the Notes not in connection with an entrepreneurial activity, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES.

In respect of the application of such substitute tax, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realised before 1 January 2012; (ii) 76.92% of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *regime del risparmio amministrato* being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the

Noteholder for this purpose. Under the *regime del risparmio amministrato*, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realised before 1 January 2012; (ii) 76.92% of the capital losses realised from 1 January 2012 to 30 June 2014. Under the *regime del risparmio amministrato*, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *regime del risparmio gestito* will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26% substitute tax, to be paid by the managing authorised intermediary. Under the *regime del risparmio gestito*, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Pursuant to Decree No. 66, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08% of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92% of the depreciations in value registered from 1 January 2012 to 30 June 2014. Under the *regime del risparmio gestito*, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Capital gains accrued on the Notes held by Italian investment funds and SICAVs are included in the annual accrued increase of the net asset value of such investment funds and SICAVs. A withholding tax of 26% will be levied on income of the investment funds or the SICAV derived by unitholders through distribution and/or redemption or disposal of the units. A withholding tax of 20% is levied on proceeds accrued up to 30 June 2014 and received by certain categories of unitholders upon redemption or disposal of the units.

Capital gains on the Notes held by real estate investment funds to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply and Italian resident SICAFs to which the provisions of Article 9 of Legislative Decree No. 44 apply, are not subject to substitute tax: no tax is levied on the aggregate income of the real estate fund.

Any capital gains on the Notes held by pension funds will be included in the aggregate income of the pension funds which is subject to a substitute tax at the rate of 11% (increased to 11.5% for fiscal year 2014, pursuant to Decree No. 66. The draft of the 2015 Budget Law provides for a further increase to 20% for fiscal year 2015. Such increase would apply on a retroactive basis also for fiscal year 2014, but on a reduced taxable basis).

Capital gains realised by non-residents not having a permanent establishment in Italy to which the Notes are connected from the sale of the Notes are in principle subject to a 26% tax. However, such gains are exempt from tax in Italy if:

- (a) the Notes are listed on a regulated market;
- (b) the Notes are not listed on a regulated market but the Noteholder is entitled to the exemption from the 26% substitute tax on Interest pursuant to Article 6, paragraph 1,

of Legislative Decree No. 239 of 1 April 1996 as described in "*Interest on the Notes*";
or

- (c) the Noteholder may benefit from a double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient.

Transfer tax

Contracts relating to the transfer of Notes are subject to a €200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of voluntary registration.

Stamp duty

Any communication that refers to financial products, including the Notes, held through an Italian intermediary, is subject to stamp duty at the rate of 0.20 per cent. and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). Stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

Wealth tax

Financial investments, including the Notes, held abroad by resident individuals in Italy without the involvement of an Italian intermediary are subject to tax at the rate of 0.20%. The tax basis is the market value, if any, resulting at the end of each given year in the state where the financial investments are held and also from the documentation issued by the reference foreign intermediary, or – in the lack of the market value – on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory. Similar foreign wealth taxes paid in the State where the financial investments are held are creditable.

EU SAVINGS TAX DIRECTIVE

Under EU Savings Tax Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the EU Savings Tax Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the EU Savings Tax Directive, they may amend or broaden the scope of the requirements described above.

On 24 March 2014, the Council of the European Union formally adopted Amending Directive and broadening the scope of the requirements described above. Member States are required to implement national legislation giving effect to these changes by 1 January 2016. That domestic legislation must be applied from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy of the EU Savings Tax Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April, 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. Please refer to paragraph "EU Savings Tax Directive" above.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree No. 84. Accordingly, such payment of interest arising out of the Notes would fall within the scope of the Directive being the Notes issued after 1 March 2001.

Noteholders who are individuals and receive Interest on the Notes should note that additional amounts which, at present, may become due as described in Condition 9 (*Taxation*) of the Terms and Conditions of the Notes above should not be due in respect of withholding tax

imposed under or pursuant to the Directive, or any law implementing or complying with, or introduced in order to conform to the Directive.

SUBSCRIPTION AND SALE

Banca IMI S.p.A., Citigroup Global Markets Limited, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc and UBS Limited (together, the "**Joint Lead Managers**") have, pursuant to a subscription agreement (the "**Subscription Agreement**") dated 15 December 2014, jointly and severally agreed to subscribe for the Notes at the issue price of 100% of the principal amount of the Notes, less certain commissions. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and such Joint Lead Manager will have sent to each dealer to which it sells any Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21 (1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Joint Lead Manager has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Joint Lead Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of the Prospectus and any other document relating to the Notes in the Republic of Italy except to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**") and in Articles 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**").

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

General

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers the Notes or possesses, distributes or publishes this Prospectus or any related offering material, in all case at its own expenses. Other persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expense.

GENERAL INFORMATION

Approval, Listing and Admission to Trading

The CSSF has approved this Prospectus as a prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. Application has also been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

Authorisations

The issuance of the Notes was approved by resolution of the board of directors of the Issuer dated 25 September 2014, and has been authorised by IVASS.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi, Albert I, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue J.F. Kennedy, L-1855 Luxembourg. The common code of the Notes is 115602411 and the ISIN code is XS1156024116.

Litigation

Save as otherwise described in "*Description of Intesa Sanpaolo Vita S.p.A. - Litigation*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

No significant change

Save as otherwise disclosed in the paragraph headed "*Description of Intesa Sanpaolo Vita S.p.A. - Recent developments*", since 30 June 2014 (being the last day of the financial period in respect of which the most recent interim financial statements of the Issuer have been published), there has been no significant change in the financial or trading position of the Group.

Material adverse change

Save as otherwise disclosed in the paragraph headed "*Description of Intesa Sanpaolo Vita S.p.A. - Recent developments*", there has been no material adverse change in the prospects of the Group since 31 December 2013.

Material contracts

Save with reference to the acquisition of the pension business activities of Intesa Sanpaolo Previdenza SIM S.p.A. (see "*Description of Intesa Sanpaolo Vita S.p.A. – Business operations*"), there are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Noteholders in respect of the Notes.

Change in control

There are no arrangements known to the Issuer the operation of which may result in a change of control of the Issuer.

Expenses related to admission to trading

The total expenses in relation to the admission to trading are estimated by the Issuer to be € 14,000.

Documents available for inspection

For so long as any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Subscription Agreement;
- (d) the by-laws of ISP Vita;
- (e) a copy of this Prospectus (including any supplement to this Prospectus);
- (f) the most recent publicly available annual consolidated financial statements of ISP Vita, beginning with the consolidated (combined) financial statements as at and for the years ended 31 December 2013 and 2012 and the consolidated financial statements of ISP Vita as at and for the year ended 31 December 2013 (together with English translations); and
- (g) the unaudited consolidated interim financial statements as at and for the six months ended 30 June 2014 (together with English translations).

In compliance with the requirements of the Luxembourg Stock Exchange, this Prospectus will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Interests of Natural and Legal Persons

Certain of the Joint Lead Managers and their affiliates (including their parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may have performed (or may in the future perform) services for, or may have provided (or may in the future provide) financing to, ISP Vita and its subsidiaries in the ordinary course of business.

In particular, Intesa Sanpaolo has an equity participation of 99.99% in the Issuer and has appointed all of the members of the board of directors and board of statutory auditors of the Issuer. Intesa Sanpaolo is also the parent company of Banca IMI S.p.A. which is acting as a Joint Lead Manager. Intesa Sanpaolo, which is one of the main financial lenders of the Issuer, has provided significant financing to the Issuer and subsidiary companies and has also granted financing to the Issuer in the form of subordinated loans and has made payments to the Issuer in the form of payment for future capital increases.

The proceeds of the Notes will be applied by the Issuer for general corporate purposes and to optimise the own funds composition of the Issuer itself and – subject to determination on the basis of the Group’s results, the outcome of the offering of the Notes and available financial resources of the Issuer - that of the Intesa Sanpaolo Group to which the Issuer belongs.

As Joint Lead Manager in relation to the Notes, Banca IMI S.p.A. (together with the other Joint Lead Managers) will receive fees at market level for the services rendered in connection with the issue of the Notes.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Joint Lead Managers' securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of notes offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

The yield on the Notes from (and including) the Issue Date to (but excluding) the First Call Date will be 4.75% per annum.

INTESA SANPAOLO VITA S.p.A.

Registered office

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United Kingdom

HSBC Bank plc

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United Kingdom

Merrill Lynch International

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United Kingdom

Morgan Stanley & Co. International plc

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London EC2N 2DB
United Kingdom

PAYING AGENT

Deutsche Bank AG, London Branch

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LEGAL ADVISERS

To the Issuer as to Italian Law:

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To the Dealers as to English and Italian Law:

Clifford Chance Studio Legale Associato

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20121 Milan
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AUDITORS

up to 19 March 2013

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Italy

as from 20 March 2013

KPMG S.p.A.

Via Vittor Pisani, 25
20124 Milan
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LISTING AGENT

Société Européenne de Banque S.A.

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