



Net Insurance S.p.A.

(incorporated with limited liability in the Republic of Italy)

€15,000,000.00

7.00 per cent. Fixed Rate Dated Subordinated Notes due 30 September 2026

ISIN: IT0005216475

The issue price of the €15,000,000.00 7.00 per cent. fixed rate dated subordinated notes due 30 September 2026 (the "Notes") of Net Insurance S.p.A. (the "Issuer" or "Net Insurance") is 100 per cent. of their principal amount.

The Notes constitute direct, unconditional and unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves, junior to any unsubordinated obligations of the Issuer (including liabilities to policyholders of the Issuer) and any other present or future subordinated obligations of the Issuer which rank, or are expressed to rank, senior to the Notes, at least equally with the Issuer's payment obligations in respect of any Parity Securities including, without limitation, any Tier 2 Own Funds, and senior to the Issuer's payment obligations in respect of any Junior Securities (each term as defined in "Terms and Conditions of the Notes – Status and Subordination").

Unless previously redeemed or purchased and cancelled in accordance with the Conditions, the Notes will bear interest on their principal amount from (and including) the First Issue Date (as defined below) at the rate of 7.00 per cent. per annum, payable annually in arrear on 30 September in each year, commencing on 30 September 2017. The Issuer is required to defer accrued interest on the Notes in the circumstances set out in Condition 5 (*Mandatory Deferral of Interest*).

The issuance of the Notes will take place in three Tranches of an amount equal to € 5,000,000 each issued on different issue dates. The first Tranche will be issued on 30 September 2016 (the "First Issue Date"). The other two Tranches will be issued following to the First Issue Date, on different issue dates which will fall within 31 December 2016 (together with the First Issue Date, the "Issue Dates"). The Notes will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects. The Notes of each Tranche following to the first shall be consolidated, form a single series of Notes and be interchangeable for trading purposes with the first Tranche issued on the First Issue Date.

Unless previously redeemed by the Issuer as provided below, the Notes will be redeemed on 30 September 2026 at their principal amount, together with interest accrued to, but excluding, such date. The Issuer may redeem in whole or in part the Notes at their principal amount plus accrued interest upon the occurrence of a Tax Event or a Regulatory Event.

Application has been made to the Italian Stock Exchange ("Borsa Italiana") for the Notes to be listed and admitted to trading on the *Segmento Professionale* (the "Professional Segment") of the ExtraMOT market ("ExtraMOT"). This document constitutes the listing particulars (the "Listing Particulars") for the purpose of such application and has been approved by Borsa Italiana.

ExtraMOT qualifies as a multilateral trading facility and not as a regulated market for the purposes of Directive 2004/39/EC. This Listing Particulars does not constitute a prospectus for the purpose of Article 5 of Directive 2003/71/EC, as amended from time to time (the "Prospectus Directive"). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Directive. This Listing Particulars has not been approved or reviewed by any regulator which is a competent authority under the Prospectus Directive in the European Economic Area (the "EEA") or in any other jurisdiction.

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 United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on transfers of the Notes, see "Placement and Sale".

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 pages 2 to 14.

The Notes will be in bearer form in the denomination of €100,000 each. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy ("Monte Titoli"), for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli. The Notes have been accepted for clearance by Monte Titoli. The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of Italian Legislative Decree dated 24 February 1998, No. 58, as subsequently amended and supplemented ("Legislative Decree No. 58") and in accordance with CONSOB and Bank of Italy Joined Regulation dated 22 February 2008, as subsequently amended and supplemented ("CONSOB and Bank of Italy Regulation"). The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of Legislative Decree No. 58.

Listing Particulars dated 30 September 2016

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Listing Particulars. 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 or incorporated by reference in this document is in accordance with the facts and does not omit anything likely to affect the import of such information

The Issuer confirms that this Listing Particulars contains all information regarding Net Insurance Group (as defined below) and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect (in the context of the issue of the Notes); any opinions, predictions or intentions expressed in this Listing Particulars on the part of the Issuer or Net Insurance Group are honestly held or made and are not misleading in any material respect; this Listing Particulars does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Paying Agent (as defined below) as to the accuracy or completeness of the information contained in this Listing Particulars or any other information provided by the Issuer in connection with the Notes or their distribution.

This Listing Particulars is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Listing Particulars should be read and construed on the basis that such documents are incorporated in and form part of this Listing Particulars.

Investors should rely only on the information contained in this Listing Particulars. The Issuer has not authorised anyone to provide investors with different information. The initial purchasers are not and the Issuer is not making any offer of the Notes in any jurisdiction where the offer is not permitted. The recipients of the Listing Particulars should not assume that the information contained in this Listing Particulars is accurate as of any date other than the date on the cover of this Listing Particulars regardless of the time of delivery of this Listing Particulars or of any sale of the Notes.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or Net Insurance Group or the Notes other than as contained in this Listing Particulars or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Listing Particulars nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and/or Net Insurance Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same 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 and/or Net Insurance Group since the date of this Listing Particulars.

Neither this Listing Particulars nor any other information supplied in connection with the offering, sale or delivery of any Note (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Listing Particulars or any other information supplied in connection thereto or any Notes should purchase any Note. Each investor contemplating purchasing any Note should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of Net Insurance Group. Neither this Listing Particulars nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

Each recipient of this Listing Particulars shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and Net Insurance Group and of the rights attaching to the Notes.

The distribution of this Listing Particulars and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Particulars comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Listing Particulars and other offering material relating to the Notes, see "*Placement and Sale*".

In particular, the Notes have not been, and will not be, registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Listing Particulars, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to "€", "**EUR**", "**Euro**" or "**euro**" 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.

The language of this Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Listing Particulars 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.

Forward-looking statements

This Listing Particulars may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's and Net Insurance Group's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

Market share information and statistics

This Listing Particulars contains information and statistics regarding the market share of Net Insurance Group, which are derived from, or are based upon, the Issuer's analysis of data obtained from the sources set out in the section "*Description of the Issuer*" below. Such data have been reproduced accurately in this Listing Particulars by the Issuer and, as far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render such reproduced information inaccurate or misleading. Although the Issuer believes that each external source used is reliable, the Issuer has not separately verified the information provided by the source. Furthermore, this Listing Particulars contains statements regarding the Issuer's industry and its relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer's estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in its industry which it believes to be reliable, there is no assurance that any of such information is accurate or correctly reflects the Issuer's or Net Insurance Group's position in the industry. None of the Issuer's internal surveys or information have been verified by independent sources.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and its consolidated subsidiaries (together the "**Group**" or "**Net Insurance Group**") and the industry in which the Group operates together with all other information contained in this Listing Particulars, including, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Listing Particulars have the same meanings in this section.

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 relating to the Issuer that are not currently known to the Issuer, or that are currently deemed immaterial, 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/or 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 Listing Particulars and their personal circumstances.

References in this Listing Particulars to the "Net Insurance Group" or the "Group" are to Net Insurance and its consolidated subsidiaries. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Listing Particulars have the same meaning in this section. Prospective investors should read the entire Listing Particulars.

Risk factors relating to the Issuer and the Group

Risk arising from the consolidated net loss recorded by the Group for the 2014 and 2015 financial years

The Group recorded a consolidated net loss of Euro 12.2 million for the 2015 financial year (as compared to a consolidated net loss of Euro 5.8 million for the 2014 financial year). The loss was mainly attributable to impairment write-downs of its participations, for a total amount of Euro 9.3 million (which is not tax deductible), and the total write-down to zero of its equity investments in banking institutions for an amount of Euro 3 million.

There can be no assurance that in the future the Net Insurance Group will not be required to recognise other impairment charges on its equity investments with a consequential material adverse impact on the Group's financial condition.

Furthermore, the continuing uncertainty in financial markets and any further deterioration or delay in recovery of the Italian economy may adversely affect the business, results of operations and financial condition of the Net Insurance Group, and as a consequence, weaken its capital structure.

Prior to investing in the Notes, prospective investors should carefully consider, *inter alia*, the consolidated net loss recorded by the Group for the 2014 and 2015 financial years.

Risks arising from financial markets

Difficult market and economic conditions have had, and may continue to have, an adverse effect on the Group's results of operations, business and financial condition

The Net Insurance Group's revenues, financial conditions and results of operations are affected by conditions in the global financial markets which have demonstrated significant volatility over recent years. Since the financial crisis of 2008, international financial markets have experienced severe disruptions, resulting in significant negative impact on the global economy. Despite the measures taken by governments and central banks in many countries aimed at supporting the financial system and the real economy, the global economy has remained volatile and could be further negatively affected by many factors. These factors include, *inter alia*, rising national debts, investor concerns about the cohesion of and disruption within the euro-zone (for example a disorderly exit of one or more of the member states), low growth and unfavourable growth prospects, insufficient productivity, high unemployment and lower consumer spending as well as political instability and terrorism.

Lingering market tensions might affect negatively the global economy and hamper the economic recovery. As such, another global recession or recessions affecting significant parts of the global economy or evolving market conditions may reduce the demand for the Net Insurance Group's products and the value of investments it holds.

Moreover, any further deterioration, or delay in recovery, of the Italian economy could have a material adverse effect on the business, results of operations and financial condition of the Group, in light of its significant exposure to the Italian economy.

Financial results may be affected by financial markets fluctuations and general economic conditions

In common with other insurance companies, the Net Insurance Group's business is inherently subject to, and affected by, changes in general macro-economic conditions and fluctuations in financial markets. Factors such as government and consumer spending, investments, the volatility and liquidity of the capital markets, inflation and deflation all affect the business and economic environment, and ultimately, the profitability of the Net Insurance Group. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, lower levels of investment and consumer spending, the demand for Net Insurance's products could be adversely affected. In addition, the Group may experience an elevated incidence of claims and lapses or surrenders of policies. All these factors could have significant consequences for the business, results of operations and financial condition of the Net Insurance Group.

The Group is exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's potential exit from the European Union

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. The result of the referendum does not legally require the United Kingdom to exit the European Union, and it is currently unclear if or when the United Kingdom will formally serve notice to the European Council of its intention to withdraw, a process that is essentially unprecedented in European Union history and one that could involve months or years of negotiation to draft and approve a withdrawal agreement in accordance with Article 50 of the Treaty on European Union.

Regardless of any eventual timing or terms of the United Kingdom's exit from the European Union, the June referendum has created significant political, social and macroeconomic uncertainty on the United Kingdom's and EU's economic and political prospects, as well as having created in its immediate aftermath significant turmoil on the global financial markets.

The possible exit of the United Kingdom (or any other country) from the European Union, the potential withdrawal of Scotland, Wales or Northern Ireland from the United Kingdom, or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility, decreased GDP in the European Union and a downgrade of sovereign credit ratings. As such, no assurance can be given that such matters would not adversely affect the ability of the Group to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

Risks arising from the nature of the Group's business

In connection with other insurance undertakings, the Net Insurance Group is exposed to financial risks related to its activities, including market risk, credit risk, liquidity risk and underwriting risks, as described in the following paragraphs.

In order to better monitor its potential exposure to risks, and in compliance with the provisions of IVASS Regulations No. 36/2011 and No. 20/2008, the Group outsources the analysis of its portfolio of financial assets and related risk measurement to a company specialized in the provision of risk assessment services and has implemented internal guidelines setting out criteria and limits to be followed when making investments in terms of trading market, concentration, counterparties, rating and currency.

Market Risk

"*Market risk*" – also defined by the Solvency II Directive as the risk of loss or adverse change in financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments – may adversely affect not only the value of the investments held, but also the results of the Group's insurance operations due to reduction in investment income from assets backing contractual liabilities towards the policyholders, as well as the Group's financial condition as a result of impact on the capital requirements of its insurance operations. The Group is furthermore subject to sovereign risk (the risk of default, or worsening in the creditworthiness, of the issuer of sovereign debt held by it); and risk of changes in credit spreads.

The Group is currently not exposed to any risk resulting from changes in exchange rates, given that as at the date of this Listing Particulars it does not hold any investments denominated in foreign currencies, and has in place an investment strategy that it regularly updates in order to monitor the other market risks that may affect its investment portfolio. Notwithstanding the foregoing, there can be no assurance that the Group will not incur any loss in its investments as a result of market risk, with a consequential negative impact on the Group's results of operations and financial condition.

Credit risk

The Group is subject to "*credit risk*", also defined by the Solvency II Directive as the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations. The Group monitors its exposure to credit risk present in its holdings of fixed income investments both in terms of concentration by issuer and in terms of creditworthiness, in accordance with the provisions set out in its investment strategy and with assessments performed by its risk management function.

The Group is also exposed to risk of default by reinsurers. See further "*Risk relating to default by reinsurers and adverse changes to the scope or cost of reinsurance coverage*".

Risk relating to default by reinsurers and adverse changes to the scope or cost of reinsurance coverage

The Group enters into reinsurance arrangements for both its life and non-life operations under which the reinsurers assume a portion of the costs, losses and expenses associated with the policy claims and reported/unreported losses in exchange for a portion of the insurance premium. The availability and cost of reinsurance depend on general market conditions and can vary significantly. Notwithstanding the reinsurance arrangements, the Group remains liable for the transferred risk in case of default by the reinsurers. The Group seeks to mitigate this risk by entering into reinsurance arrangements only with reinsurers with elevated credit rating and proven financial solidity and to limit the exposure to any individual reinsurer.

The inability or failure of reinsurers to meet their obligations, the non-availability of reinsurance coverage, increase in the cost of reinsurance or changes in the scope of coverage could all adversely affect the Group's business, financial condition and results of operations.

Liquidity Risk

"*Liquidity risk*", as defined also by the Solvency II Directive, refers to the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due. The Group seeks to mitigate this risk through strict compliance with specific limits and parameters laid down in the Group's policy on financial investments, with investments predominantly in securities listed on the regulated markets. However, particularly in times of market stress, the Group may not be able to liquidate its investments promptly, or may be able to do so only with price markdowns, with consequential negative effects on the Group's net assets, results of operations and financial condition.

Capitalization risk

"*Capitalization Risk*" is the risk that, due to recorded losses or changes in government policy, legislation or regulatory interpretation, the Group may have to raise additional capital as own funds. It cannot be excluded that raising additional capital would be expensive, difficult or impossible on adequate or acceptable terms with consequential potential negative effect on the Group's capital adequacy, business and/or financial condition.

Risk arising from reinsurance activity

The supply of reinsurance is related to prevailing prices, the level of insured losses and the level of industry surplus, which may fluctuate in response to changes in premium rates and rates of return on investments being earned in the reinsurance industry. As a result, the reinsurance business has historically been cyclical, which is characterized by periods of intense competition on price and policy terms due to excessive underwriting capacity as well as periods when shortages of capacity permit favourable premium rates and policy terms and conditions.

In the context of the reinsurance activity and given the proportional reinsurance processes implemented by the Group, Net Insurance Group benefits, in the short term, from an improvement in its income statements, due to reinsurance premiums payable by the ceding companies for re-allocation of risk. On the contrary, any reinsurance ceded by the Net Insurance Group will result in an overall reduction of the premiums written by the Group.

Underwriting risk

"*Underwriting risk*", as defined also by the Solvency II Directive, refers to the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions, as further described in the following paragraphs.

Pricing risk

Pricing risk represents one of the components of underwriting risk faced by insurers and refers to the risk that future premiums together with the existing provisions are insufficient to cover the cost of claims plus expenses incurred in relation to insurance contracts.

The Group calculates its tariffs based on actuarial and statistical methods and assumptions. The Group uses its experience in this sector and available market information to determine the price at which it underwrites an insurance policy and develops estimates of revenues from future policies. However, changes in or incorrect assumptions used by the Group in its tariff calculations, incomplete information or inaccurate analysis of available data all contribute to pricing risk, with consequential adverse effects on the Group's business, financial condition and results of operations.

Termination risk

In the case of an early termination of the loan agreement underlying the insurance protection policy issued by the Group, where insurance coverage has been paid through a single premium, the Group is obliged to refund the part of the premium already paid relating to the residual period of coverage. In the case of a transfer of the loan agreement, the existing insurance protection policy may, at the option of the borrower-transferee, either be continued through to maturity or terminated early. Early termination of a large number of insurance protection policies during a specific reporting period, including as a result of delay in notification of early termination that occurred during the preceding reporting period, could negatively affect the Group's financial condition and results of operations of such reporting period.

Catastrophe risk

The Group operates in the natural events insurance segment primarily through its offering of protection against the damages of hail to the agricultural industry. The incidence and severity of catastrophes, and the scale of loss and damage caused thereby, cannot be predicted and can potentially result in significant losses to the insurer. Although the Group continues to monitor potential risks and reinsures a portion of this risk, an increase in the frequency and/or scale of catastrophe losses could have negative effects on the Group's financial condition and results of operations.

Reserve risk

"Reserve risk" refers to the risk that the size of the Group's technical provisions and reserves for outstanding claims may be inadequate. In particular, the assumptions used by the Group in determining its technical provisions and reserves may differ from the actual results. Should these assumptions turn out to be inaccurate, the Group's claims provisions may prove to be insufficient to cover actual claims, and the Group may need to increase technical provisions, with consequential impact on the Group's results of operations and financial condition.

Risks arising from equity investments

"Risks arising from equity investments" are the risks of losses arising from negative changes in the fair value of the portion of the equity investments portfolio held by the Group as a result of a decrease of the economic value of the companies in which such investments are held.

In general, equity investments are characterized by a certain level of risk. There is no assurance that Net Insurance would be able to identify promptly and implement viable alternative investment opportunities and dispose of its equity investments in order to realise a desired profit margin or to avoid any loss/write-down.

Risks associated with the concentration in the credit insurance product business

The Group's core business is represented by the offering of insurance coverage related to personal loans guaranteed by a salary or pension. Insurance policies issued by the Group to financial institutions to provide protection to lenders against the inability of borrowers to repay the loan upon employment or death accounted for approximately 91.8 per cent. of the life and non-life policies written by the Group, or 77.9 per cent. of the gross earned premiums, for the 2015 financial year. Such business concentration may expose the Group to the risk of economic downturns in this market segment. In particular, stagnation in the personal loans market, contraction in funding from financial institutions granting loans in this market segment, or any negative trends affecting the broader consumer finance industry as a whole, could adversely affect the demand for personal loans guaranteed by salary or pension and, consequently, the Group's business in this market segment.

Specific risks associated with the Group's life insurance business

In setting the prices for its life products, the Group relies on a variety of assumptions and premiums for its products are calculated on the basis of statistics on mortality and actuarial projections of the population's life expectancy in addition to historical data of the Group's life portfolio. These statistics may prove inaccurate and there may be a lack of sufficient reliable data. In addition, the underlying assumptions and projections used may be incorrect and inappropriate or inadequate methodologies may have been applied by the Group when making its calculations. Furthermore changes in the regulatory framework and claims settlement practices may impact the Group's actual claims experience. Despite the fact that a portion of the risk is passed onto reinsurers through reinsurance arrangements, losses beyond the calculated risks could still be experienced as a result of, amongst other things, catastrophic events or accumulation of claims.

All these factors may result in the actual claims and benefits exceeding the value of the calculated risks and could result in material adverse effects on the Group's life insurance operations in particular, and on its results of operations and/or financial condition.

Operational risk

"Operational risk" refers to the risk of losses due to inadequacy or failures of internal processes, human resources or internal systems, including those used for distance selling, or arising from external events, such as fraud or the activities of service providers and fraudulent claims from customers. Operational risk also includes legal and compliance risks. The Group maintains a system of controls designed to monitor constantly operational risks through specific mappings and service providers are subject to careful scrutiny to minimise risk of possible disruption of activities.

In relation to operational risk associated with its data management system, in order to meet its Pillar III reporting requirements under Solvency II, the Group has adopted a system for recording and reporting that

provides for the traceability of the data so as to have complete and updated information on all the elements that impact the risk profile of the Group and its solvency position.

There can, however, be no assurance that these measures will effectively protect the Group from operational risks.

Reliance on key personnel

The profitability of the Group depends on, among other things, its ability to attract and retain qualified personnel with relevant know-how and experience in the business operated by the Group, including its key management and certain members of the Board of Directors of Net Insurance.

The loss of any one or more of these key figures, failure to find a suitable replacement with the necessary expertise or the inability to attract and retain additional qualified personnel required to develop the Group's business could jeopardise the Group's competitive position and therefore have an adverse effect on the Group's business, financial condition and results of operations.

Risks arising from the absence of a credit rating

Neither the Notes nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. The ratings may not reflect the potential impact of all risks relating to the structure, market and other factors that may affect the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Reputational risks

The Group's reputation is a key factor in its relations with its shareholders, customers and business partners.

Any act or fact which may create a deterioration in its corporate image, such as an increase of conflict with policyholders, a deterioration of the quality of services offered, the placement of unsuitable policies or inappropriate behaviour of the sales network, may have adverse effects on the economic and financial condition of the Net Insurance Group.

Risks arising from regulatory changes

Regulatory compliance and regulatory changes

The Net Insurance Group's business is subject to applicable laws and regulations within Italy and the European Union. In Italy, the Group's business is subject to regulation by regulatory agencies, and in particular, IVASS, which has broad powers over many aspects of insurance businesses, including the authority to grant, vary the terms of, or cancel an insurance undertaking's authorisation, require maintenance of adequate capital resources, premium rates, investigate marketing and selling practices, supervise the activities of insurance intermediaries, review policy forms, terms of business and permitted investments. Furthermore, IVASS has the power to take a range of disciplinary and enforcement actions, including public censure, fines and other sanctions.

IVASS may make enquiries of the insurance undertakings which it regulates regarding compliance with regulations governing the conduct and operation of their business. The Issuer believes that each of the Group's regulated businesses dedicates sufficient resources to its compliance programme, endeavours to respond to regulatory enquiries in a timely and appropriate way and takes corrective actions if and when required. However, all regulated insurance undertakings face the risk that IVASS could find that they have failed to comply with applicable regulations or have not undertaken corrective actions when required.

At the European level, Italian insurance undertakings are subject to a number of EU Directives governing the insurance sector and to the relevant applicable implementing rules. Risk-based capital requirements were introduced pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on taking-up and pursuit of the business of insurance and reinsurance (so called "**Solvency II Directive**"). The Solvency II Directive was amended and supplemented by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 (the "**Omnibus II Directive**"), which also introduced transitional measures. The new Solvency II framework lays down new requirements on own funds, calculation of technical provisions, valuation of assets and liabilities, governance structure,

regulatory reporting and disclosure and transparency of insurance undertakings. The Solvency II Directive was implemented in Italy by Legislative Decree No. 74 of 12 May 2015, which amended the Code of Private Insurance (Legislative Decree No. 209/2005).

On 10 October 2014 the European Commission adopted a Delegated Act containing implementing rules for Solvency II. Following approval of the European Parliament and Council, this was published in the Official Journal on 17 January 2015, as Commission Delegated Regulation 2015/35 and entered into force the following day. This Act is directly applicable in all European Union Member States.

As of 1 January 2016 the Solvency II framework became fully effective.

The Solvency II framework, which consists of the level 1 Directive, the accompanying level 2 implementing measures, such as the aforementioned Commission Delegated Regulation 2015/35, as well as level 2.5 Commission implementing regulations laying down implementing technical standards and associated level 3 guidelines developed by EIOPA, creates a more stringent and more comprehensive regulatory framework (compared to the supervisory and solvency regime under Solvency I) for insurance and reinsurance undertakings within the European Union.

The new Solvency II regime has significantly transformed the prudential regulation of insurers and insurance groups and, as a consequence, generates a number of risks for insurance and reinsurance undertakings. In particular, although the underlying intention behind the Solvency II regime is generally understood, there remain areas of uncertainty regarding the appropriate interpretation of some aspects of the text of, and the additional measures adopted to give effect to, the Solvency II Directive.

There is a risk that, due also to changes in government policy, legislation or regulatory interpretation, securities issued by Net Insurance Group will no longer be, in whole or in part, eligible as own funds and/or will not be sufficient to comply with the capital requirements from time to time required under Solvency II or otherwise, as a result of which the Net Insurance Group might have to refinance its existing debt or raise additional capital as own funds. It cannot be excluded that raising additional capital or refinancing its debt would be expensive, difficult or impossible on adequate or acceptable terms with consequential potential negative effects on the Group's capital adequacy, business and/or financial condition.

Furthermore, changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Net Insurance Group operates may adversely affect its product range, the distribution of the products covered by the Group's insurance policies as well as capital requirements of the operators in these markets, all of which could have an impact on the Group's insurance products and, consequently, its business and results of operations. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

The entry into force of the Insurance Distribution Directive could adversely affect Group's business, results of operations and financial conditions

The Insurance Distribution Directive ((EU) 2016/97) ("**IDD**") represents a recasting of the Insurance Mediation Directive (2002/92/EC) ("**IMD2**"). IDD was adopted by the European Parliament and the Council of the European Union in November and December 2015, respectively, and entered into force on 23 February 2016 with the aim of improving EU regulation in the insurance market by insuring a level playing field among all participants involved in the sale of insurance products. It is also designed to strengthen policyholder protection and make it easier for firms to trade cross-border. Although the IDD significantly raises the minimum standards of the IMD, like the IMD, the IDD is a minimum harmonisation directive. This means that Member States can go further than the minimum provisions set forth in the IDD if they choose to do so, provided any such provisions are consistent with EU law.

The IDD introduces, *inter alia*, the following changes: (i) extended scope to cover sellers of insurance products (including those that sell directly to customers and price aggregator comparison websites), anyone who assists in administration and performance of insurance contracts and ancillary insurance intermediaries; (ii) higher standards of disclosure and transparency requirements for insurance distributors regarding the nature of their remuneration and standardised information document requirement for packaged retail investment and insurance-based investment products; (iii) a requirement that Member States introduce rules to ensure that distributors are not remunerated and do not remunerate or assess the performance of their employees in a way that may lead to conflicts with their duty to act in the best

interests of customers; (iv) enhanced professional requirements and certification for distributors, taking into account the products being sold and the type of distributor, as well as conduct of business requirements; (v) improved rules on product oversight and governance; and (vi) disclosure requirements in cross-selling and bundling.

The changes introduced by the IDD are likely to have a significant effect on the European insurance market in general and Net Insurance Group in particular, as a result of, *inter alia*, increase of costs, compliance obligations regarding sales requirements, information disclosure and business practices, and an impact on distribution channels.

Transposition of the IDD by Member States is expected within two years meaning that the revised rules for the distribution of insurance products ought to be in effect by January 2018. Some measures will be introduced through various instruments, including, *inter alia*, guidelines issued by EIOPA before that date.

The Net Insurance Group may be affected by increased competition

The Issuer's business is conducted in a highly competitive environment where profitability depends, *inter alia*, on the management's ability to respond to the pressures and trends of the insurance market. The Italian insurance market has experienced significant changes in recent years due to the introduction of several laws and regulations implementing a number of EU Directives governing the insurance sector. The development of a single European market together with the reduction of regulatory restrictions is increasing competition among insurance companies and facilitating the growth of new distribution systems. The Issuer may face competitors that are larger, have greater financial resources or a greater market share or that offer a broader range of products.

The ability of Net Insurance to compete effectively and to generate an appropriate return depends significantly upon its ability to anticipate and respond appropriately to these, and future, competitive pressures.

Risk 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 Listing Particulars;
- (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 and interest deferral; 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 subordinated obligations

The Notes constitute direct, unconditional and 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 rank junior to any unsubordinated obligations of the Issuer (including liabilities to policyholders of the Issuer) and any other present or future subordinated obligations

of the Issuer which rank, or are expressed to rank, senior 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 (including policyholders of the Issuer) and other less subordinated obligations of the Issuer, should the Issuer become insolvent.

Under certain conditions, redemption of the Notes must be suspended

The obligations of the Issuer to redeem the Notes (either on maturity or earlier at the option of the Issuer in certain circumstances) are conditional upon, inter alia, no Solvency Capital Event having occurred or continuing on the date due for redemption and such redemption not itself causing a Solvency Capital Event. If a suspension of redemption results from the occurrence of a Solvency Capital Event, the Notes shall instead become due for redemption at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date upon the earliest of certain events as described in Condition 6 (h) (*Suspension of redemption following Solvency Capital Event*). Redemption of the Notes will similarly be suspended if the Solvency Condition is not satisfied; see further Condition 6 (i) (*Suspension of redemption on Solvency Condition not being satisfied*).

Any such suspension is likely to have an adverse effect on the market value of the Notes and Noteholders may receive their investment back at a later point in time than initially expected. If the Notes are not redeemed on the Maturity Date due to the reasons referred to in the paragraph above, Noteholders will (subject to any compulsory deferral) continue to receive interest but will not receive any additional compensation for the postponement of the redemption. In addition, as a result of the redemption deferral provision of the Notes, the market price of the Notes may be more volatile than the market price of other debt securities which are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Notes are not rated

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes, such ratings 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 rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes bear interest at a fixed rate. Therefore the investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note typically changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

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 provisions that would allow Noteholders to accelerate the Notes in case of the occurrence of an event of default.

There is no limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its affiliates (if any) may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and suspension of redemption and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

The Notes may be redeemed early in certain circumstances

The Notes may – subject to prior approval of the Relevant Supervisory Authority – be redeemed at the option of the Issuer at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date upon the occurrence of a Tax Event or a Regulatory Event as set out respectively in Condition 6(c) (*Redemption for tax reasons*) and Condition 6(d) (*Redemption for regulatory reasons*) of the Terms and Conditions of the Notes.

In particular, the Issuer may redeem the Notes if, inter alia, (i) the Issuer is no longer subject to the regulatory supervision of the Relevant Supervisory Authority, or (ii) the Issuer (x) is subject to regulatory supervision by the Relevant Supervisory Authority and (y) is not permitted to treat the Notes (in whole or in part) as eligible for the purposes of the determination of the solvency margin or capital adequacy levels of the Issuer and/or the Group as Tier 2 Own Funds, except where, in the case of (ii) only, this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as own funds, or Tier 2 Own Funds, as the case may be, as further described in Condition 6(d) (*Redemption for regulatory reasons*).

Deferral of Interest

The Issuer is required to defer accrued interest on the Notes in the circumstances set out in Condition 5 (*Mandatory Deferral of Interest*). If interest is deferred pursuant to Condition 5, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes, demand penalties or any other compensation or take any other action under the Notes. Furthermore, if any interest is deferred pursuant to the above, such deferred interest will not itself bear interest. Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provision and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Issuer will only be entitled to voluntarily pay Deferred Interest if at such time a Mandatory Interest Deferral Event is not subsisting and would not occur if payment of the Deferred Interest were made.

Certain market expectations may exist among investors in the Notes with regard to payment of interest. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

Variation of the Terms and Conditions of the 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 Tax Event or Regulatory Event would exist after such modification, provided that the relevant conditions set forth in Condition 13 (d) (*Modification following a Tax Event or Regulatory Event*) of the Terms and Conditions of the Notes are satisfied.

Change of law

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by laws of the Republic of Italy as well as provisions concerning the status and subordination of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to laws of the Republic of Italy or administrative practice after the date of this Listing Particulars.

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

The secondary market generally

There is currently no secondary market for the Notes. Application has been made for the Notes to be listed and admitted to trading on the Professional Segment of ExtraMOT. 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. Illiquidity may have a severely adverse effect on the market value of the Notes. Any purchase of the Notes by the Issuer shall be subject to prior approval of the competent regulatory authority if and to the extent required by then applicable legislation and other relevant conditions. See further Condition 6 (g) (*Conditions to Redemption*). 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. The market value of the Notes may also be significantly affected by factors such as the creditworthiness of the Issuer, variations in the Issuer's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Issuer.

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.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will 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 or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of Italian substitute tax (*imposta sostitutiva*) pursuant to Italian Legislative Decree No. 239 of 1 April 1996.

Prospective purchasers of 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 of any country or territory. See also "*Taxation*".

FATCA may affect payments made in respect of the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

OVERVIEW

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

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: | Net Insurance S.p.A. |
| Notes: | €15,000,000.00 Fixed Rate Dated Subordinated Notes |
| Issue Price: | 100 per cent. of the aggregate nominal amount. |
| First Call Date: | 30 September 2021 |
| Issuance in Tranches: | <p>The issuance of the Notes will take place in no. 3 (three) Tranches each issued on different Issue Dates.</p> <p>The Notes will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects. The Notes of each Tranche following to the first shall be consolidated, form a single series of Notes and be interchangeable for trading purposes with the first Tranche issued on the First Issue Date.</p> |
| Amount of each Tranche: | € 5,000,000 |
| First Issue Date: | 30 September 2016 |
| Maturity Date: | 30 September 2026 subject to Conditions to Redemption. |
| Status of the Notes and Subordination: | <p>The Notes constitute direct, 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 any unsubordinated obligations of the Issuer (including liabilities to policyholders, beneficiaries and other non-subordinated creditors of the Issuer) and any other present or future subordinated obligations of the Issuer which rank, or are expressed to rank, senior to the Notes;(b) at least equally with the Issuer's payment obligations in respect of any Parity Securities including, without limitation, any Tier 2 Own Funds (or subordinated obligations of the Issuer which would, but for any applicable limitation on the amount of such capital, constitute Tier 2 Own Funds); and(c) senior to the Issuer's payment obligations in respect of any Junior Securities. |

"Junior Securities" means (a) all classes of share capital (including preference shares (*azioni privilegiate*) and savings shares (*azioni di risparmio*), if any) of the Issuer; (b) any obligation, including preferred securities, guarantees or similar instruments issued by the Issuer which rank junior to the Notes or *pari passu* with the share capital of the Issuer; (c) any guarantee or similar instrument from the

Issuer, ranking junior to the Notes or *pari passu* with the share capital of the Issuer, covering the preferred securities or preferred or preference shares issued by a Subsidiary of the Issuer; (d) any subordinated note or bond or other securities issued by the Issuer, including obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Own Funds, preferred or preference shares or other securities issued by the Issuer which rank, or are expressed to rank, junior to the Notes; and (e) any subordinated note or bond 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 junior to the Notes.

"**Parity Securities**" means (a) any subordinated obligations of the Issuer, including notes or bonds issued by the Issuer, guarantees or other securities issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and (b) any subordinated obligations, including notes or bonds 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.

Solvency Condition:

All payments under or arising from the Notes shall be conditional upon (a) the Issuer being solvent at the time of payment by the Issuer, and no amount shall be payable under or arising from the Notes unless and until the Issuer could make such payment and still be solvent immediately thereafter and (b) that such payment will not otherwise accelerate the process of the Issuer becoming insolvent (the "**Solvency Condition**").

For the purpose of the Solvency Condition, "**solvent**" means that the Issuer is able to pay its debts owed to its creditors as they fall due and it is not in a situation of serious, evident and permanent insufficiency of the assets required to meet its obligations in respect of payments under insurance contracts, or such different meaning as may be ascribed to such term in the Italian laws and regulations applicable from time to time, and the term "**insolvent**" shall be interpreted accordingly.

Rate of Interest:

The Notes will bear interest on their principal amount from (and including) the First Issue Date at the rate of 7.00 per cent. per annum, (the "**Rate of Interest**") payable – subject to Condition 5 (*Mandatory Deferral of Interest*) - annually in arrear on 30 September in each year (each, an "**Interest Payment Date**"), commencing on 30 September 2017, subject as provided in Condition 7 (*Payments*).

Mandatory deferral of Interest:

The Issuer shall defer payment of all or some only of the interest accrued to an Interest Payment Date ("**Mandatory Interest Deferral 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 Deferred Interest (or the relevant part thereof) on the relevant date, in each case until the Solvency Capital Event has been remedied and any payment of interest and/or Deferred Interest (or the relevant part thereof) would not lead to a Solvency Capital Event; or
- (ii) the Solvency Condition is not satisfied at such Interest

Payment Date

(each a "**Mandatory Interest Deferral Event**"),

provided, that in the case of (i) above, the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest (or such part thereof) if:

- (a) the Relevant Supervisory Authority has, prior to such Interest Payment Date, exceptionally waived the deferral of such interest payment (to the extent the Relevant Supervisory Authority can give such waiver);
- (b) payment of such interest does not further weaken the solvency position of the Issuer; and
- (c) the Minimum Capital Requirement is complied with after the payment of such interest is made

(sub-(a) to sub-(c) together, the "**Interest Deferral Waiver Conditions**").

Where the Interest Deferral Waiver Conditions are satisfied only after the relevant Interest Payment Date, the Issuer may, at its discretion, make the relevant interest payment in respect of which the Interest Deferral Waiver Conditions have been satisfied on a date following satisfaction of such conditions, such date to be notified by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*), *provided that* no additional interest shall be due from the Issuer.

Notice of any deferral of interest must be given to Noteholders (in accordance with Condition 15 (*Notices*)) as soon as reasonably practicable, *provided that* failure to deliver notice shall not invalidate the relevant deferral of interest.

If interest is deferred pursuant to Condition 5 (*Mandatory Deferral of Interest*), the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes, demand penalties or any other compensation or take any other action under the Notes.

Any unpaid amounts of interest deferred will constitute arrears of interest ("**Deferred Interest**"). Deferred Interest shall not itself bear interest.

"**Minimum Capital Requirement**" has the meaning given to it in the Solvency II Directive and Relevant Regulations.

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

A "**Solvency Capital Event**" is deemed to have occurred if there is non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement (whichever occurs earlier) and a deferral of interest payments (or the relevant part thereof) or suspension of redemption in respect of the Notes is therefore required on the basis that the Notes are intended to qualify under the Relevant Regulations

as Tier 2 Own Funds, where such non-compliance shall be deemed to have occurred if the own funds of the Issuer, on a consolidated or non-consolidated basis, is not sufficient to cover the Solvency Capital Requirement or the Minimum Capital Requirements (or the then applicable and corresponding capital adequacy requirements) of the Issuer and/or the Group, in each case as determined in accordance with the Relevant Regulations.

"**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.

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

Deferred Interest:

Deferred Interest may, subject to the provisions of Condition 5(a) (*Mandatory deferral of interest*), at the option of the Issuer, be paid in whole or in part (in such latter case the payment in respect of any Note and in respect of any period will be made *pro rata* to the total amount of all unpaid Deferred Interest in respect of that period to the date of payment) at any time; and shall become due and payable, in whole, on the earliest of:

- A. the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- B. the date fixed for any redemption of the Notes in accordance with the Conditions (subject to any suspension of such redemption pursuant to Condition 6(g) (*Conditions to Redemption*)); or
- C. the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer,

provided in the case of (A) and (B) above that Deferred Interest may only be paid if 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).

Scheduled redemption:

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on the Maturity Date, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the Maturity Date, subject as provided in Condition 7 (*Payments*) and Condition 6(g) (*Conditions to Redemption*). The Notes may not be redeemed at the option of Noteholders.

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

The Notes may be redeemed at the option of the Issuer, subject to the provisions of Condition 6(g) (*Conditions to Redemption*), in whole but not in part, on the First Call Date and on any Interest Payment Date thereafter at their principal amount together with Deferred Interest (if any) and any other accrued but unpaid interest thereon, subject to having given not less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15

(*Notices*)).

Redemption for tax reasons:

The Notes may be redeemed at any time, in whole or in part, at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, subject to having given no less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15 (*Notices*)) (and subject to Condition 6(g) (*Conditions to Redemption*)), at the option of the Issuer upon the occurrence of a Tax Event.

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

- (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 8 (*Taxation*)) as a result of any change in, or amendment to, the laws or regulations of a Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which such Taxing Jurisdiction 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 First Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures it deems appropriate; or
- (ii) the deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which the Taxing Jurisdiction 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 First Issue Date, and such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it.

Redemption for regulatory reasons:

The Notes may be redeemed at any time, in whole or in part, at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, subject to having given no less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15 (*Notices*)) (and subject to Condition 6(g) (*Conditions to Redemption*)), at the option of the Issuer upon the occurrence of a Regulatory Event.

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

- (i) the Issuer is no longer subject to the regulatory supervision of the Relevant Supervisory Authority; or
- (ii) the Issuer (x) is subject to regulatory supervision by the Relevant Supervisory Authority and (y) is no longer permitted to treat the Notes (in whole or in part) as eligible for the purposes of the determination of the solvency margin or capital adequacy levels of the Issuer and/or the Group as at least Tier 2 Own Funds,

except where this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as own funds, or Tier 2 Own Funds, as the case may be.

Conditions to Redemption:

Any redemption or purchase of the Notes (including redemption at the Maturity Date) as described above is subject to the following conditions (the "**Conditions to Redemption**" or, as applicable, "**Conditions to Purchase**"):

- (i) the Issuer has obtained the prior approval of the Relevant Supervisory Authority; and
- (ii) unless the Suspension Waiver Conditions are satisfied, no Solvency Capital Event has occurred and is continuing on the date due for redemption or the proposed date for purchase of the Notes and such redemption or, as the case may be, purchase would not itself cause a Solvency Capital Event to occur; and
- (iii) the Solvency Condition is satisfied on the date due for redemption or the proposed date for purchase of the Notes and such redemption or, as the case may be, purchase would not itself cause the Solvency Condition not to be satisfied; and
- (v) in the case of any redemption or purchase that is within five years of the First Issue Date, such redemption or purchase shall be exchanged or funded out of proceeds of a new issuance of, or the relevant Notes are exchanged or converted into, another basic own-fund item of at least the same quality as the Notes.

unless, with reference to each of sub-(i) to sub-(v) above, such condition is no longer a requirement under then prevailing Relevant Regulations in order for the Notes to qualify as regulatory capital of the Issuer.

In addition, if, at the time of any redemption or purchase, the then prevailing Relevant Regulations permit the redemption and/or purchase of the Notes only after compliance with one or more pre-condition(s) in alternative or in addition to those set out in sub-(i) to sub-(v) above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s) and the term "**Conditions to Redemption**" or, as applicable, "**Conditions to Purchase**" shall be deemed to include such other and/or, as appropriate, additional pre-condition(s).

If and for so long as the Conditions to Redemption are not satisfied, any redemption of the Notes pursuant to Condition 6(b) (*Optional Redemption by the Issuer on or after the First Call Date*), Condition 6(c) (*Redemption for tax reasons*) or Condition 6(d) (*Redemption for regulatory reasons*) above already notified to the Noteholders, or scheduled redemption of the Notes on the Maturity Date pursuant to Condition 6(a) (*Scheduled redemption*) above, shall (subject to the paragraph immediately below) be suspended and the relevant redemption date postponed in accordance with Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) below.

Notwithstanding the occurrence of a Solvency Capital Event, but always subject to all other Conditions to Redemption or, as

applicable, Conditions to Purchase, being satisfied, the Issuer may redeem or, as the case may be, purchase the Notes if:

- (A) the Relevant Supervisory Authority has exceptionally waived the suspension of the redemption or purchase of the Notes; and
- (B) the relevant Notes are exchanged for or converted into another basic own-fund item of at least the same quality or the redemption or purchase of the Notes is funded out of proceeds from the issuance of own funds of at least the same quality; and
- (C) the Minimum Capital Requirement is complied with after the redemption or purchase

((A) to (C) together, the "**Suspension Waiver Conditions**"). Any redemption of the Notes following satisfaction of the Suspension Waiver Condition may take place on the original redemption date or on a date (specified in the notice to be delivered by the Issuer to the Noteholders) subsequent thereto following satisfaction of the Suspension Waiver Conditions.

In the event of any suspension of redemption pursuant to Condition 6(g) (*Conditions to Redemption*), interest shall – subject to Condition 5 (*Mandatory deferral of interest*) - continue to accrue on the Notes until such Notes are redeemed in full.

Suspension of Redemption:

If a suspension of the redemption of the Notes results from the occurrence of a Solvency Capital Event, the Notes shall - subject in the case of (i) and (ii) below, to the Solvency Condition being satisfied and continues to be satisfied on the relevant date - instead become due for redemption at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date upon the earliest of:

- (i) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days after the date the Solvency Capital Event has been remedied (provided that if on such tenth Business Day a further Solvency Capital Event has occurred and is continuing or redemption of the Notes would itself cause a Solvency Capital Event to occur, then the Notes shall not be redeemed on such date and the provisions of this paragraph shall apply *mutatis mutandis* to determine the subsequent date for redemption of the Notes); or
- (ii) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days after the Relevant Supervisory Authority has agreed to the redemption of the Notes; or
- (iii) the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer.

If a suspension of the redemption of the Notes results from the non-satisfaction of the Solvency Condition, the Notes shall instead become due for redemption, at their principal amount together with Deferred

Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, on the earlier of:

- (i) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days immediately following the day on which the Solvency Condition is satisfied, provided that if on such tenth Business Day the Solvency Condition is no longer satisfied, or a Solvency Capital Event has occurred and is continuing, or would occur if the Notes were to be redeemed, then the Notes shall not be redeemed on such date and Conditions 6(g) (*Conditions to redemption*) and 6(h) (*Suspension of redemption following Solvency Capital Event*) (if such further suspension is due to a Solvency Capital Event) or Condition 6(g) (*Conditions to redemption*) and Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) (if such further suspension is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes; or
- (ii) the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer.

Notice of any suspension of redemption must be given to Noteholders (in accordance with Condition 15 (*Notices*)) as soon as reasonably practicable. The Issuer shall also notify the Noteholders (in accordance with Condition 15 (*Notices*)) of the date on which the Notes are to be redeemed following satisfaction of the Suspension Waiver Conditions (if a prior notice of suspension has been given) or pursuant to sub-paragraphs (i) or (ii) of Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or sub-paragraph (i) of Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) as soon as reasonably practicable. Failure to deliver notice shall not invalidate any suspension of redemption.

Any suspension of redemption of the Notes in accordance with Condition 6(g) (*Conditions to redemption*), Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) will not constitute a default by the Issuer or any other breach of obligations by the Issuer under the Conditions and will not give Noteholders any right to accelerate the Notes such that amounts of principal, interest or Deferred Interest would become due and payable on the Notes earlier than otherwise provided under the Conditions.

Modification following a Tax Event or Regulatory Event

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 6(c) (*Redemption for tax reasons*) and Condition 6(d) (*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, the conditions set out at Condition 13(d) (*Modification following a Tax Event or Regulatory Event*) are satisfied.

| | |
|------------------------------|--|
| Enforcement events | There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon to the date of payment and any Deferred Interest if (i) the <i>Liquidazione Coatta Amministrativa</i> of the Issuer is commenced pursuant to the Consolidated Law on Private Insurance Companies or the Issuer becomes subject to a liquidation order, or (ii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in (i) above. |
| Denomination: | The Notes will be issued in bearer form in the denomination of €100,000 each. |
| 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, the laws of the Republic of Italy. Provisions concerning the status and subordination of the Notes are also governed by the laws of Italy as well as provisions concerning the meetings of noteholders and the noteholders' representative. |
| Listing: | Application has been made to Borsa Italiana for the Notes to be listed and admitted to trading on the Professional Segment of ExtraMOT, with effect from the First Issue Date. |
| Selling restrictions: | The offer of the Notes shall be carried out as an exempt offer in accordance with Article 3 of the Directive 2003/71, as implemented in Italy by the Legislative Decree No. 58/98. The Notes shall be offered only to qualified investors within the meaning of Art. 100 of Legislative Decree No. 58/98. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom and the Republic of Italy, see the paragraph " <i>Placement and Sale</i> " in this Listing Particulars. |
| Modification: | The Terms and Conditions of the Notes may not be amended without the prior approval of the Relevant Supervisory Authority (if required under then applicable Relevant Regulations). |
| Clearing System: | Monte Titoli. |

INFORMATION INCORPORATED BY REFERENCE

The audited consolidated annual financial statements (including the Auditors' audit report thereon and notes thereto) of the Issuer as at and for the years ended 31 December 2015 and 31 December 2014, prepared in accordance with the International Financial Reporting Standards ("IFRS") and in accordance with article 9 of Italian Legislative Decree No. 38 of 28 February 2005, shall be deemed to be incorporated in, and to form part of, this Listing Particulars.

Any statement contained in this Listing Particulars or in any of the documents incorporated by reference in, and forming part of, this Listing Particulars shall be deemed to be modified or superseded for the purpose of this Listing Particulars to the extent that a statement contained in any document subsequently incorporated by reference, by way of supplement, modifies or supersedes such statement.

For ease of reference, the tables below set out the relevant page references for the consolidated annual financial statements, the notes to the consolidated annual financial statements and the Auditors' reports as at and for the years ended 31 December 2015 and 31 December 2014.

Cross-reference list

Audited Consolidated Financial Statements of the Issuer

| | As at and for the years ended 31 December | |
|---|--|----------|
| | 2015 | 2014 |
| Consolidated statement of asset and liabilities | Page 26 | Page 24 |
| Consolidated income statement..... | Page 28 | Page 26 |
| Consolidated comprehensive income statement..... | Page 29 | Page 27 |
| Consolidated cash flow statement..... | Page 29 | Page 27 |
| Consolidated statement of shareholders' equity variation..... | Page 30 | Page 28 |
| Explanatory notes | Pages 31 | Pages 29 |
| Independent Auditors' report..... | Pages 98 | Pages 97 |

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Regulation 809/2004/EC.

Copies of the documents specified above as containing information incorporated by reference in this Listing Particulars have been filed with Borsa Italiana and may be inspected, free of charge, on the website of the Issuer (<http://www.netinsurance.it>).

Any websites referred to in this Listing Particulars are for information purposes only and do not form part of this Listing Particulars.

TERMS AND CONDITIONS OF THE NOTES

Following are the terms and conditions of the €15,000,000.00 Fixed Rate Dated Subordinated Notes due 30 September 2026 (the "Notes", which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of Net Insurance S.p.A. (the "Issuer").

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form in the denomination of € 100,000 and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli.

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 8 (*Taxation*).

"**Business Day**" means any day on which the TARGET System is open and on which commercial banks and foreign exchange markets settle payments generally in London and Milan.

"**Calculation Amount**" means € 100,000.

"**Consolidated Law on Private Insurance Companies**" means the Legislative Decree No. 209 of 7 September 2005, as amended from time to time.

"**Day Count Fraction**" means, in respect of any period the Actual/Actual (ICMA) basis, being the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls.

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

"**First Call Date**" means 30 September 2021.

"**Group**" means, at any time, the Issuer and its Subsidiaries at such time;

"**First Issue Date**" means 30 September 2016.

"**Junior Securities**" means (a) all classes of share capital (including preference shares (*azioni privilegiate*) and savings shares (*azioni di risparmio*), if any) of the Issuer; (b) any obligation, including preferred securities, guarantees or similar instruments issued by the Issuer which rank junior to the Notes or *pari passu* with the share capital of the Issuer; (c) any guarantee or similar instrument from the Issuer, ranking junior to the Notes or *pari passu* with the share capital of the Issuer, covering the preferred securities or preferred or preference shares issued by a Subsidiary of the Issuer; (d) any subordinated note or bond or other securities issued by the Issuer, including obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Own Funds, preferred or preference shares or other securities issued by the Issuer which rank, or are expressed to rank, junior to the Notes; and (e) any subordinated note or bond 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 junior to the Notes.

"**Legislative Decree No. 239**" has the meaning given in Condition 8 (*Taxation*).

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

"**Maturity Date**" means 30 September 2026 subject to the Conditions to Redemption.

"**Minimum Capital Requirement**" has the meaning given to it in the Solvency II Directive and Relevant Regulations.

"**Parity Securities**" means (a) any subordinated obligations of the Issuer, including notes or bonds issued by the Issuer, guarantees or other securities issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and (b) any subordinated obligations, including notes or bonds 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.

"**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.

"**Regular Period**" means each period from (and including) the First Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

"**Regulatory Event**" has the meaning given in Condition 6(d) (*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 entitled party (including the Paying 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 Regulations**" means the rules and regulations of the Relevant Supervisory Authority, or any legislation, rules or regulations (whether having the force of law or otherwise) implementing the Solvency II Directive, including Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive) as well as regulatory or implementing technical standards and (to the extent applied by the Relevant Supervisory Authority) published interpretation, guidance or guidelines on the foregoing, and which are applicable to the Issuer.

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

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

"**Solvency Capital Requirement**" has the meaning given to it in the Solvency II Directive and any Relevant Regulations.

"**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.

"**Subsidiary**" means, in respect of any Person at any particular time, any company or corporation in which:

- (a) the majority of the votes capable of being voted in an ordinary shareholders' meeting is held, directly or indirectly, by the Person; or
- (b) the Person holds, directly or indirectly, a sufficient number of votes to give the Person a dominant influence (*influenza dominante*) in an ordinary shareholders' meeting of such company or corporation,

as provided by Article 2359, paragraph 1, No. 1 and 2, of the Italian Civil Code.

"**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.

"**TARGET System**" means the TARGET2 system.

"**Tax Event**" has the meaning given in Condition 6(c) (*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 which have the necessary features to be classified as Tier 1 (or whatever the terminology employed by the Relevant Regulations, including any transitional arrangements as applicable) under the Relevant Regulations.

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

2.2 Interpretation

In these Conditions:

- (a) 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; and
- (b) 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.

3. STATUS AND SUBORDINATION

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

- (a) junior to any unsubordinated obligations of the Issuer (including liabilities to policyholders, beneficiaries and other non-subordinated creditors of the Issuer) and any other present or future subordinated obligations of the Issuer which rank, or are expressed to rank, senior to the Notes;
- (b) at least equally with the Issuer's payment obligations in respect of any Parity Securities including, without limitation, any Tier 2 Own Funds (or subordinated obligations of the Issuer which would, but for any applicable limitation on the amount of such capital, constitute Tier 2 Own Funds); and
- (c) senior to the Issuer's payment obligations in respect of any Junior Securities.

4. INTEREST

The Notes bear interest from (and including) the First Issue Date at the rate of 7.00 per cent. per annum, (the "**Rate of Interest**") payable – subject to Condition 5 (*Mandatory Deferral of Interest*) below - annually in arrear on 30 September in each year (each, an "**Interest Payment Date**") commencing on 30 September 2017, subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day 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 (b) the day which is seven days after the receiving of 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).

The amount of interest payable on each Interest Payment Date shall be €7,000 in respect of each Note of €100,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

5. MANDATORY DEFERRAL OF INTEREST

(a) Mandatory deferral of interest

The Issuer shall defer payment of all or some only of the interest accrued to an Interest Payment Date ("**Mandatory Interest Deferral 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 Deferred Interest (or the relevant part thereof) on the relevant date, in each case until the Solvency Capital Event has been remedied and any payment of interest and/or Deferred Interest (or the relevant part thereof) would not lead to a Solvency Capital Event; or
- (ii) the Solvency Condition is not satisfied at such Interest Payment Date

(each a "**Mandatory Interest Deferral Event**"),

provided, that in the case of (i) above, the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest (or such part thereof) if:

- (a) the Relevant Supervisory Authority has, prior to such Interest Payment Date, exceptionally waived the deferral of such interest payment (to the extent the Relevant Supervisory Authority can give such waiver);
- (b) payment of such interest does not further weaken the solvency position of the Issuer; and
- (c) the Minimum Capital Requirement is complied with after the payment of such interest is made

(sub-(a) to sub-(c) together, the "**Interest Deferral Waiver Conditions**").

Where the Interest Deferral Waiver Conditions are satisfied only after the relevant Interest Payment Date, the Issuer may, at its discretion, make the relevant interest payment in respect of which the Interest Deferral Waiver Conditions have been satisfied on a date following satisfaction of such conditions, such date to be notified by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*), *provided that* no additional interest shall be due from the Issuer.

Notice of any deferral of interest must be given to Noteholders (in accordance with Condition 15 (*Notices*)) as soon as reasonably practicable, *provided that* failure to deliver notice shall not invalidate the relevant deferral of interest.

If interest is deferred pursuant to this Condition 5, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes, demand penalties or any other compensation or take any other action under the Notes.

A "**Solvency Capital Event**" is deemed to have occurred if there is non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement (whichever occurs earlier) and a deferral of interest payments (or the relevant part thereof) or suspension of redemption in respect of the Notes is therefore required on the basis that the Notes are intended to qualify under the Relevant Regulations as Tier 2 Own Funds, where such non-compliance shall be deemed to

have occurred if the own funds of the Issuer, on a consolidated or non-consolidated basis, is not sufficient to cover the Solvency Capital Requirement or the Minimum Capital Requirements (or the then applicable and corresponding capital adequacy requirements) of the Issuer and/or the Group, in each case as determined in accordance with the Relevant Regulations.

All payments under or arising from the Notes shall be conditional upon (a) the Issuer being solvent at the time of payment by the Issuer, and no amount shall be payable under or arising from the Notes unless and until the Issuer could make such payment and still be solvent immediately thereafter; and (b) that such payment will not otherwise accelerate the process of the Issuer becoming insolvent (the "**Solvency Condition**").

For the purpose of the Solvency Condition, "**solvent**" means that the Issuer is able to pay its debts owed to its creditors as they fall due and it is not in a situation of serious, evident and permanent insufficiency of the assets required to meet its obligations in respect of payments under insurance contracts, or such different meaning as may be ascribed to such term in the Italian laws and regulations applicable from time to time, and the term "**insolvent**" shall be interpreted accordingly.

(b) **Deferred Interest**

- (i) Any unpaid amounts of interest deferred will constitute arrears of interest ("**Deferred Interest**"). Deferred Interest shall not itself bear interest.
- (ii) Deferred Interest may, subject to the provisions of Condition 5(a) (*Mandatory deferral of interest*) above, at the option of the Issuer, be paid in whole or in part (in such latter case the payment in respect of any Note and in respect of any period will be made *pro rata* to the total amount of all unpaid Deferred Interest in respect of that period to the date of payment) at any time; and shall become due and payable, in whole, on the earliest of:
 - (A) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
 - (B) the date fixed for any redemption of the Notes in accordance with these Conditions (subject to any suspension of such redemption pursuant to Condition 6(g) (*Conditions to Redemption*)); or
 - (C) the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer,

provided in the case of (A) and (B) above that Deferred Interest may only be paid if 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).

Notice of payment of any Deferred Interest shall be given to Noteholders (in accordance with Condition 15 (*Notices*)) as soon as reasonably practicable.

6. **REDEMPTION AND PURCHASE**

- (a) *Scheduled redemption*: Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on the Maturity Date, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the Maturity Date subject as provided in Condition 7 (*Payments*) and Condition 6(g) (*Conditions to Redemption*). The Notes may not be redeemed at the option of Noteholders.
- (b) *Optional Redemption by the Issuer on or after the First Call Date*: The Notes may be redeemed at the option of the Issuer, subject to the provision of Condition 6(g)

(*Conditions to Redemption*) in whole, but not in part, on the First Call Date and on any Interest Payment Date thereafter at their principal amount together with Deferred Interest (if any) and any other accrued but unpaid interest thereon, subject to having given not less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15 (*Notices*)).

- (c) *Redemption for tax reasons*: The Notes may be redeemed at any time, in whole or in part, at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, subject to having given no less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15 (*Notices*)) (and subject to Condition 6(g) (*Conditions to Redemption*)), at the option of the Issuer upon the occurrence of a Tax Event.

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

- A. the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 8 (*Taxation*) below) as a result of any change in, or amendment to, the laws or regulations of a Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which such Taxing Jurisdiction 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 First Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures it deems appropriate; or
- B. the deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (including any treaty to which the Taxing Jurisdiction 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 First Issue Date, and such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it.

- (d) *Redemption for regulatory reasons*:

The Notes may be redeemed at any time, in whole or in part, at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, subject to having given no less than 30 nor more than 45 calendar days' prior notice to the Noteholders (in accordance with Condition 15 (*Notices*)) (and subject to Condition 6(g) (*Conditions to Redemption*)), at the option of the Issuer upon the occurrence of a Regulatory Event.

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

- A. the Issuer is no longer subject to the regulatory supervision of the Relevant Supervisory Authority; or
- B. the Issuer (x) is subject to regulatory supervision by the Relevant Supervisory Authority and (y) is no longer permitted to treat the Notes (in whole or in part) as eligible for the purposes of the determination of the solvency margin or capital adequacy levels of the Issuer and/or the Group as at least Tier 2 Own Funds, except where this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as own funds, or Tier 2 Own Funds, as the case may be.

- (e) *Purchase*: The Issuer may - subject to prior approval of the Relevant Supervisory Authority if so required under applicable legislation at the relevant time (and subject to the Conditions to Purchase) - at any time purchase Notes in the open market or otherwise and at any price.
- (f) *Cancellation*: All Notes so redeemed or purchased by the Issuer shall be cancelled and may not be reissued or resold.
- (g) *Conditions to Redemption*: Any redemption or purchase of the Notes (including redemption at Maturity Date) as described above is subject to the following conditions (the "**Conditions to Redemption**" or, as applicable, "**Conditions to Purchase**"):
 - i. the Issuer has obtained the prior approval of the Relevant Supervisory Authority; and
 - ii. unless the Suspension Waiver Conditions are satisfied, no Solvency Capital Event has occurred and is continuing on the date due for redemption or the proposed date for the purchase of the Notes, and such redemption or, as the case may be, purchase would not itself cause a Solvency Capital Event to occur; and
 - iii. the Solvency Condition is satisfied on the date due for redemption or the proposed date for the purchase of the Notes and such redemption or, as the case may be, purchase would not itself cause the Solvency Condition not to be satisfied; and
 - iv. in the case of any redemption or purchase that is within five years of the First Issue Date, such redemption or purchase shall be funded out of proceeds of a new issuance of, or the relevant Notes are exchanged or converted into, another basic own-fund item of at least the same quality as the Notes,

unless, with reference to each of sub-(i) to sub-(v) above, such condition is no longer a requirement under then prevailing Relevant Regulations in order for the Notes to qualify as regulatory capital of the Issuer.

In addition, if, at the time of any redemption or purchase, the then prevailing Relevant Regulations permit the redemption and/or purchase of the Notes only after compliance with one or more pre-condition(s) in alternative or in addition to those set out in sub-(i) to sub-(v) above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s) and the term "**Conditions to Redemption**" or, as applicable, "**Conditions to Purchase**" shall be deemed to include such other and/or, as appropriate, additional pre-condition(s).

If and for so long as the Conditions to Redemption are not satisfied, any redemption of the Notes pursuant to Condition 6(b) (*Optional Redemption by the Issuer on or after the First Call Date*), Condition 6(c) (*Redemption for tax reasons*) or Condition 6(d) (*Redemption for regulatory reasons*) above already notified to the Noteholders, or scheduled redemption of the Notes on the Maturity Date pursuant to Condition 6(a) (*Scheduled redemption*) above, shall (subject to the paragraph immediately below) be suspended and the relevant redemption date postponed in accordance with Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) below.

Notwithstanding the occurrence of a Solvency Capital Event, but always subject to all other Conditions to Redemption or, as applicable, Conditions to Purchase, being satisfied, the Issuer may redeem or, as the case may be, purchase the Notes if:

- A. the Relevant Supervisory Authority has exceptionally waived the suspension of the redemption or purchase of the Notes; and
- B. the relevant Notes are exchanged for or converted into another basic own-fund item of at least the same quality or the redemption or

purchase of the Notes is funded out of proceeds from the issuance of own funds of at least the same quality; and

- C. the Minimum Capital Requirement is complied with after the redemption or purchase

((A) to (C) together, the "**Suspension Waiver Conditions**"). Any redemption of the Notes following satisfaction of the Suspension Waiver Conditions may take place on the original redemption date or on a date (specified in the notice to be delivered by the Issuer to the Noteholders) subsequent thereto following satisfaction of the Suspension Waiver Conditions.

In the event of any suspension of redemption pursuant to this Condition 6(g), interest shall – subject to Condition 5 (*Mandatory deferral of interest*) - continue to accrue on the Notes until such Notes are redeemed in full.

- (h) *Suspension of redemption following Solvency Capital Event*: If a suspension of the redemption of the Notes results from the occurrence of a Solvency Capital Event, the Notes shall - subject in the case of (i) and (ii) below, to the Solvency Condition being satisfied and continues to be satisfied on the relevant date - instead become due for redemption at their principal amount, together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date upon the earliest of:
- (i) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days after the date the Solvency Capital Event has been remedied (provided that if on such tenth Business Day a further Solvency Capital Event has occurred and is continuing or redemption of the Notes would itself cause a Solvency Capital Event to occur, then the Notes shall not be redeemed on such date and the provisions of this paragraph shall apply *mutatis mutandis* to determine the subsequent date for redemption of the Notes); or
 - (ii) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days after the Relevant Supervisory Authority has agreed to the redemption of the Notes; or
 - (iii) the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer.
- (i) *Suspension of redemption on Solvency Condition not being satisfied*: If a suspension of the redemption of the Notes results from the non-satisfaction of the Solvency Condition, the Notes shall instead become due for redemption, at their principal amount together with Deferred Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption date, on the earlier of:
- (i) the date (specified in the notice to be delivered by the Issuer to the Noteholders) falling 10 Business Days immediately following the day on which the Solvency Condition is satisfied, provided that if on such tenth Business Day the Solvency Condition is no longer satisfied, or a Solvency Capital Event has occurred and is continuing, or would occur if the Notes were to be redeemed, then the Notes shall not be redeemed on such date and Conditions 6(g) (*Conditions to redemption*) and 6(h) (*Suspension of redemption following Solvency Capital Event*) (if such further suspension is due to a Solvency Capital Event) or Condition 6(g) (*Conditions to redemption*) and this Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) (if such further suspension is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes; or

- (ii) the date on which voluntary or involuntary winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* pursuant to the Consolidated Law on Private Insurance Companies) proceedings are instituted in respect of the Issuer.
- (j) *Notice of suspension*: Notice of any suspension of redemption must be given to Noteholders (in accordance with Condition 15 (*Notices*)) as soon as reasonably practicable. The Issuer shall also notify the Noteholders (in accordance with Condition 15 (*Notices*)) of the date on which the Notes are to be redeemed following satisfaction of the Suspension Waiver Conditions (if a prior notice of suspension has been given) or pursuant to sub-paragraphs (i) or (ii) of Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or sub-paragraph (i) of Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) above as soon as reasonably practicable. Failure to deliver notice shall not invalidate any suspension of redemption.
- (k) *Suspension of redemption shall not constitute default*: Any suspension of redemption of the Notes in accordance with Condition 6(g) (*Conditions to redemption*), Condition 6(h) (*Suspension of redemption following Solvency Capital Event*) or Condition 6(i) (*Suspension of redemption on Solvency Condition not being satisfied*) above will not constitute a default by the Issuer or any other breach of obligations by the Issuer under these Conditions and will not give Noteholders any right to accelerate the Notes such that amounts of principal, interest or Deferred Interest would become due and payable on the Notes earlier than otherwise provided under these Conditions.

7. PAYMENTS

- (a) *Principal and interest*: Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the relevant Paying Agent (as defined below) on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes.
- (b) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (c) *Payments on business days*: If the due date for payment of any amount in respect of the Notes is not a 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 business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

8. TAXATION

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received

by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- i. in the Republic of Italy; or
- ii. by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Italy other than the mere holding of such Note; or
- iii. to the extent that interest or any other amount payable is paid to a non-Italian resident entity or a non-Italian resident individual which is resident for tax purposes in one of the countries or territories not allowing the Italian tax authorities to obtain appropriate information in respect of the beneficiary of the payments made from the Republic of Italy (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
- iv. by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying out commercial activities (in particular (A) partnerships, de facto partnerships not carrying out commercial activities and professional associations, (B) public and private resident entities, other than companies, not carrying out commercial activities, (C) real estate investment funds referred to in Law No. 86 of 25 January 1994, and (D) certain other Persons exempt from corporate income tax) or to such other Italian resident entities which have been or may be identified by 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
- v. 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
- vi. 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 requested such payment in respect of such Note on the last day of such period of 30 days; or
- vii. 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
- viii. any combination of items (i) through (vii).

Taxing jurisdiction: If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to and/or such other jurisdiction.

9. **ENFORCEMENT EVENTS**

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon to the date of payment and any Deferred Interests, if (i) the *Liquidazione Coatta Amministrativa* of the Issuer is commenced pursuant to the Consolidated Law on Private Insurance Companies or the Issuer becomes subject to a liquidation order or (ii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in (i).

10. **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 request for payment is presented within five years of the appropriate Relevant Date.

11. **PAYING AGENT**

The Issuer is entered into an agency agreement with a financial intermediary which will act, pursuant to this agreement, as paying agent with reference to the issuance of the Notes described in this Listing Particulars (the "**Paying Agent**"). The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint a successor agent.

Notice of any change in any of the Paying Agent shall promptly be given to the Noteholders.]

12. **MEETINGS OF NOTEHOLDERS**

Meetings of Noteholders will be convened and held in compliance with the laws, legislation, rules and regulation of Italy in force and applicable to the Issuer from time to time.

13. **FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Noteholders, 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.

14. **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 on the Professional Segment of the ExtraMOT market, in accordance with the rules of the Italian Stock Exchange.

15. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes 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, 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.

16. **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.).

17. **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, the laws of the Republic of Italy. Provisions concerning the status and subordination of the Notes are also governed by the laws of the Republic of Italy.
- (b) *Italian courts:* The courts of Italy have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).

- (c) *Appropriate forum:* The Issuer agrees that the courts of Italy are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately euro 15,000,000, will be used by the Issuer to improve its solvency capital pursuant to the Solvency II Directive.

DESCRIPTION OF THE ISSUER

General

Net Insurance – *Società per azioni* ("**Net Insurance**") was established in Rome, on 23 May 2000, as a company limited by shares (*Società per Azioni*) with duration until 31 December 2100, or as otherwise extended. Net Insurance is the parent company of the Net Insurance Group comprised of, as at the date of this Listing Particulars, Net Insurance and its wholly-owned subsidiary Net Insurance Life S.p.A. ("**Net Insurance Life**").

The registered address of Net Insurance is Via Giuseppe Antonio Guattani, 4, 00161 Rome, Italy, and the telephone number is (0039) 06 893 261. Net Insurance is registered at the Companies' Registry of the Chamber of Commerce of Rome, Italy, under registration No. 06130881003 and at the IVASS Companies' Registry, under No. 1.00136.

The corporate purpose of Net Insurance, as provided by Article 3 of its by-laws, is to exercise, both in Italy and abroad, the business of insurance and reinsurance in all branches of non-life insurance. Net Insurance may carry out the following activities for the purposes of and instrumental to the achievement of its corporate purpose: (i) grant sureties and other guarantees in any form; (ii) acquire equity interests and participations in other companies or entities having a corporate purpose similar or connected to its business and assume the representation and management of these companies; (iii) for investment purposes and within the limits established by applicable laws and regulations, acquire equity interests and participations in companies or entities with corporate purposes different from its own; and (iv) carry out any commercial, industrial and financial transaction, transaction in securities and real estate, investments and disinvestments connected to (or useful for the achievement of) its corporate purpose, in each case not addressed to the public.

As parent company of the Net Insurance Group, in the performance of its management and coordination duties in compliance with article 87, paragraph 3, of the Italian Code of Private Insurance, Net Insurance ensures that all necessary measures are adopted by the Group companies in order to implement the provisions given by IVASS to promote a stable and efficient management of the Group.

Since 19 December 2013, Net Insurance shares have been listed on the Alternative Investment Market (*AIM Italia*) ("**AIM Market**"), a Multilateral Trading Facility dedicated to small medium-sized enterprises, organized and managed by the Borsa Italiana S.p.A. As at 31 December 2015, Net Insurance had a market capitalisation of Euro 122,710,371.20.

Net Insurance Group

Net Insurance is the parent company of the Net Insurance Group (*Gruppo Assicurativo Net Insurance*). The Group is registered at the IVASS Insurance Groups' Registry, under registration No. 23.

The Group undertakes, through Net Insurance and Net Insurance Life, a range of non-life and life insurance business, with a specific focus on the offering of credit protection insurance products. The Group has acquired specific expertise, and is an important player in the Italian market, in the salary and pension-backed loans insurance segment by offering insurance cover related to personal loans guaranteed by a salary or pension. Such insurance cover offers protection to the lender against the inability of the borrower to repay a loan upon occurrence of specific events such as loss of employment or premature death of the borrower.

The Group's other business lines include term life insurance, accident protection, agricultural risk policies, fire and theft policies for residences, multi-assurance policies for families and policies for the protection of landlords of residential buildings.

Financial Overview

The financial information in respect of Net Insurance contained in this Listing Particulars is derived from its consolidated financial statements as at and for the years ended 31 December 2014 and 2015, which have been drawn up in accordance with IAS/IFRS issued by the International Accounting Standards Board. The consolidated financial statements have been prepared in conformity with ISVAP (now IVASS) Regulation No. 7 of 13 July 2007, as amended and supplemented by IVASS Regulation No. 29 of 27

January 2015, and takes into account the specific requirements of Italian Legislative Decree No. 9 of 7 September 2005 (*Codice Assicurazioni Private*, the Code of Private Insurance). For the 2015 financial year, gross written premiums of the Group amounted to Euro 85.2 million (Euro 90.6 million in 2014), while net premiums amounted to Euro 44.1 million (Euro 45.0 million in 2014). Gross earned premiums for the 2015 financial year amounted to Euro 92.3 million (Euro 96.8 million in 2014) of which Euro 38.7 million was attributable to the Group's life insurance business (for 2014, this figure remained substantially unchanged) and Euro 53.6 million was attributable to non-life business (Euro 58.1 million in 2014).

The Group recorded a consolidated net loss of Euro 12.2 million for the 2015 financial year (compared to a consolidated net loss of Euro 5.8 million for the 2014 financial year; such loss was largely attributable to impairment write-downs of its equity investments, for an amount equal to Euro 9.3 million (which is not tax deductible), and the total write-down to zero of its participation in banking institutions, for an amount equal to Euro 3 million.

Total shareholders' equity decreased from Euro 49.0 million as at 31 December 2014 to Euro 37.0 million as at 31 December 2015.

Total investments of the Group as at 31 December 2015 amounted to Euro 214.8 million (as at 31 December 2014: Euro 213.6 million).

Selected Financial Information

The section "*Overview Financial Information of Net Insurance S.p.A.*", included elsewhere in this Listing Particulars, contains consolidated balance sheet and income statement information in summary form, extracted from the audited consolidated financial statements of Net Insurance as at and for the years ended 31 December 2015 and 2014, which are incorporated by reference into this Listing Particulars. Certain numerical figures contained in this Listing Particulars, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

The following table sets out certain selected consolidated financial information of Net Insurance as at and for the years ended 31 December 2015 and 2014, derived from the reclassified consolidated income statement and balance sheet as at and for the periods then ended.

| | As at and for the years ended 31 December | |
|---|--|-------------|
| | 2015 | 2014 |
| | <i>IFRS (Audited) (thousands of Euro)</i> | |
| Gross earned premiums | 92,327 | 96,824 |
| Net earned premiums | 44,121 | 44,959 |
| Gross ins. benefits and claims and reserve var. | 102,608 | 109,449 |
| Net insurance benefits and claims | 54,150 | 55,701 |
| Management expenses | 11,258 | 13,240 |
| Investments | 214,805 | 213,596 |
| Gross technical reserves | -358,566 | -357,888 |

**As at and for the years
ended 31 December**

| | 2015 | 2014 |
|------------------------------|---|--------|
| | <i>IFRS</i> (Audited) (thousands of Euro) | |
| Shareholders' equity (group) | 36,981 | 49,029 |
| Net profit/loss (group) | -12,240 | -5,787 |

Strategy and business developments

Mission of the Group

The Group has defined the following strategic lines of action:

- maintain its leadership in the niche market segment of salary/pension guaranteed loans: the Group will implement specific actions to strengthen business relationship with its existing partners and reach agreements with new partners, as well as improve the technical profitability of the products offered by the Group;
- develop a multichannel distribution approach: the Group aims to achieve this by upgrading its network of agents and brokers (comprised currently of 40 agencies/brokers, promoting partnerships/strategic arrangements with bank networks; enhancing direct distribution (internet and telephone) as well as contact with users' communities;
- diversify into new product niches: the Group aims to leverage on its innovative capabilities, as demonstrated by its track record in its core business, to expand into new market segments.

Research and development of new products

In 2015, the Group's marketing activities in the non-life business concerned primarily credit protection insurance products related to loans to employees to be repaid through the transfer of a portion of the salary and, to a lesser extent, other non-life insurance products.

In addition, the Group further developed in 2015 its business in agricultural risk policies (cover against damage to agricultural production due to natural events such as hail, freeze, frost, strong wind and heavy rain). Gross written premiums from agricultural risk policies issued by the Group in 2015 amounted to € 17,696,000 (or approximately 20.8 per cent. of the Group's gross written premiums for the 2015 financial year). Based on data from ANIA (the association representing insurance companies in Italy), annual gross written premiums in the agricultural risk/natural events insurance products market segment in Italy is worth some 500 million Euros. Management believes that there are currently not more than fifteen players with a strategic vision in this specific market segment thus offering interesting growth opportunities for the Group which, according to the "*Consorzio italiano di Coriassicurazione contro le calamità naturali in Agricoltura*", had a market share of approximately 3.5 per cent. in terms of premiums.

Net Insurance is now planning to develop other business niches, investing particularly in a product (already tested at an experimental stage in recent years) devoted to the segment of residential leases. The policy (Guarantee + Legal Assistance) protects the lessor in case of delay or default of the leaseholder. After paying the indemnity, the insurance company is subrogated in the lessor's claim against the leaseholder. This niche insurance product shows potential for growth.

Net Insurance furthermore aims to diversify its offering through a catalogue of retail products for families (accident, fire, life and liability insurance) distributed by a network currently comprised of 40 small-medium agencies / brokers.

Business Outlook

The volume and quality of written premiums in the Group's core business of providing insurance coverage in salary/pension guaranteed loans is highly conditioned by trends in lending in the financial/banking sectors. Any positive or negative development in Italian gross domestic product and national consumption would directly affect consumers' confidence and propensity to consume, being factors which have an indirect impact on borrowings and consumer credit.

Despite overall uncertainty in macro-economic developments in Europe for the medium term as well as geopolitical tensions, the salary/pension guaranteed loans segment has shown encouraging signs of growth during the first three months of 2016 (+ 10.3 per cent. in terms of gross premium written, compared to the first quarter of 2015). Recent years have witnessed the entry of a number of major commercial banks into this specific segment of the broader consumer credit market in recognition of the advantages of this line of business: (i) large growth potential (in Italy there are approximately 11 million employees with an open-ended employment contract and 7 million retirees (source: "ISTAT. Data relating to pensions")); and (ii) strong protection of credit with possibility to securitise the outstanding receivables.

Net Insurance's strategic goal is to consolidate its market leadership in salary/pension guaranteed loans (market share of approximately 30 per cent. in terms of number of loans insured in 2015).

See further "Business Outlook" in the Management Report contained in the 2015 consolidated financial statements, incorporated by reference into this Listing Particulars.

Group Insurance Business

The Group's business is divided between the life business segment and the non-life business segment. Non-life business is carried out through Net Insurance, while the life business is performed by Net Insurance Life. The Group also has a 39.86 per cent. strategic participation in Dynamica Retail S.p.A., a company specialising in granting salary guaranteed loans and a 25.48 per cent. participation in Techub S.p.A., a services company operating in the field of consumer credit management.

The Group's core business, which accounted for 77 per cent. of its 2015 revenues, is to offer mandatory insurance coverage on salary/pension-guaranteed loans to banks and consumer finance companies. The Group also offers to retail customers other life and non-life insurance policies, including term life insurance, accident protection, agricultural risk policies, fire and theft policies for residences, multi-assurance policies for families and policies for the protection of landlords of residential buildings.

Reinsurance

The Group reinsures with leading reinsurers a portion of its premiums related to both salary/pension guaranteed loans as well as other insurance policies.

In particular, since 2002, the Group has reinsured a portion of the premiums related to policies underlying salary/guaranteed loans pursuant to "risk attaching" proportional contracts which provide coverage for losses under the policies for the entire duration of the underlying loans. During the period between 2002 to 2008, approximately 30 per cent. to 50 per cent. of the premiums were ceded to reinsurers and since 2009, this percentage has increased to approximately 70 per cent., with leading reinsurers including Swiss Re, Gen Re, Munich Re, Hannover Re, Axa France (Iard and Vie).

Since 2013, approximately 90 – 95 per cent. of the Group's exposure in agricultural risk policies has been ceded to a pool of reinsurers pursuant to proportional contracts. A portion of the premiums written under other policies (fire, accident, life) has been reinsured since 2001 through proportional contracts with Swiss Re, integrated by excess of loss contracts; and the Group also reinsures a portion of the premiums relating to legal assistance insurance with ARAG.

Life

Gross written premiums of the Group's life business segment for the 2015 financial year amounted to Euro 38.7 million, substantially unchanged compared to 2014.

The following table sets out certain selected figures for the Net Insurance Group's life operations for the years ended 31 December 2015 and 2014.

| | For the years ended 31 December | |
|------------------------|---|-------------|
| | 2015 | 2014 |
| | <i>(IFRS)</i> <i>(Audited)</i> <i>(thousands of Euro)</i> | |
| Gross written premiums | 38,737 | 38,740 |
| Net premiums | 22,934 | 22,069 |
| Claims incurred | -24,254 | -24,449 |
| Claims paid | -35,914 | -35,215 |
| Technical result | -1,320 | -2,380 |

Non-Life

Gross written premiums of the Group's non-life business amounted to Euro 46.4 million for the year ended 31 December 2015, representing a decrease of 10.5 per cent. per cent. compared to Euro 51.8 million for the same period in 2014.

The following table sets out certain selected figures for the "*Credit and Pecuniary Losses*" and Other *non-life* segments of the Group's non-life operations for the years ended 31 December 2015 and 2014.

| | For the years ended 31 December | |
|-------------------------------|---|-------------|
| | 2015 | 2014 |
| | <i>(IFRS)</i> <i>(Audited)</i> <i>(thousands of Euro)</i> | |
| Gross earned premiums | 33,215 | 35,095 |
| Net earned premiums | 19,270 | 20,525 |
| Insurance benefits and claims | -28,557 | -29,952 |
| Claims settled | -48,888 | -48,825 |
| Technical result | -9,287 | -9,427 |

The following table sets out certain selected figures for the Net Insurance Group's non-life operations – "*Other non-life segments*" for the years ended 31 December 2015 and 2014.

**For the years ended
31 December**

| | 2015 | 2014 |
|-------------------------------|----------------------------|-------------|
| | <i>(IFRS)</i> | |
| | <i>(Audited)</i> | |
| | <i>(thousands of Euro)</i> | |
| Gross earned premiums | 20,374 | 22,990 |
| Net earned premiums | 1,916 | 2,365 |
| Insurance benefits and claims | -1,338 | -1,303 |
| Claims paid | -16,130 | -15,405 |
| Technical result | 578 | 1,062 |

Regulatory

Italian insurance and reinsurance undertakings in general and Net Insurance Group in particular are subject to a complex regulatory framework consisting of national and European rules and regulations.

At the European level, Italian insurance undertakings are subject to a number of EU Directives governing the insurance sector and to the relevant applicable implementing rules (including, *inter alia*, EU Directives on life insurance, non-life insurance, solvency matters, etc.). Among the most recent and relevant European laws is EU Directive 2009/138/EC of 25 November 2009 (the "**Solvency II Directive**") establishing new rules on: (i) minimum capital requirements to cover risks; (ii) governance and risk management requirements; and (iii) disclosure and transparency requirements. The Solvency II Directive was implemented in Italy by Legislative Decree No. 74 of 12 May 2015, which amended the Code of Private Insurance.

On 10 October 2014 the European Commission adopted a Delegated Act containing implementing rules for Solvency II. Following approval of the European Parliament and Council, this was published in the Official Journal on 17 January 2015, as Commission Delegated Regulation 2015/35 and entered into force the following day. This Act is directly applicable in all European Union Member States.

At the national level, the most important laws governing activities of insurance and reinsurance undertakings are consolidated in the Italian Civil Code that contains certain provisions applicable to the insurance sector, including, in particular, life and non-life insurance contracts. In addition to the Italian Civil Code and Legislative Decree No. 58/1998 ("**TUF**") (as amended), insurance laws are contained in the Code of Private Insurance, which, *inter alia*: (i) regulates access to insurance and reinsurance activities; (ii) requires the maintenance of certain solvency margins, in part through a guarantee fund; (iii) determines the form of financial statements for insurance companies; and (iv) regulates the activities of insurance intermediaries. The provisions of law relating to the insurance sector are integrated, at national level, by regulations issued by the *Ministero dello Sviluppo Economico* (the "**Ministry of Economic Development**" formerly, *Ministero delle Attività Produttive* (the Ministry of Industry and Commerce)) and implemented by regulations issued by the *Istituto per la Vigilanza sulle Assicurazioni* ("**IVASS**").

Following the entry into force (1 January 2016) of Legislative Decree No. 74 of 12 May 2015, implementing the Solvency II Directive in Italy, many articles of the Code of Private Insurance, including articles 44 and 44-*bis* concerning the solvency margin of insurance undertakings, were repealed or amended. In addition, for the purposes of implementing the Solvency II Directive, IVASS published a number of consultation papers on different matters, including, *inter alia*, Consultation Paper No. 18/2015 (which is adopted pursuant to the new article 44-*ter* of the Code of Private Insurance) containing the draft Regulation on basic own fund items that insurance and reinsurance undertakings may use for the purpose of calculation of their Solvency Capital Requirement. The consultation process closed on 6 October 2015. Upon entry into force of the draft Regulation and other regulations on the calculation of the Solvency Capital Requirement, ISVAP Regulation no. 19 of 14 March 2008 – concerning the solvency margin of insurance undertakings – will be repealed and will remain in force only to the extent applicable to the solvency margin calculated as at 31 December 2015.

The Net Insurance Group specialises in credit protection related to salary and pension backed loans (so called "*Cessione del Quinto*"). These types of loans are regulated by specific laws and regulations where loans by the lender are guaranteed by monthly repayments by the borrower, which repayments cannot exceed one fifth of the net income of the borrower.

The main provisions relating to salary and pension-backed loans are contained in Presidential Decree No. 180/1950 (as amended), Presidential Decree No. 895/1950 (as amended) and Legislative Decree No. 35/2005, which provide for, *inter alia* (i) compulsory purchase of insurance protection for borrowers; (ii) obligations of employers (in case of employment relations) and Italian Social Security Institutions (in case of pensioners) to make loan repayments; (iii) protection of lenders in the event of inability of a borrower to make a repayment as a result of loss of employment or death; (iv) right of recourse of the insurance company against the debtor in the event of loss of employment; and (v) no right of recourse of the insurance company against the heir of the borrower in the event of a borrower's death. Moreover, due to the spread of salary and pension-backed loans, several changes were introduced to the industry specific regulation. In particular, in 2010, IVASS issued Regulation No. 35/2010, which provided for a partial refund of a premium by an insurance company in the event of early termination or transfer of a mortgage or loan for which the borrower had insurance coverage paid through a single premium. Law No. 221/2012 extended the obligation to insurance contracts concluded prior to 19 December 2012 (provided that the underlying loan had been extinguished after 18 December 2012).

In recent years the Bank of Italy has taken a number of actions in its role as a regulatory body affecting directly the salary and pension backed loans market segment, including more stringent rules on the offering of salary and pension backed loans to ensure that the loans match the customers' needs. These rules will affect directly the salary and pensions backed loans market, which will in turn impact the Group's core business.

Under the national regulatory framework currently in force, IVASS is granted a very important supervisory role, and in particular, with the exception of certain powers specifically reserved for the Ministry of Economic Development, all control and supervisory powers in respect of the insurance industry are exercised autonomously by IVASS. The regulatory framework applicable to Italian insurance companies requires insurance and reinsurance undertakings to establish and maintain ongoing dialogue with IVASS. Certain transactions are subject to prior notification and/or approval by IVASS. Furthermore, IVASS has the power to request information from insurance undertakings and their management, conduct audits and investigations of their activities as well as to impose actions to be implemented by the insurance undertakings in case of non-compliance with the requirements set forth in applicable laws and regulations.

Corporate Governance Rules

To the best of its knowledge and belief, Net Insurance operates in compliance with all applicable corporate governance laws and regulations.

Board of Directors

The Board of Directors of Net Insurance in office at the date of this Listing Particulars was appointed at an Ordinary Shareholders Meeting of Net Insurance held on 29 April 2016.

The Board of Directors of Net Insurance as at the date of this Listing Particulars is constituted as follows:

| Office held | Name | Principal activities performed by the Directors outside the Net Insurance Group |
|---|---------------------|--|
| Chairman | Renato Giulio Amato | Managing Director in a number of companies operating in the financial sector as Dynamica Retail S.p.A. |
| Chief Executive Officer and Managing Director | Giuseppe Caruso | Board Member, Chief Executive Officer and Chairman at a number of companies operating |

| | | |
|--------------------------|------------------------|---|
| | | in the financial, insurance |
| Board Member | Francesca Romana Amato | Legal advisor to companies listed on Borsa Italiana S.p.A. and companies registered in the register pursuant to article 106 TUB; Board Member in a number of companies of securitisation and Securitifleet S.p.A. |
| Board Member | Francesco Rocchi | Collaborator at the Department of Communication Sciences, Business Economics of "La Sapienza" University in Rome; Statutory Auditor at AAREAL PARTECIPAZIONI S.p.A. and UBAE – ARAB ITALIAN BANK S.p.A.; Chairman of the Supervisory Board of the Fondo Byblos; Chairman of the Board of Auditors of the <i>Ordine degli Ingegneri della Provincia di Roma</i> ; member of the Board of Directors at Dynamic S.p.A. |
| Board Member | Luigi Passeri | Director at various companies operating in the receivables securitisation and industrial sectors (So.Ge.Fid. S.p.A., Prealpina Investimenti S.r.l.) |
| Board Member | Cesare Colombi | General Manager of Prestitalia S.p.A. and member of the Board of Directors of Assofin. |
| Board Member | Maria Monti | Head of Individual Business Development at UniCredit Group |
| Independent Board Member | Paolo De Angelis | Professor of Mathematical methods of economy theory, Actuarial and Financial Sciences at "La Sapienza" University in Rome; Actuarial Consultant for analysis and evaluation of insurance and financial risks in the operational management of life insurance companies and damages, pension and financial assistance funds; President and founding member of the Association of Actuarial Consultancy and Research; holds a number of positions at actuarial organisations, insurance companies and pension funds; Consultant at Ente di Previdenza dei Periti Industriali and Intesa San Paolo |

| | | |
|--------------------------|----------------|---|
| Independent Board Member | Gaia Sanzarell | SIM. Lawyer operating with focus on corporate and capital markets law. Professor of Master's Degree programme "New rules for Intermediaries, Issuers and Financial Markets" at the Department of Economics of the "La Sapienza" University in Rome from 2009 to 2015. |
|--------------------------|----------------|---|

The business address of each Member of the Board is Via Giuseppe Antonio Guattani, 4, 00161 Rome, Italy.

Conflicts of Interest of members of the Board of Directors

The Directors of Net Insurance may, from time to time, hold directorships or other significant interests with companies outside the Net Insurance Group, which may have business relationships with the Group. Net Insurance has in place a procedure, as required by Articles 2391 and 2391-bis of the Italian Civil Code, CONSOB Regulation no. 17221 of 12 March 2010 and provisions approved by Borsa Italiana S.p.A. for the issuers on the AIM Market, aimed at identifying and managing any conflicts or potential conflicts of interests, to ensure, where possible, that no actual or potential conflicts of interest will arise, and to guarantee that related party transactions are performed in accordance with the principle of transparency and substantive and procedural correctness.

There are no conflicts of interest between any of the Directors' duties to Net Insurance and their private interests or other duties.

Board of Statutory Auditors

Pursuant to Italian law, Net Insurance 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. 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 five Italian firms listed on regulated markets. In Italy, at least one third of permanent and alternate auditors are chosen from among candidates complying with the professional and competence requirements established for the office of chair of the Board of Statutory Auditors.

The Board of Statutory Auditors was appointed at the Ordinary Shareholders Meeting of Net Insurance held on 30 April 2015 for a term expiring on approval of the financial statements for the year ending 2017. The Board of Statutory Auditors is currently made up of the following members

| Office held | Name |
|--------------------|--------------------|
| Chairman | Francesco Perrotta |
| Permanent Auditor | Cosimo Vella |
| Permanent Auditor | Paolo Bertoli |
| Alternate Auditor | Umberto Barlassina |
| Alternate Auditor | Paolo Cantamaglia |

The business address of the Statutory Auditors is Via Giuseppe Antonio Guattani, 4, 00161 Rome, Italy.

Independent Auditors

The Independent Auditors are responsible for ensuring, during the financial year, that the company's accounts are properly kept and transactions correctly recorded in the books, informing the Board of Statutory Advisors and CONSOB (the Italian Securities and Exchange Commission) immediately of any facts they consider reprehensible, and ensuring that the annual and consolidated financial statements correspond to the entries in the books of accounts and the audit results, and comply with the applicable legislation.

The independent auditor of the Issuer is BDO Italia S.p.A., with its registered office at Via Ludovisi, 16, 00187 Rome, Italy. BDO Italia S.p.A. is registered on the special register of audit firms held by the Italian Ministry of Economy and Finance. Moreover, BDO Italia S.p.A. is a member of ASSIREVI (*Associazione Italiana Revisori Contabili*).

BDO Italia S.p.A. has been appointed as independent auditor of the Issuer until the 2019 fiscal year.

Employees

As at 31 December 2015 the Net Insurance Group's consolidated companies had 84 employees compared to 93 as at 31 December 2014.

Net Insurance shares and shareholders

As at the end of 2015, the share capital of Net Insurance amounted to Euro 6,855,328 divided into an equal number of ordinary shares with no indication of the nominal value.

As at 13 July 2016, the shareholders of Net Insurance are the following:

| | |
|---|--------|
| Stock Market | 11.94% |
| UniCredit S.p.A. | 0.85% |
| Net Insurance Servizi Assicurativi S.r.l. | 0.61% |
| Rocchi Francesco | 0.93% |
| Banca Monte dei Paschi di Siena S.p.A. | 1.34% |
| Banca Popolare di Bari S.C.p.A. | 2.19% |
| Management Net Insurance S.p.A. | 2.34% |
| AXA France Iard | 2.69% |
| Nuova Banca dell'Etruria e del Lazio S.p.A. | 2.69% |
| Unione di Banche Italiane S.p.A. | 3.36% |
| Veneto Banca S.p.A. | 6.76% |
| Rocchi Alfredo | 5.48% |
| Amato Arturo | 6.25% |
| Prealpina Investimenti S.r.l. | 6.89% |
| Swiss Re Direct Investment Company Ltd. | 8.75% |
| Amato Renato Giulio | 9.45% |

| | |
|------------------------|--------|
| Amato Francesca Romana | 10.89% |
| Amato Giuseppe Romano | 16.60% |

Shareholders' equity

As at 31 December 2015, Net Insurance's shareholders' equity amounted to Euro 37 million compared to Euro 49 million as at 31 December 2014.

Changes to Net Insurance's interest in shareholders' funds are reported in the notes to the consolidated financial statements as at and for the year ended 31 December 2015. See "*Information incorporated by reference*".

Litigation pending

As at 31 December 2015, neither Net Insurance nor Net Insurance Life is involved in any litigation, arbitration or administrative proceedings in Italy or abroad, excluding proceedings resulting from the ordinary course of their businesses. Management does not expect any such proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) to which the Group is a party to have a material adverse effect on the financial position or profitability of the Issuer or the Group.

Recent developments

Capital Increase of Net Insurance Life S.p.A.

On 29 March 2016, Net Insurance subscribed for a Euro 2 million capital increase of Net Insurance Life to strengthen Net Insurance Life's capital structure in order to meet its solvency requirements.

Shareholder approval of 2015 non-consolidated financial statements

The Ordinary Shareholders Meeting of Net Insurance held on 29 April 2016 approved the non-consolidated financial statements of Net Insurance as at and for the year ended 31 December 2015.

CAPITALISATION OF NET INSURANCE'S GROUP

The following table sets out the capitalisation on a consolidated basis of Net Insurance as at 31 December 2015 and 2014. This information has been extracted from and should be read in conjunction with the audited consolidated financial statements of Net Insurance's Group as at and for the year ended 31 December 2015 and 2014 which are incorporated by reference herein.

There has been no material change in the consolidated capitalisation of Net Insurance since 31 December 2015.

| | As at 31 December | |
|--|--|-------------|
| | 2015 | 2014 |
| | <i>(Data from audited consolidated statements)</i> | |
| | <i>IFRS (in thousands of Euro)</i> | |
| Liabilities | | |
| Payables arising out of insurance operations | 3,723 | 1,529 |
| Payables | 101,054 | 56,108 |
| Other liabilities | 14,233 | 21,081 |
| Shareholders' equity | | |
| Share capital | 6,855 | 6,792 |
| Capital reserves | 25,729 | 25,792 |
| Revenue reserves and other reserves | 18,799 | 24,212 |
| Shareholders' Equity attributable to the Group | 36,981 | 49,03 |
| Total shareholders' equity and liabilities | 511,199 | 484,473 |

OVERVIEW FINANCIAL INFORMATION OF NET INSURANCE S.p.A.

Set out below is overview financial information of Net Insurance which is derived from the audited consolidated financial statements of Net Insurance as at and for the years ended 31 December 2015 (presented in accordance with IFRS) and 31 December 2014 (presented in accordance with IFRS). The audited consolidated financial statements of Net Insurance's Group as at and for the years ended 31 December 2014 were audited by Mazars S.p.A. and the consolidated financial statements 2015 were audited by BDO Italia S.p.A. Such financial statements, together with the audit reports of BDO Italia S.p.A. and the accompanying notes, are incorporated by reference into this Listing Particulars. The financial information below should be read in conjunction with such financial statements, reports and the notes thereto. See also "*Information incorporated by reference*".

Annual Consolidated Balance Sheets of Net Insurance's Group

| | As at 31 December | |
|---|---|---------|
| | 2015 | 2014 |
| | <i>Audited IFRS</i> <i>(thousands of Euro)</i> | |
| INTANGIBLE ASSETS | 5,594 | 5,666 |
| Goodwill | 5,197 | 5,197 |
| Other intangible assets | 396 | 469 |
| TANGIBLE ASSETS | 16,997 | 16,560 |
| Land and buildings (self used) | 16,530 | 16,209 |
| Other tangible assets | 467 | 351 |
| TECHNICAL INSURANCE RESERVES ATTRIBUTABLE TO | | |
| REINSURERS | 194,385 | 153,741 |
| INVESTMENTS | 214,805 | 213,596 |
| Land and buildings (investment properties) | 0 | 0 |
| Equity investments in subsidiaries, related companies and joint ventures | 2,160 | 2,159 |
| Investment held to maturity | 0 | 0 |
| Loans and receivables | 2,353 | 9,380 |
| financial assets available for sale | 210,292 | 202,057 |
| Financial assets at fair value through profit or loss..... | 0 | 0 |
| RECEIVABLES | 34,646 | 40,743 |
| Receivables arising out of direct insurance operations | 25,652 | 28,682 |
| Receivables arising out of reinsurance operations | 7,022 | 11,097 |
| Other receivables | 1,972 | 963 |

| | As at 31 December | |
|---|---|----------------|
| | 2015 | 2014 |
| | <i>Audited IFRS (thousands of Euro)</i> | |
| OTHER ASSETS | 25,473 | 30,567 |
| Non-current assets or disposal groups held for sale | 0 | 0 |
| Deferred acquisition costs | 0 | 0 |
| Deferred tax assets | 7,220 | 9,181 |
| Tax receivables | 3,302 | 1,344 |
| Other assets | 14,951 | 20,042 |
| CASH AND CASH EQUIVALENTS | 19,298 | 23,599 |
| TOTAL ASSETS | <u>511,199</u> | <u>484,473</u> |

Annual Consolidated Profit and Loss Accounts of Net Insurance S.p.A.

| | For the years ended 31 December | |
|--|--|-------------|
| | 2015 | 2014 |
| | <i>Audited IFRS (in thousands of Euro)</i> | |
| Net premiums..... | 44,121 | 44,959 |
| Gross earned premiums | 92,327 | 96,824 |
| Earned premiums ceded..... | -48,206 | -51,865 |
| Net income from financial instruments at fair value through profit or loss .. | 0 | 0 |
| Income from equity investments in subsidiaries, related companies and joint ventures | 0 | 0 |
| Income from other financial assets and land and buildings investment | 11,554 | 20,934 |
| Interest income..... | 4,294 | 5,727 |
| Other income | 541 | 287 |
| Realized profits..... | 6,719 | 14,919 |
| Unrealized gains and reversal of impairment losses | 0 | 0 |
| Other income | 1,304 | 2,944 |

| | For the years ended 31 December | |
|---|--|---------------|
| | 2015 | 2014 |
| | <i>Audited IFRS</i> | |
| | <i>(in thousands of Euro)</i> | |
| TOTAL INCOME | 56,979 | 68,836 |
| Net insurance benefits and claims..... | 54,150 | 55,701 |
| Claims paid and change in technical reserves..... | 102,608 | 109,449 |
| Reinsurers' share..... | -48,457 | -53,747 |
| Commissions payable..... | 0 | 0 |
| Expenses from equity investments in subsidiaries, related companies and joint ventures..... | 0 | 0 |
| Charges from other financial assets and land and building investments..... | 16,023 | 8,456 |
| Interest payable..... | 613 | 654 |
| Other charges..... | 1,752 | 1,757 |
| Realized losses..... | 848 | 1,419 |
| Unrealized losses and impairment losses..... | 12,810 | 4,626 |
| Operating expenses..... | -869 | -5,741 |
| Commissions and other acquisition costs..... | -3,584 | 3,175 |
| Investment management expenses..... | 438 | 508 |
| Other administration expenses..... | 2,276 | 2,059 |
| Other costs | 833 | 4,545 |
| TOTAL COSTS AND CHARGES | 70,138 | 74,444 |
| EARNINGS BEFORE TAXES | -13,159 | -5,608 |
| Taxes..... | -918 | 179 |
| EARNINGS AFTER TAXES | -12,240 | -5,787 |
| RESULT OF DISCONTINUED OPERATIONS | 0 | 0 |
| CONSOLIDATED RESULT OF THE PERIOD | -12,240 | -5,787 |
| Result of the period attributable to the Group..... | -12,240 | -5,787 |
| Result of the period attributable to minority interests..... | 0 | 0 |

TAXATION

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership and the disposal of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Listing Particulars and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The Issuer will not update this summary to reflect changes in laws and if such a change occurs, the information in this summary could become invalid.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

In particular, this summary does not address possible application of Italian anti-tax avoidance rules or general anti-abuse principles possibly associated with the investment in the Notes.

This summary does not describe the tax consequences for a holder of the Notes where physical delivery applies and, in particular, in respect of Notes that are redeemable in exchange for, or convertible into, shares, of the exercise, settlement or redemption of such Notes and/or any tax consequences after the moment of exercise, settlement or redemption.

With regard to certain innovative or structured financial instruments there is currently neither case law nor comments of the Italian tax authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be excluded that the Italian tax authorities and courts or Italian intermediaries may adopt a view different from that outlined below.

Prospective purchasers are suggested to consult their own tax advisers concerning the overall tax consequences of their interest in the Notes.

REPUBLIC OF ITALY

Tax treatment of 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 – Notes that qualify as "obbligazioni o titoli similari alle obbligazioni"

Pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Legislative Decree No. 239**"), as amended and restated, and pursuant to Article 44, paragraph 2(c) of Presidential Decree No. 917 of 22 December 1986 ("**Presidential Decree 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. Notes qualify as "bonds" or "debentures similar to bonds" for Italian tax purposes if they incorporate an unconditional obligation to pay, at maturity, an amount not less than the nominal value and 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.

Italian resident Noteholders

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**", currently applicable at 27.5 per cent., to be reduced to 24 per cent. starting from 2017 fiscal year) or individual income tax (*imposta sul reddito delle persone fisiche* – "**IRPEF**", applicable on a progressive basis), as applicable and – under certain circumstances – of the regional tax on productive activities (*imposta regionale sulle attività*

produttive – "IRAP", currently applicable at a rate that may vary between 2.58 per cent. and 6.22 per cent., depending on the holder's actual "status" and Region of residence).

Interest on the Notes is subject to a 26 per cent. substitute tax ("*imposta sostitutiva*") if the recipient is included among the following categories of Italian residents: (i) individuals, (ii) non-commercial partnerships, (iii) non-commercial private or public institution or entities that are exempt from IRES. The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

The 26 per cent. *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 per cent. 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 No. 461 of 21 November 1997 ("**Legislative Decree No. 461**").

In certain circumstances, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 ("**Law No. 509**") or Law No. 103 of 10 February 1996 ("**Law No. 103**") are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes), as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

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 per cent. *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**"), by *società di investimento a capitale variabile* ("**SICAV**") or by *società di investimento a capitale fisso* not exclusively or primarily investing in real estate ("**SICAF**") is not subject to such *imposta sostitutiva* but is included in the aggregate income of the Investment Funds, SICAV or SICAF. A withholding tax of 26 per cent. will be levied on proceeds distributed by the Investment Funds, the SICAV, the SICAF or received by certain categories of unitholders upon redemption or disposal of the units.

Interest accrued on the Notes held by Italian pension funds subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005 ("**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 20 per cent. A 9 per cent. tax credit may be granted to the Pension Funds in certain circumstances.

Where the Noteholder is an Italian *società di investimento immobiliare quotata* ("**SIIQ**"), the ordinary tax regime of Italian companies will apply to any Interest from the Notes; thus, if the Notes are deposited with an authorised Italian intermediary Interest from the Notes will not be subject to *imposta sostitutiva* and will be included in the taxable income of the Noteholder subject to ordinary Italian corporate taxation.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Law Decree No. 351**"), Interest on the Notes held by Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 ("**Real Estate Fund**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a Real Estate Fund. A withholding tax may apply in certain circumstances at the rate of 26 per cent. on distributions made by the Real Estate Funds and, in certain cases a tax transparency regime may apply in respect of certain categories of investors in the Real Estate Funds owning more than 5 per cent. of the fund's units.

Pursuant to Article 9 of Legislative Decree No. 44 of 4 March 2014, the same regime applicable to Real Estate Funds also applies to *società di investimento a capitale fisso* ruled by Legislative Decree No. 58 of 24 February 1998 exclusively or primarily investing in real estate in the measures provided under the applicable implementing regulations ("**Real Estate SICAF**").

Pursuant to Legislative Decree No. 239, *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* ("**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 substitute tax is applied and withheld by any entity paying Interest to the Noteholder, or absent that by the Issuer.

Non-Italian resident Noteholders

Non-resident holders, without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, are not subject to such 26 per cent. *imposta sostitutiva* according to Article 6, paragraph 1, Legislative Decree No. 239, provided that:

- (i) they are either (a) resident for tax purposes in a State which allows an adequate exchange of information with Italy as listed in the Italian Ministerial Decree dated 4 September 1996 or, in the case of institutional investors not subject to tax, they are established in such a State, or institutional investors established in such a State or (b) supranational entities set up in accordance with an international treaty executed by Italy, or (c) central banks or other authorities engaged in the management of the official reserves (of a foreign State);
- (ii) the Notes are deposited directly or indirectly (a) with a bank or a SIM resident in Italy, (b) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Finance or (c) with a non-resident entity or company which has an account with a centralised clearance system which has a direct relationship with the Italian Ministry of Economy and Finance;
- (iii) the banks or brokers mentioned in (ii) 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 must be in conformity with the form approved with Ministerial Decree 12 December 2001, is valid until it is revoked or withdrawn;
- (iv) 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 per cent. *imposta sostitutiva* on Interest if any of the above conditions (i), (ii), (iii) or (iv) is not satisfied.

Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder.

Atypical securities

Italian resident Noteholders

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) and do not comply with Italian and/or EU capital adequacy requirements may be deemed as atypical securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983, converted by Law No. 649 of 25 November 1983, and subject to a withholding tax, levied at the rate of 26 per cent.

In this event, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

Non-Italian resident Noteholders

For non-Italian resident Noteholders the 26 per cent. withholding tax is a final withholding tax. Double taxation treaties entered into by the Republic of Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payment to non-Italian resident Noteholders, subject to proper and procedural requirements.

Tax treatment of capital gains

Italian resident Noteholders

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

In certain circumstances, non-commercial pension entities incorporated under Law No. 509 or Law No. 103 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes), as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

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

- (i) 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 Law Decree No. 66 of 24 April 2014 (converted into Law No. 89 of 23 June 2014, the "**Law Decree No. 66**"), capital losses may be carried forward to be offset against capital gains of the same nature realized after 30 June 2014 for an overall amount of: (a) 48.08 per cent. if realized before 1 January 2012; (b) 76.92 per cent. of the capital losses if realized from 1 January 2012 to 30 June 2014;
- (ii) 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. Under the *regime del risparmio amministrato*, the Noteholder is not required to declare the capital gains in the annual tax return. Pursuant to Law Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realized after 30 June 2014 for an overall amount of: (a) 48.08 per cent. of the relevant capital losses realized before 1 January 2012; (b) 76.92 per cent. of the capital losses realized from 1 January 2012 to 30 June 2014;
- (iii) any capital gain 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 per cent. 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 Law Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realized after 30 June 2014 for an overall amount of: (a) 48.08 per cent. of the relevant capital losses accrued before 1 January 2012; (b) 76.92 per cent. of the capital losses accrued 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, SICAVs and SICAFs are included in the annual accrued increase of the net asset value of such investment funds, SICAVs and SICAFs. A withholding tax of 26 per cent. will be levied on proceeds distributed by the investment funds, SICAV or SICAF or received by certain categories of unitholders upon redemption or disposal of the units.

Any capital gains realized through the transfer for consideration or redemption of the Notes by beneficial owners which are Pension Funds are included in the calculation of the management result of the fund, accrued in each year, subject to a 20 per cent. substitute tax. A 9 per cent. tax credit may be granted to the pension funds in certain circumstances.

Any capital gain realised by an Italian SIIQ is taxable pursuant to the ordinary regime of Italian resident companies and thus will be treated as part of the taxable income of the Noteholder to be subject to Italian corporate taxation.

Capital gains on the Notes held by Real Estate Funds or Real Estate SICAFs to which the provisions of Law Decree No. 351, as subsequently amended, apply, will be subject neither to substitute tax nor to any other income tax at the level of the Real Estate Fund or the Real Estate SICAF. A withholding tax may apply in certain circumstances at the rate of 26 per cent. on distributions made by the Real Estate Funds or Real Estate SICAFs and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Real Estate Funds or Real Estate SICAFs owning more than 5 per cent. of the fund's units.

Non-Italian resident Noteholders

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are connected from the sale or redemption of the Notes issued by Net Insurance are in principle subject to a 26 per cent. tax. However, such gains are exempt from tax in Italy if:

- (i) the Notes are listed on a regulated market; or
- (ii) the Notes are not listed on a regulated market but the Noteholder is entitled to the exemption from the 26 per cent. substitute tax on Interest pursuant to Article 6, paragraph 1, of Legislative Decree No. 239; or
- (iii) 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 the Notes are subject to the registration tax as follows:

- (i) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of Euro 200; and
- (ii) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of Euro 200 only (a) in case of voluntary registration, or (b) in case of cross reference in a deed, agreement or other document entered into, executed or signed by the same parties thereto and registered with the competent Registration Tax Office or in a judicial decision ("*enunciazione*"), or (c) in "case of use". According to Article 6 of the Presidential Decree no. 131 of 26 April 1986, a "case of use" would occur if the relevant document is deposited with a central or local government office or with a court chancery in connection with an administrative procedure.

Stamp duty

The Law Decree No. 201 of 6 December 2011 ("**Law Decree No. 201**"), converted into law with amendments by Law No. 214 of 22 December 2011, has replaced the paragraphs 2-bis and 2-ter and related Notes (3-bis and 3-ter) of Article 13, Tariff annexed to stamp duty Law approved with Presidential Decree No. 642 of 26 October 1972.

Pursuant to Law Decree No. 201, statements sent to customers and related to all the financial products and instruments, including those not deposited, are subject to stamp duty at the rate of 0.20 per cent. The maximum amount due is set at Euro 14,000 for Noteholders other than individuals.

The tax is applied to each statement, on the total market value, or in its absence, on the face or repayment value of securities and financial products. 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. Based on the wording of the law and the implementing Decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on securities deposited abroad

Pursuant to Article 19, paragraphs 18 to 23, of Law Decree No. 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent.

This tax is calculated on the fair market value of the Notes at the end of the relevant year or, in the case the fair market value cannot be determined, on their nominal values or redemption values, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets.

Inheritance and Gift Tax

Pursuant to Law Decree No. 262 of 3 October 2006, as converted with amendments by Law No. 286 of 24 November 2006, inheritance and gift taxes have been re-introduced in Italy, with effect as of 3 October 2006.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (i) if assets (including money) pass to a spouse, as well as to any linear descendent, tax is levied at a rate of 4 per cent. The tax applies to the value of the assets (net of liabilities) left to each heir/beneficiary which exceeded Euro 1,000,000;
- (ii) assets (including money) pass to a relative within the fourth degree or to a linear relative-in-law, as well as to a collateral relative within the third degree, tax is levied at a rate of 6 per cent. The tax applies to the value of the assets (net of liabilities) exceeding Euro 100,000, if assets are left to a brother or sister;
- (iii) 8 per cent. in all other cases.

If the transfer is made in favour of persons affected by an handicap deemed as "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value exceeding Euro 1,500,000.

Tax monitoring obligations

Pursuant to Italian Law Decree No. 167 of 28 June 1990, as amended by Law No. 97 of 6 August 2013 and by Law No. 50 of 28 March 2014, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917) resident in Italy are required to report in their yearly income tax declaration, for tax monitoring purposes the amount of Notes issued by Net Insurance held abroad during each tax year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument for anti-money laundering purposes. The above reporting is not required to be complied with respect to Notes deposited for management with qualified

Italian intermediaries and with respect to contracts entered into through their intervention, provided that the financial flows and income derived from the Notes are subject to tax by the same intermediaries.

EU Savings Directive and implementation in Italy

On 3 June 2003 the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted the European Council Directive no. 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"). Under the Directive, Member States, if a number of important conditions are met, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State.

On 10 November 2015 the Council of the European Union issued Directive no. 2015/2060 ("**Directive No. 2015/2060**") repealing with effect from 1 January 2016 the EU Saving Directive. The aim of Directive No. 2015/2060 is to prevent overlap between the obligations provided for in the EU Saving Directive and the new automatic exchange of information regime set forth by Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). Notwithstanding the repeal of the EU Saving Directive, information gathered by paying agents, economic operators and by Member States before the date of the repeal should be processed and transferred as originally envisaged, and obligations arising before that date should be met.

Italy has implemented the EU Saving Directive through Legislative Decree No. 84 of 18 April 2005 ("**Legislative Decree No. 84/2005**") as of 1 July 2005, Under Legislative Decree no. 84/2005, 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 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.

PLACEMENT AND SALE

The Issuer has entered into a placement agreement dated 29 September 2016 (the "**Placement Agreement**") which sets out provisions relating to the distribution of the Notes.

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.

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.

The entity entitled to distribute the Notes pursuant to the Placement Agreement has agreed that, except as permitted by the Placement Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period 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 commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The entity entitled to distribute the Notes pursuant to the Placement Agreement has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the 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. The entity entitled to distribute the Notes pursuant to the Placement Agreement has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Listing Particulars 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.

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

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

General

The entity entitled to distribute the Notes pursuant to the Placement Agreement has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Listing Particulars or any other offering material relating to the Notes. Persons into whose hands this Listing Particulars comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Listing Particulars or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 19 July 2016, registered with the Companies' Register of Rome on 26 July 2016.

Listing and Admission to Trading

Application has been made to Borsa Italiana for the Notes to be listed and admitted to trading on the Professional Segment of ExtraMOT, and the total expenses related thereto are expected to amount to approximately €2,500.00.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Listing Particulars, a significant effect on the financial position or profitability of the Issuer and Net Insurance Group.

Significant/Material Change

Since 31 December 2015 there has been no material adverse change in the prospects of the Issuer or Net Insurance Group nor any significant change in the financial or trading position of the Issuer or Net Insurance Group.

Auditors

The consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2015, prepared in accordance with IFRS and incorporated by reference in this Listing Particulars, have been audited by BDO Italia S.p.A., independent auditors (the "**Auditors**"), as stated in their report. BDO Italia S.p.A. is registered under No. 167911 in The Register of Accountancy Auditors (*Registro dei Revisori Contabili*) held by the Italian Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, no. 39. BDO Italia S.p.A. is also a member of ASSIREVI. Its registered office is at Via Ludovisi 16, 00187 Rome, Italy. The consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2014, prepared in accordance with IFRS and incorporated by reference in this Listing Particulars, have been audited by Mazars S.p.A. (now called Eleuteria Audit S.p.A.), as stated in their report.

Documents on Display

Copies of the following documents in electronic form (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Issuer:

- (a) the by-laws (*statuto*) of the Issuer;
- (b) this Listing Particulars; and
- (c) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2015 and 2014.

Material Contracts

The Issuer and the companies forming part of Net Insurance Group have not entered into any contracts in the last two years outside the ordinary course of their business which could result in the Issuer or Net Insurance Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of the Notes.

Yield

On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the gross real yield of the Notes is 7.00 per cent. on an annual basis.

Clearing Systems

The Notes have been accepted for clearance through Monte Titoli. The ISIN is IT0005216475. The address of Monte Titoli is Piazza degli Affari, 6, 20123 Milan - Italy.

Legend Concerning US Persons

The Notes will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Post-issuance Information

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

THE ISSUER

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To the Issuer as to Italian law:

Studio Legale RCC

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AUDITORS TO THE ISSUER

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