

POSTE ITALIANE S.p.A.

(incorporated with limited liability in the Republic of Italy)

€800,000,000 Perpetual Subordinated Non-Call 8 Fixed Rate Reset Securities

Issue price: 100 per cent.

The €800,000,000 Perpetual Subordinated Non-Call 8 Fixed Rate Reset Securities (the **Securities**) will be issued by Poste Italiane S.p.A. (the **Issuer** or **Poste Italiane**) on 24 June 2021 (the **Issue Date**).

The Securities will bear interest on their principal amount (a) from (and including) the Issue Date to (but excluding) 24 June 2029 (the **First Reset Date**), at the rate of 2.625 per cent. per annum, (b) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) 24 June 2034, 2.677 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 June 2034 to but excluding 24 June 2049, 2.927 per cent. per annum and (C) in respect of the Reset Periods commencing on 24 June 2049, 3.677 per cent. per annum. Interest on the Securities will be payable annually in arrear on 24 June in each year (each an **Interest Payment Date**).

Payments of interest on the Securities may be deferred at the option of the Issuer in certain circumstances, as set out in Condition 4 of Terms and Conditions of the Securities.

The Securities will be perpetual securities and have no fixed date for redemption. Unless previously redeemed or purchased and cancelled by the Issuer as provided below, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest on the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a Permitted Reorganisation) is instituted (the **Liquidation Event Date**), including in connection with any Insolvency Proceedings (each such term as defined in the Terms and Conditions of the Securities), in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders' meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the Issue Date, is set in its by-laws at 31 December 2100).

The Issuer may redeem all, but not some only, of the Securities on any Call Date at their principal amount together with any interest accrued up to (but excluding) the applicable Call Date and any outstanding Arrears of Interest. See "*Terms and Conditions of the Securities – Redemption and Purchase – Optional Redemption*".

The Issuer may also redeem all, but not some only, of the Securities at the applicable Early Redemption Price at any time upon the occurrence of a Withholding Tax Event, an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event (each as defined in the Terms and Conditions of the Securities). See "*Terms and Conditions of the Securities – Redemption and Purchase – Early Redemption following a Withholding Tax Event*", "*Terms and Conditions of the Securities – Redemption and Purchase – Early Redemption following a Tax Deductibility Event*", "*Terms and Conditions of the Securities – Redemption and Purchase – Early Redemption following a Rating Methodology Event*" and "*Terms and Conditions of the Securities – Redemption and Purchase – Early Redemption following an Accounting Event*".

The Issuer may redeem all (but not some only) of the Securities on any day prior to 24 March 2029 (the date falling 3 months before the First Reset Date) at the Make-whole Redemption Amount (as defined in the Terms and Conditions of the Securities). See “*Terms and Conditions of the Securities – Redemption and Purchase – Make-whole Redemption at the Option of the Issuer*”.

In the event that at least 75 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary (as defined in the Terms and Conditions of the Securities) and cancelled, the Issuer may redeem all, but not some only, of the outstanding Securities at the applicable Early Redemption Price. See “*Terms and Conditions of the Securities – Redemption and Purchase – Purchases and Substantial Repurchase Event*”.

This Prospectus has been approved as a prospectus by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (as amended) (the **Prospectus Regulation**). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the Securities.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU, as amended).

This Prospectus will be valid for 12 months from its date until 21 June 2022. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy will not apply when this Prospectus is no longer valid. For this purpose, “valid” means valid for making offers to the public or admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement this Prospectus is only required within its period of validity between the time when this Prospectus is approved and the closing of the offer period for the Securities or the time when trading on a regulated market begins, whichever occurs later.

The Securities are expected to be rated "Ba2" by Moody’s Italia S.r.l. (**Moody's**) and "BB+" by S&P Global Ratings Europe Limited (**S&P**). Each of Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Securities may adversely affect the market price of the Securities.**

The determination of the Prevailing Interest Rate in respect of the Securities is dependent upon the EUR 5 year Swap Rate appearing on the Thomson Reuters Screen Page “ICESWAP2/EURSFIXA” provided by ICE Benchmark Administration Limited and the 6-month EURIBOR rate administered by the European Money Markets Institute. As at the date of this Prospectus, the European Money Markets Institute is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of Regulation (EU) No 2016/1011 (the **Benchmarks Regulation**). ICE Benchmark Administration Limited does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. However, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that ICE Benchmark Administration Limited is not currently required to obtain recognition, endorsement or equivalence.

The Securities will initially be represented by a temporary global security (the **Temporary Global Security**), without interest coupons, which will be deposited on or about the Issue Date with a common

depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Security will be exchangeable for interests in a permanent global security (the **Permanent Global Security** and, together with the Temporary Global Security, the **Global Securities**), without interest coupons, on or after 3 August 2021 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Security will be exchangeable for definitive Securities only in certain limited circumstances - see "*Overview of Provisions relating to the Securities in Global Form*".

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and are subject to U.S. tax law requirements. The Securities may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. For a further description of certain restrictions on the offering and sale of the Securities and on distribution of this document, see "*Subscription and Sale*" below.

An investment in the Securities involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 10.

Structuring Agents to the Issuer

GOLDMAN SACHS INTERNATIONAL

J.P. MORGAN

Global Co-ordinators

**GOLDMAN SACHS
INTERNATIONAL**

IMI - INTESA SANPAOLO

J.P. MORGAN

Other Joint Lead Managers

BNP PARIBAS

DEUTSCHE BANK

GOLDMAN SACHS INTERNATIONAL

IMI - INTESA SANPAOLO

J.P. MORGAN

UNICREDIT

The date of this Prospectus is 21 June 2021

IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of Article 6 of the Prospectus Regulation.

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

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

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any Joint Lead Manager or any Structuring Agent.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers (as defined in "*Subscription and Sale*") or Goldman Sachs International and J.P. Morgan AG as structuring agents to the Issuer (the **Structuring Agents**) nor any of their respective affiliates (including parent companies) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Securities or any act or omission of the Issuer or any other person in connection with the issue and offering of the Securities. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Securities shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Prospectus has most recently been amended or supplemented or that any other information supplied in connection with the Securities is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Structuring Agents accepts any responsibility for the contents of this Prospectus, or any other information provided by the Issuer in connection with the offering of the Securities or any act or omission of the Issuer or any other person in connection with the issue and offering of the Securities. Each of the Joint Lead Managers and the Structuring Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement, act or omission.

Neither this Prospectus nor any other information supplied in connection with the offering of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any Joint Lead Manager or any Structuring Agent that any recipient of this Prospectus or any other information supplied in connection with the offering of the Securities should purchase any Securities. Each recipient of this Prospectus contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Securities constitutes an offer or invitation by or on behalf of the Issuer, any Joint Lead Manager or any Structuring Agent to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Structuring Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Securities or to advise any investor in the Securities of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Lead Managers or the Structuring Agents represents that this Prospectus may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Structuring Agents which would permit a public offering of the Securities or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Securities in the United States, the United Kingdom, the EEA (including for these purposes the Republic of Italy), Singapore and Canada.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**); or (iii) not a qualified investor as defined in Article 2 of Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (**UK PRIIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities

or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the EU manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any distributor (as defined above) should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA)

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Securities as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO RESIDENTS OF ONTARIO

The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-

105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering of Securities.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer as at and for the financial years ended 31 December 2020 and 31 December 2019 and the unaudited condensed consolidated interim financial statements of the Issuer as at and for the three months ended 31 March 2021.

The Issuer's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Issuer's consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) and adopted by the European Union in EC Regulation 1606/2002 of 19 July 2002, and in accordance with Legislative Decree No. 38 of 20 February 2005, which introduced regulations governing the adoption of IFRS in Italian law.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in the Terms and Conditions of the Securities or any other section of this Prospectus.

References to the **Poste Italiane Group** or the **Group** (other than for the purposes of the Terms and Conditions of the Securities where **Group** shall mean the Issuer and its Subsidiaries from time to time) refer to the Issuer and its consolidated subsidiaries as they exist at the date of this Prospectus.

In addition, the following terms as used in this Prospectus have the meanings defined below:

- **U.S. dollars, U.S.\$** and **\$** refer to United States dollars; and
- **Euro, EUR, euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.
- References to a **billion** are to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in 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.

ALTERNATIVE PERFORMANCE MEASURES

This Prospectus contains (or incorporates by reference) certain financial measures that the Issuer considers to constitute alternative performance measures (**APMs**) for the purposes of the ESMA (European Securities Markets Authority) Guidelines on Alternative Performance Measures (the **Guidelines**), and in relation to which the Guidelines apply. For information regarding the APMs, including an explanation of the criteria used to construct them, see the paragraph headed "*Other Information - Alternative performance indicators*" on pages 339-340 of the "Report on Operations at 31 December 2020" in the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 and on pages 119-120 of the unaudited consolidated interim financial report of the Issuer as at and for the three months ended 31 March 2021, each incorporated by reference into this Prospectus.

The Issuer believes that these APMs provide useful supplementary information to investors and that they are commonly used measures of financial performance complementary to, rather than a substitute for, IFRS

financial indicators, since they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company.

It should be noted that these financial measures are not recognised as a measure of performance or liquidity under IFRS and should not be recognized as an alternative to operating income or net income or any other performance measures recognised as being in accordance with IFRS. These measures are not indicative of the historical operating results of the Group, nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on such data.

SUITABILITY OF INVESTMENT

The Securities may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Securities and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in (or incorporated by reference in) this Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking

statements. When used in this Prospectus, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward looking statements. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance, and these statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements together with the underlying assumptions thereof are reasonable as of the date of this Prospectus, if one or more of such risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Prospectus, or if any of the Issuer’s underlying assumptions prove to be incomplete or inaccurate, the Issuer’s actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer’s ability to achieve and manage the growth of its business;
- the performance of the markets in the Republic of Italy and the wider region in which the Issuer operates;
- the Issuer’s ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer’s ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
- actions taken by the Issuer’s joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

THIRD PARTY INFORMATION

Information and statistics presented in this Prospectus regarding business trends, market trends, market volumes and the market share of the Group are either derived from, or are based on, internal data or publicly available data from various independent sources. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

With reference to any such information and statistics that has been sourced from third parties, the Issuer confirms that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER AND THE SECTOR IN WHICH IT OPERATES

The risks relating to the Issuer and the sector in which it operates have been classified into the following categories:

- 1. Structure of the Issuer risks;*
- 2. Industry and business-related risks;*
- 3. Financial risks;*
- 4. Insurance services risks; and*
- 5. Regulatory and legal risks.*

1. Structure of the Issuer risks

No security interest has been created by the Issuer for the benefit of the holders of the Securities for their claims under the Securities, nor will any guarantee be issued by the Italian Ministry of Economy and Finance (the **MEF**, *Ministero dell'Economia e delle Finanze*) or Cassa Depositi e Prestiti S.p.A. (**Cassa Depositi e Prestiti** or **CDP**), in their capacity as shareholders of the Issuer in favour of Securityholders. Consequently, the Issuer will meet its payment obligations under the Securities primarily through the results of its business activities.

The financial condition and results of operation of Poste Italiane materially depend, in addition to its cash flow, on the inflow of sufficient funds from BancoPosta RFC (the ring-fenced capital (*patrimonio destinato*) used exclusively in relation to the “BancoPosta” activities of the Issuer, referred to in the Terms and Conditions of the Securities as **Patrimonio BancoPosta**) and from Poste Italiane’s subsidiaries (such as Poste Vita), in the form of distributable profits, dividends or fees and commissions from the provision of services such as the utilisation of the Issuer’s distribution channels (as the case may be). However, the Issuer’s assets and legal relationship relating to BancoPosta RFC are designated exclusively to a pool of assets segregated in all respects from the residual assets of the Issuer. In the event of any liquidation or winding-up of the Issuer, any cash realised from the sale of BancoPosta RFC’s assets would be used to pay BancoPosta RFC’s creditors before any payments could be made to the Issuer’s other creditors, including Securityholders.

See the paragraphs “*Creation of BancoPosta ring-fenced capital*” and “*Key events during the period*” in the “*Description of the Issuer*” section of the EMTN Base Prospectus, incorporated by reference in this Prospectus.

The same principles would apply to the Issuer's subsidiaries and, in any liquidation or winding-up, creditors of a subsidiary, including its trade creditors and lenders, would be entitled to the assets of that subsidiary before any of those assets could be distributed to its shareholder (i.e. Poste Italiane or its liquidator). As a result, to the extent that it is necessary to satisfy the Issuer's obligations in respect of the Securities by realising the assets of BancoPosta RFC or of the Issuer's direct and indirect subsidiaries, those obligations will effectively be subordinated to the prior payment of all the debts and other liabilities of BancoPosta RFC and of the Issuer's direct and indirect subsidiaries, including the rights of trade and financial creditors, as well as contingent liabilities, all of which could be substantial.

2. Industry and business-related risks

Macroeconomic conditions and risks relating to the impact of Covid-19

Worldwide, 2020 and the first quarter of 2021 was impacted by the health emergency due to the Covid-19 pandemic. Governments have progressively implemented restrictive measures to contain the spread of contagion (lockdown), which has led to a rapid and sharp decline in economic activity. The shock of a real nature has significantly affected both supply (closure of activities) and demand (reduction in incomes and consumptions). The health emergency and related containment measures have generated a global recession that differs from previous historical episodes mainly in two aspects: the epidemiological origin, completely external to the typical sources of financial and economic imbalance, and the transmission channels that have involved both supply and demand at exceptional speed and intensity.

Monetary policy promptly focused on countering the economic emergency, easing monetary conditions and adopting broad packages of measures including more expansionary refinancing operations to support corporate liquidity and asset purchase programmes for the pandemic emergency. The European Central Bank (**ECB**) in particular, in order to counter yield differentials, has expanded its purchases of securities through the already existing Expanded Asset Purchase Programme (**APP**). In addition, the ECB has introduced the Pandemic Emergency Long-term Refinancing Operations (**PELTRO**), to facilitate access to liquidity in the banking system, and the Pandemic Emergency Purchase Program (**PEPP**), for the purchase of euro area government securities, which has been expanded twice in 2020 to a total of €1,850 billion, operating with greater flexibility than the usual criteria for allocation among domestic securities (*source*: European Central Bank). The ECB announced on 23 March 2021 its pledge to maintain the PEPP to at least March 2022.

The EU has decided to temporarily suspend the deficit constraints provided for in the European Treaties and to allow public recapitalisation of companies. It then identified four financial instruments to counter the effects of the Covid-19 crisis. The European Stability Mechanism (**ESM**) offers loans without macroeconomic conditionality to meet healthcare costs and makes €240 billion available to countries (*source*: European Stability Mechanism). The Support to mitigate Unemployment Risks in an Emergency (Sure), implemented by the European Commission, finances the European Integration Fund for €100 billion (*source*: EU Commission). The European Investment Bank (**EIB**) Group (including the European Investment Fund) has set up a guarantee fund of €25 billion for bank loans to businesses (*source*: European Investment Bank). On 21 July 2020, an agreement was reached for the Recovery fund/Next Generation EU, which will provide Member States with €750 billion through the Recovery and Resilience Facility (**RRF**, in grants (€312.5 billion) and loans (€360 billion), with €191.5 billion earmarked for Italy and the Recovery Assistance for Cohesion and Territories of Europe (**REACT-EU**), financed through the issue of securities (*source*: EU Commission).

The Eurosystem baseline scenario published in March 2021 indicates that real GDP in the Euro area will decrease by 6.9% in 2020 and return to growth of 4.0% in 2021 and 4.1% in 2022 (*source*: European Central Bank). According to the Italian government projections published in April 2021, following a fall in Italian GDP of about 8.9% in 2020, GDP is estimated to return to increase by 4.1% in 2021 and 4.3% in 2022 (*source*: European Central Bank and Italian Ministry of Economy and Finance). Poste Italiane is dependent on the economic environment and cyclical trends, especially in the domestic economy - Italy being the country in which the Group operates almost exclusively - and is adversely affected by any economic downturn, market crisis or period of instability. In particular, weak economic conditions due to the impact of the Covid-19 pandemic and prolonged instability may result in a stagnation or decrease in demand for most

of the different businesses in which Poste Italiane and its Group operate, adversely affecting the services of Poste Italiane. This in turn may give rise to a decrease in volumes, prices and profitability levels, which may have an adverse effect on the financial condition and results of operations of Poste Italiane.

In addition, prolonged stress in financial market conditions as a consequence of Covid-19 could negatively affect market liquidity, and interventions by governments and central banks may prove ineffective or inadequate. A potential rise in the mortality and morbidity rates caused by the pandemic may affect the performance of the life and non-life insurance business unit of Poste Vita Group as a result of an increase in claims. Wider implications of the pandemic on the disposable income of individuals and companies can affect the revenues of all the sectors in which the Group operates. Regulatory authorities may furthermore impose conservation measures that prohibit the payment of dividends by the Group's subsidiaries to the parent company. All these factors may have an adverse impact on the business operations of Poste Italiane and its Group, its funding and liquidity as well as the market value of its assets (for further details regarding the impact of Covid-19 on the Group business and financial performance see the paragraphs headed "*Pandemic risk: Global spread of new pandemics*" in Part 5 (*Risks and Opportunities*) (page 125) and the paragraph headed "*Financial Impacts of the Covid-19 pandemic*" in Part 6 (*Performance*) (pages 134-135), in each case of the Report on Operations at 31 December 2020 of the 2020 Consolidated Annual Financial Statements, incorporated by reference in this Prospectus.

Intense competition in the sectors in which Poste Italiane operates

The Issuer's competitors in the mail sector are mainly focused on high-value urban areas and customers, characterised by lower operational costs and higher profitability. As a result, some of these operators have consolidated their presence, mainly through price competition, gaining market shares. This pressure on prices is not in line with the Universal Postal Service mission, which involves the provision of services also to less profitable areas and guaranteeing a high standard of service all over the country. For a description of the Universal Postal Service, see "*Description of the Issuer – Business of the Group – Mail, Parcels and Distribution*" and "*Description of the Issuer – Regulatory Framework*" of the EMTN Base Prospectus, incorporated by reference in this Prospectus. Intensifying competition, coupled with the restrictions on the Issuer's ability to choose where and how to carry out its operations, could result in declining margins for the Issuer and adversely affect its financial results.

In addition, the increasing use of electronic forms of communication has resulted in a shrinkage of the Italian and international physical mail market. Indeed, the way Poste Italiane's customers communicate and the extent to which electronic media continue to replace physical mail influences demand for mail in Italy and abroad. The substitution of traditional mail with electronic mail is boosted by certified electronic mail product. A continuing decline in demand may have a material adverse effect on the Issuer's financial results.

With specific reference to the parcels sector, the competitive pressure mainly derives from international and consolidated operators with higher investment capacity than the Issuer. The Italian and European markets are undergoing a consolidation phase that might further increase the competitive pressure. The parcels market is moving more and more towards sophisticated value added service, such as tracking, flexibility in the destination, planned time of delivery, etc.. Such services are now enablers for segmentation and higher prices.

If the Issuer is not able to respond to such competitive pressure with the offer of products and value added services that satisfy the clients, it might lose its market share and/or price willingness from the market which would consequently have a negative impact on its financial results.

In the financial sector, the Issuer's BancoPosta RFC activities - notwithstanding the differences with those activities normally carried out by banks - are exposed to the typical competitive risks of the banking sector, especially considering the Italian market and its current consolidation process. If the Issuer is not able to respond to the competitive pressure in the banking sector, it might lose clients which would consequently have a negative impact on its financial results.

Moreover, Directive 2015/2366/EU, the EU directive on payment services in the internal market (**PSD2**), will lower the entry barriers for third-party providers and financial technology companies and enable new

business models and a wide range of new payment services. Poste Italiane has recently approved the creation of the ring-fenced capital related to e-payments and payment services within PostePay which can operate as an electronic money institution (EMI) (for further details, see “*Description of the Issuer – Regulatory Framework – Payments and Mobile*” of the EMTN Base Prospectus, incorporated by reference in this Prospectus).

As such, if PostePay, acting as an EMI, is not able to rapidly develop new e-money and payment services and respond to competitive pressure, it might lose clients which would consequently have a negative impact on its financial results and, indirectly, on the Group financial results. In particular, the Group may lose its market – especially the market for payment services linked to current accounts – as a consequence of the launch of new forms of payment.

In the insurance sector, the Group is exposed to the typical risks deriving from competitive pressure in the Italian insurance market, mainly characterised by the creation of joint ventures between banks and insurance companies aimed at offering to clients joint banking and insurance products and services, leveraging on their respective distribution channels. If the Issuer is not able to respond to the competitive pressure with the offer of products and services that satisfy the clients, it might lose its market share which would consequently have a negative impact on its financial results.

Uncertainties in the Universal Postal Service activity

Poste Italiane’s Universal Postal Service business is exposed to risk relating to compensation due from the Italian state as well as risk relating to increasing competition.

There is a risk linked to the calculation of the compensation to be paid by the Italian State to the Issuer for the provision of the Universal Postal Service. The methodology applied by AGCom in resolution No. 412/14/CONS to calculate the compensation for the years 2011 and 2012 could lead to estimates, which are lower than the real net costs implied by the provision of Universal Postal Service. The Issuer and its main competitor, although for different reasons, filed an appeal to the relevant administrative court against the above-mentioned AGCom resolution No. 412/14/CONS.

In September 2017, AGCom published resolution 298/17/CONS relating to its assessment of the net cost of the universal postal service incurred by Poste Italiane for 2013 and 2014. In detail, the regulator has assessed the net cost for 2013 and 2014 to be Euro 393 million and Euro 409 million, respectively (*source*: AGCom). The AGCom has also determined that the net cost of providing the universal service for 2013 and 2014 is unfair and that the compensation fund¹ to cover the cost for these years, provided under article 10 of Legislative Decree 261/1999, has not been established. With regard to the methodology used to calculate the net cost, on 6 November 2017 Poste Italiane appealed against this resolution to the Lazio Regional Administrative Court.

With resolution 214/19/CONS of 7 June 2019, AGCom has completed the assessment of the net cost for the years 2015 and 2016 and it has established that the net cost incurred by Poste Italiane is of Euro 389 million for 2015 and Euro 356 million for 2016 (*source*: AGCom). The authority has determined that the net costs incurred by Poste Italiane are unfair; however, the compensation fund has not been established. On 2 October 2019, Poste Italiane lodged an appeal against this resolution and the dispute is pending.

With resolution 79/21/CONS of 22 March 2021 (*source*: AGCom) AGCom has launched the consultation phase on the assessment of the universal service net cost for the years 2017, 2018 and 2019; to date, the consultation phase is pending. The Issuer is currently elaborating its position document in reply to the consultation.

The consultation document provides the following estimates of the universal service obligation burdens. For the year 2017 the burden would amount to Euro 348 million. For the years 2018 and 2019 AGCom has advanced two alternative approaches to assess the “reasonable profit” element: either the Weighted Average

¹ The Compensation fund should be activated whenever there is a difference between assessed net cost and available public funds and all postal operators should contribute to the fund

Cost of Capital or the EBIT margin. Depending on the use of the first one or the second one of the above methodologies, the burdens would respectively amount to Euro 329 million or Euro 403 million for the year 2018; and Euro 170 million or Euro 238 million for the year 2019.

Under the consultation document, the financial burden related to the universal service provision for the years 2017, 2018 and 2019 would qualify as “unfair financial burdens” under the relevant EU law provisions. Nevertheless, also in line with its decisions in previous years, AGCom has not established a compensation fund.

However, having regard to the broader period covered by the applicable Service Contract 2015-2019 and the related compensations as authorized by the European Commission under applicable State Aid rules, the provision of the Universal Postal Service would anyhow result as largely under-compensated.

There is a risk that the methodology applied by AGCom to calculate the net cost incurred by Poste Italiane could lead in future to a net cost of the universal postal service estimate by AGCom that is lower than the amounts agreed between the Issuer and the State (see “Regulatory Framework – Mail, Parcels and Distribution – recent history and current framework” in the “Description of the Issuer” section of the EMTN Base Prospectus, incorporated by reference in this Prospectus). This could, over time, have a negative effect on the Issuer’s margins and financial results.

On 1 December 2020, the EU Commission approved, under the relevant EU State Aid provisions, the Service Contract between the Issuer and the State for the provision of the Universal Postal Service for the years 2020-2024 (Decision SA.55270). The Service Contract provides for a maximum compensation of Euro 262 million per year.

Law Decree 244/2016 (the so-called “Mille Proroghe” decree), converted with amendments into Law 19 of 27 February 2017, has restored the reduced tariffs regime with tariff compensation borne by the State for publishing products. The reduced tariffs regime establishes an *ex-post* compensation system by the State to Poste Italiane.

The duration of the compensation system is currently around six years (until 2026) and the maximum total compensation amounts to Euro 54,889 million for 2019 (*source*: Ministry of the Economy and Finance), Euro 53,122 million for 2020, Euro 53,239 million for 2021, Euro 52,510 million for 2022 (*source*: Ministry of the Economy and Finance) and Euro 52,510 million for 2023 (*source*: Ministry of the Economy and Finance).

The compensation amounts accrued by Poste Italiane were approximately equal to Euro 59 million in 2019 and Euro 53.3 million in 2020. For the following years there is the risk that the State Budget will be lower than compensation to be paid to Poste Italiane.

Regarding the right to direct access to the universal postal network, on 18 October 2017, AGCom published resolution 384/17/CONS containing “Changes to the provisions governing access to Poste Italiane’s postal network and infrastructure” (the former rules being stated in resolution 728/13/Cons), establishing a new regime for access to the universal postal network based, *inter alia*, on the definition of a test of the replicability of Poste Italiane’s offerings regarding multi-items deliveries to large private customers or in relation to public tenders. The new regime for direct access provides for “cost oriented” tariffs for not registered mail addressed to areas not covered by other operators. There is a potential risk that the offers of other postal operators in those areas become more competitive. To date, no operator has requested access pursuant to this provision. The new methodology for the replicability test introduces a floor to the Issuer’s offers (to large private customers or in relation to public tenders) making them potentially less competitive.

With resolution 452/18/CONS of 18 September 2018, AGCom has defined the methodology for the replicability test, aimed at assessing the replicability of the commercial offers formulated by a hypothetical efficient postal operator who needs to access Poste Italiane’s network in order to provide its services. With Resolution 294/20/CONS of July 2020, the AGCom has modified the structure of the replicability test by increasing the relevant percentage of “non-covered areas”; with a later notice, AGCom has opened a further proceeding in order to review the criteria for the definition of the concept of “non-covered areas”.

On 18 December 2017, three appeals were lodged before the Lazio Regional Administrative Court, respectively, by different operators, specifically the Fulmine Group Srl (AREL - Delivery Licensees Agency consortium company), Nexive SpA and Assopostale/GPS/MailExpress/CityPost. In these appeals each operator requested the cancellation of the resolution, with prior injunctive relief, in those parts where it: (i) determines the amount of coverage by alternative networks; (ii) redefines the access points and the related obligations for Poste Italiane; (iii) provides for the replicability test tool; and (iv) does not regulate the obligations regarding access to infrastructure. The appeal is pending. At a hearing on 7 February 2018, injunctive relief was not granted and a hearing on the merits of the case has not yet been scheduled.

With resolution 330/20/CONS of 22 July 2020, AGCom is consulting on the competition dynamics on the markets for mail delivery services and on possible revisions of tariffs for some Universal Postal Service products. With resolution 589/20/CONS – which completes the first phase of the market analysis - AGCom has approved the definition of the relevant markets for mail delivery services. In the following procedural phase, the Authority will assess the degree of competitiveness on the identified markets and, if necessary, it will define appropriate regulatory measures, including a possible redefinition of maximum tariffs for universal services.

With resolution 212/20/CONS of 28 May 2020, AGCom has defined the relevant markets for parcel delivery services in order to assess the level of competition in each of them. The resolution concludes that the Issuer has a predominant role in the “C2X” market (consumer-to-consumer/business parcels, i.e. parcels sent by consumers both to other consumers and to businesses) which, however, has a marginal impact on the overall parcel market. In the next procedural stage, AGCom will carry out further analysis and, if deemed necessary, it will impose regulatory remedies on those operators having a significant market power in one or more of the relevant markets identified.

Finally, in relation to Law 124/2017 which removed the exclusive right of Poste Italiane to offer services relating to the notification of judicial acts and administrative fines for infringements of the Highway Code (*Codice della Strada*), AGCom issued resolution 77/18/CONS dated 20 February 2018 that sets out the regulations for the issuance of special individual licences to provide the above services, including quality targets. The Ministry of Economic Development (**MED**) has adopted the implementing regulations by Decree dated 19 July 2018, published in Official Gazette no. 208 of 7 September 2018. On February 2020, the Ministry of Justice has adopted some implementing Guidelines for the professional training of personnel employed in the field of postal notification, thus enabling the effective entry on the market of licensed alternative operators.

There is a risk that rules established by AGCom on the issuance of licences will expose Poste Italiane to an increase in competitive pressure in the market, having a negative impact on revenues in this segment.

Operational risks

The Group is exposed to several types of operational risks. The Group’s systems and processes are designed and structured to ensure that operational risks are appropriately monitored. In particular, the following risks, among others, are closely monitored: (i) IT risk, above all the risk that malfunctions and/or shortcomings in information systems could result in the loss of data integrity, leaks of personal data or breaches of confidentiality, potentially causing disruption to the services provided to customers; (ii) health and safety risk, with specific regard to the risk of workplace injury to employees or contractors as a result of operating activities (*e.g.* the collection, transport and sorting of parcels and letter post, and the delivery of postal products using motor vehicles); (iii) physical security risk, relating to access to the headquarters premises of Group companies, to post offices or other private areas by unauthorised or unidentified persons, and the limited protection of Poste Italiane’s assets and property against criminal behavior (robberies, losses resulting from fraud, theft, ATM attacks, vandalism, etc.). Operational risk also includes disruption and/or obstacles to entry to the Group’s operating facilities (mail sorting centres and delivery centres, etc.) due to industrial action or strikes, and also natural disasters such as earthquakes. However, any failure or weakness in the monitoring system could adversely affect the Group’s financial condition and the results of its operations.

Risks related to personnel

The Issuer's activity, especially in the mail sector, requires a high number of employees in order to satisfy the requirements for the provision of the Universal Postal Service in terms of geographic areas and delivery standards. Following the decline in mail volumes in recent years, the Issuer has put in place, since 2008, an incentivised redundancy plan based on low social impact instruments, such as consensual resolutions, in order to maintain an efficient proportion between the operating needs and the workforce employed in the sector. However, if the decline in mail volumes is higher than expected, there is a risk that the significant fixed costs related to employees could reduce the competitiveness of the Issuer, with a consequent impact on its financial results. For the year ended 31 December 2020, the ratio between the Group consolidated cost of personnel (Euro 5,638 million) and total costs (Euro 9,002 million) was around 63%. Based on internal estimates, a large majority of the Issuer's employees are members of trade unions. Therefore, there is a risk that possible strikes or interruptions in working activity, even though carried out in compliance with the law, could impact the level of services offered to its clients, with a consequent negative effect on the Issuer's image, results of operations and financial results.

3. Financial risks

The sovereign debt crisis and the downgrading of the Republic of Italy

In the past few years, the downgrades suffered by several countries in the Eurozone, including Italy, raised concerns regarding the financial condition of Eurozone financial institutions and their exposure to such countries. In particular the credit rating of the Republic of Italy has been downgraded to BBB- by the rating agency Fitch in April 2020. Past deflationary pressure in the Eurozone and the global recession due to the Covid-19, led the ECB to take further expansionary measures described in "*Macroeconomic conditions and risks relating to the impact of Covid-19*" above. These policies helped to lower the yields on government securities with the benefits extending to Italian sovereign debt.

The Issuer's credit ratings closely reflect the rating of the Republic of Italy and are therefore exposed to the risk of reductions in the sovereign credit rating of Italy. Accordingly, on the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a knock-on effect on the credit rating of Italian issuers, such as Poste Italiane.

Risks relating to the holding of sovereign debt securities

The Group, in particular through BancoPosta RFC, Poste Italiane and its subsidiary Poste Vita hold sovereign debt securities amounting to Euro 138.7 billion (in total nominal value) as at 31 December 2020. The sovereign debt securities held by the Issuer are almost entirely issued by the Republic of Italy, and, for a residual part, by other EU Member States. Some of these debt securities are classified as "fair value through other comprehensive income" and are, therefore, recorded at their fair value under the International Financial Reporting Standards (the **IFRS**), as adopted by the EU and implemented by Bank of Italy's instructions set forth under Resolution No. 262 of 22 December 2005. A possible downgrade of the Italian credit rating, and more generally the increase of tensions in the sovereign debt market, may adversely affect their relevant fair value, and consequently adversely affect Poste Italiane's net worth.

BancoPosta RFC uses derivatives to hedge the interest rate risk arising from the portfolio exposures. The main mitigation instruments used are related to fair value hedges and cash flow hedges.

Downgrading of the Issuer's ratings

As at the date of this Prospectus, Poste Italiane has the following ratings assigned to it:

- S&P: BBB/Stable; and
- Moody's: Baa3/Stable.

Any significant deterioration or downgrading of those ratings may adversely affect Poste Italiane's access to alternative sources of funding and may increase the cost of funding, all of which could have a material adverse effect on the Issuer's financial condition or results of operations. See also "Any decline in the credit ratings of the Issuer may affect the trading price of the Securities" below.

Credit and liquidity risks related to the commercial relationship with Italian governmental bodies

Owing to its business activities, Poste Italiane might accumulate credit exposures to the Italian governmental bodies, though the amount is much lower than in the past, for instance relating (by way of example, based on past experience) to payment of remuneration for the provision of the Universal Postal Service. Therefore, Poste Italiane's financial condition may be adversely affected by any delay in the payment of amounts due by the MEF and other Italian governmental bodies. As at 31 December 2020, Poste Italiane Group's amounts outstanding due from central and local authorities amounted to Euro 629 million, gross of provisions for doubtful debts.

Risks related to the transfer of funds

The financial condition and results of operations of Poste Italiane materially depend on the inflow of sufficient funds from (i) BancoPosta RFC in the form of fees and commissions for the provision of services, such as the utilisation of the Issuer's distribution channels, and, to a lesser extent, where approved by the Issuer shareholders' meeting, in the form of distributable reserves created through the allocation of net profits of BancoPosta RFC and (ii) its subsidiaries (such as Poste Vita), in the form of dividends or fees and commissions for the provision of services, such as the utilisation of the Issuer's distribution channels. The volume of these funds in turn largely depends on the net assets, financial position and results of operations of the relevant subsidiaries and/or BancoPosta RFC. If these items deteriorate or if the ability of Poste Italiane's subsidiaries and/or BancoPosta RFC to transfer funds to Poste Italiane is limited by applicable restrictions, Poste Italiane's financial condition and results of operations may be adversely affected. In 2020, the Mail, Parcel and Distribution Strategic Business Unit had acquired net investment revenues (from other business sectors) of Euro 4,633 million. Such revenues, almost entirely attributable to the Issuer, were derived mainly from BancoPosta RFC for the utilisation of the Issuer's distribution channel. In addition, in 2020 the Issuer received Euro 164 million of dividends from its subsidiaries (taking into account that Poste Vita did not distribute any dividend in 2020) and Euro 526 million in the form of distributable reserves from BancoPosta RFC.

Risks related to the execution of the Group's strategy

The capacity of the Issuer to optimise its revenues and to improve its position in the markets in which it operates depends, among other things, on successfully achieving its own strategy. The strategy of the Group is based on investments in human capital and in sale channels and on the development of its four principal sectors of activity: (i) mail, parcels and distribution, (ii) payments and mobile, (iii) financial services and (iv) insurance services, as described in "Strategy and Business Plan" of the section "Description of the Issuer" of the EMTN Base Prospectus, incorporated by reference in this Prospectus. If the Group were unable to implement its growth strategy successfully, this could have an impact on its business and prospects, and its financial condition and results of operations might be therefore adversely affected.

Risks related to the financial services activity of BancoPosta RFC

The financial services activities carried out by BancoPosta RFC are regulated by specific legislative provisions (mainly Presidential Decree No. 144 of 14 March 2001 and Law No. 296 of 27 December 2006). Such provisions explicitly exclude BancoPosta RFC from engaging in lending activities to the public. BancoPosta RFC is required to invest all the funds deriving from private customers' deposits into Eurozone sovereign debt securities or - up to a maximum of 50% of the total amount - into securities guaranteed by the Italian State. The funds deriving from public sector entities' deposits must be invested into a deposit with the MEF remunerated at a floating rate of interest that is revised every month on the basis of a basket of market indices. BancoPosta RFC's financial services business is exposed to certain risks which may have an impact on its net worth, financial position and results of operations, including (i) operational risks and (ii) banking book risks related to the above-mentioned debt securities. These risks include market risks, credit risks

(issuers' risks), interest rate and liquidity risks due to mismatching between the duration of the securities in respect of the amortization profile of the liabilities, and the volatility of such liabilities. With reference to liquidity risk, in 2020 BancoPosta RFC activated a committed repo line with CDP as an instrument to mitigate the risk in case of adverse market conditions. In particular, with reference to the interest rate risk, during downward phases in market interest rates, revenues from interest margins of BancoPosta RFC tend to diminish, although there is a corresponding increase in the market price of securities held in the portfolio. By contrast, in upward phases in market interest rates, revenues from interest margins tend to increase, while there is a corresponding decrease in the market price of securities held in portfolio.

In addition, the placement activities carried out by Bancoposta may lead to reputational risks with particular reference to the performance or the perceived performance of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiaries, Poste Vita and Poste Assicura, and mutual funds managed by BancoPosta Fondi SpA SGR) and placed by Bancoposta. In this regard, the Group's business could be affected by damages resulting from potential customer claims or, indirectly, by reduction of asset under management due to early divestments or redemptions by dissatisfied customers.

Risks related to the relationship with Cassa Depositi e Prestiti

Poste Italiane performs, on behalf of Cassa Depositi e Prestiti (**CDP**), certain services for the placement by Poste Italiane of postal savings bonds and postal saving passbooks (*buoni fruttiferi postali* and *libretti postali*) issued by CDP. For the three year period 2018-2020, these services were performed on the basis of an agreement signed on 14 December 2017 which expired on 31 December 2020. The agreement sets a mixed remuneration mechanism based on a combination of commission, running fee and upfront fee, and had a value of Euro 1,851 million for the year ended 31 December 2020.

Following expiration of the agreement and pending its renewal, the placement and management of postal savings bonds and postal saving passbooks (*buoni fruttiferi postali* and *libretti postali*) on behalf of CDP by Poste Italiane continues based on those provisions of the expired agreement which are essential to render the services according to law and, in particular, pursuant to Article 5 of Decree no. 269 of 20 September 2003, converted into Law 24 no. 326 of November 2003, and the Ministry of the Economy and Finance (MEF) decree of 6 October 2004, where the postal savings are identified as "service of general economic interest". Negotiations with CDP for the new agreement are currently under way. It is, however, uncertain when the new agreement will be concluded.

Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)

The relationship of the UK with the EU may affect the global economic conditions and financial markets, and indirectly the business of the Issuer.

On 29 March 2017, the UK invoked Article 50 of the Treaty on the European Union and officially notified EU of its decision to withdraw from the EU. On 31 January 2020, the UK withdrew from the EU. According to Articles 126 and 127 of the Article 50 Withdrawal Agreement (approved by the European Parliament on 29 January 2020), the UK entered an implementation period during which it has negotiated its future relationship with the EU. During such implementation period – which operated until 31 December 2020 – EU law continued to apply in the UK. A free trade agreement in goods known as the EU-UK Trade and Cooperation Agreement was reached on 24 December 2020. In addition, the UK incorporated into its law the majority of EU law in order to mitigate the effect of the EU treaties ceasing to apply at the end of the transitional period. However, no agreement has yet been reached on numerous areas. Due to the on-going political uncertainty as regards the structure of the future relationship between UK and EU, the precise impact on the business of the Issuer is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the market value and/or the liquidity of the Securities in the secondary market.

4. Insurance services risks

Market risks

Poste Vita holds financial instruments mainly in order to cover its contractual obligations to policyholders in relation to traditional life policies and index-linked and unit-linked policies. Other investments in financial instruments relate to the investment of Poste Vita's capital. As a result, Poste Vita is exposed to certain market risks such as price risk, liquidity risk, interest rate risk, asset and liability management risk, credit risk, exchange rate risk, concentration risk and real estate risk. In 2020, the Insurance Services Strategic Business Unit reached operating profit of Euro 988 million equal to approximately 65% of the Group operating profit of Euro 1,524 million (for further details see "*Description of the Issuer – Business of the Group*" of the EMTN Base Prospectus, incorporated by reference in this Prospectus).

Life insurance services risks

Life insurance risks arise as a result of the entering into of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, terms and conditions of early redemption, etc.).

The risks to which Poste Vita is mainly exposed are those deriving from the segregated funds (*gestioni separate*) in class I policies (*polizze di ramo I*) sold by Poste Vita, which – as is typical in the insurance business – represent assigned portfolios of assets to cover insurance liabilities. In particular, such risks relate to the minimum returns on investments guaranteed to policyholders and to the potential impact on Poste Vita's financial statements of the value attributed to the assets in which the technical provisions are invested. Moreover, mortality is one of the main risk factors in the life insurance business, i.e. any risk associated with the uncertainty of policyholders' life expectancy.

More precisely, for products with capital amounts subject to positive risks such as term life insurance, where insurance companies are required to pay the beneficiary a lump-sum claim amount in the event of the death of the insured person, there are negative consequences if the mortality rate exceeds the mortality's probabilities calculated according to realistic methodologies (second order technical bases). As at 31 December 2020, life business technical provisions amount to Euro 153.5 billion.

For products with the capital sum subject to negative risks, such as annuities, where insurance companies are required to pay the beneficiary a periodic sum until the death of the relevant reference person, there are negative consequences when the mortality rate is lower than the mortality's probabilities calculated according to realistic methodologies.

Non-life insurance services risks

Since 2010, Poste Assicura (fully owned by Poste Vita) has offered non-life insurance products and services (excluding motor insurance services). The non-life insurance business is typically cyclical. In particular, non-life insurers have experienced significant fluctuations in operating results due to volatile and unpredictable developments, many of which are beyond the direct control of the insurers, including competition, frequency or severity of catastrophic events, general economic conditions and changes in customers' expectations of premium levels. Such events may cause a decline in Poste Assicura's revenues and adversely affect Poste Assicura's results of operations and financial condition. As at 31 December 2020, Poste Assicura's non-life business technical provisions amounted to Euro 0.2 billion .

Risks relating to the Solvency Requirements

Both Poste Vita and Poste Assicura are required to comply with the capital adequacy requirements of the regulatory framework of Solvency II (for further details see "*Regulatory Framework – Insurance Services*" in the "*Description of the Issuer*" section of the EMTN Base Prospectus, incorporated by reference in this Prospectus) aimed at, among other things, preserving capital stability and solidity. The Solvency Ratio of Poste Vita Group as at 31 December 2020 stood at 267%. After the application of transitional measures on

technical provisions, following the approval by the supervisory authority in August 2019, the Solvency Ratio stood at 299% as at 31 December 2020. For further details see “*Description of the Issuer – Insurance Services*” of the EMTN Base Prospectus, incorporated by reference in this Prospectus.

In this context, either insurance company may be required to take further action to strengthen its capital in order to achieve capital adequacy levels set under the framework applicable from time to time. This may be due to a change in the legal or regulatory framework or as a result of external factors (including those set out in “*Market Risks*” above) which could reduce their capital adequacy. A requirement for the Group’s insurance companies to strengthen their capital ratios could have a material adverse effect on the Issuer’s business, results of operations, financial condition and prospects.

5. Regulatory and legal risks

Regulatory risks

Given that the Group operates in a range of different sectors (including the postal, integrated communication services, logistics, financial and insurance sectors), it is subject to numerous laws and regulations (including sector-specific laws and regulations as well as tax, anti-money laundering, privacy, antitrust and environmental legislation). In particular, the possible evolution of the supervisory rules regarding BancoPosta RFC might result in the need for additional capitalisation. Compliance with these laws and regulations requires, *inter alia*, on-going adjustments to internal processes and procedures, their application to market circumstances, initiatives designed to prevent external disputes and appropriate staff training. Compliance with the relevant rules involves significant costs which may adversely affect Poste Italiane’s revenues, results of operations and/or financial condition. Moreover, changes in applicable legislation (or regulatory interpretation thereof) applying to the business segments in which the Group operates and interventions by the competent regulatory authorities from time to time may also affect the Group’s product types, future business models and/or regulatory capital requirements of individual business segment(s). In this context, Poste Vita (the Issuer’s insurance subsidiary) received on 21 May 2021 a communication from IVASS raising certain questions concerning the appropriateness/suitability of the life insurance product named “Poste Domani Per Te” offered by Poste Vita for the specific target market envisaged for this product. Poste Vita is in the process of finalising its response which will be evaluated by IVASS and in the meantime, has suspended the offer of the product.

Risks related to cross-subsidisation and abuse of dominant position

Under national and European antitrust regulations, any Italian company entrusted by law with the provision of services of general economic interest, entailing special or exclusive rights of access to any asset used for that service provision, or having monopoly characteristics, is subject to special regulations designed to protect competition. In particular, the practice of cross-subsidisation is banned between the activities carried out by the Issuer within the Universal Postal Service and the Group’s other commercial activities. In light of the above-mentioned prohibition, the Issuer has to set up separate companies in order to supply services other than postal and banking services.

Moreover, in accordance with an Italian national competition authority (AGCM) decision, article 8, paragraph 2-*quater* of Law No. 287/90 (the **Italian Antitrust Law**) requires the Issuer to provide the use of any asset used for postal services delivery (including postal counters), at the same technical and economic conditions provided to its subsidiaries, to competitors in any other relevant market in which it indirectly operates (e.g. mobile communications services market, due to the presence of PostePay in that market). These regulations, nevertheless, may hinder the Group’s diversification strategies, impacting its business prospects and ultimately its financial condition. Furthermore, national and European antitrust legislation prevents companies having a dominant position in a market from abusing that position and also from abusing it in connected markets through activities which, leveraging on the dominance in the first market, allow the company to strengthen its position in connected markets or obstruct access by other entities. In this respect, Poste Italiane is considered both by AGCom and AGCM to be the dominant player in the mail market (see resolution No. 728/13/CONS of 19 December 2013).

On 7 August 2017, AGCM gave notice to Poste Italiane of the results of its investigation into the possible abuse of dominant position under article 102 of the Treaty on the Functioning of the European Union in relation to its refusal to offer its Posta Time service to Nexive S.p.A. (**Nexive**) and other postal operators in geographical areas where the latter does not have a presence with its own distribution networks.

On 13 December 2017, AGCM handed down the final ruling, notified on 15 January 2018, by which an infringement regarding an abuse of dominant position was ascertained, with a warning to Poste Italiane to refrain from similar conduct in the future. The same ruling imposed an administrative fine which was limited – compared with AGCM’s previous fines – to 2% of the turnover and discounted in relation to compliance obligations undertaken in advance by Poste Italiane and positively assessed by Nexive, amounting to Euro 23 million. On 3 October 2018, Poste Italiane – without admission of liability – paid the fine. However, Poste Italiane has been found fully compliant with the final decision by AGCM and appealed such decision before the Administrative Court.

On 15 September 2020, AGCM fined the Issuer Euro 5 million under the Unfair Commercial Practices Code for alleged misconduct in the provision of certified letters services and in the related advertising of such services (procedure no. PS11563). The Issuer has lodged an appeal against such decision; the hearing is scheduled for 26 May 2021 (for further details see “*Description of the Issuer - Proceedings pending and relations with the authorities – Italian Competition Authority*” of the EMTN Base Prospectus, incorporated by reference in this Prospectus).

Furthermore in 2020, the AGCM opened a proceeding against the Issuer, under the “exploitation of economic dependence” regulations (Law. 192/98 and art. 14 of Law 287/90), for the alleged imposition of excessively burdensome commercial conditions towards a small client/competitor. The procedure (no. A359) is currently on-going and it is expected to be concluded by June 2021. In March 2021 the Issuer received the so-called “statement of objections” precluding to the final stage of the procedure (for further details see “*Description of the Issuer - Proceedings pending and relations with the authorities – Italian Competition Authority*” of the EMTN Base Prospectus, incorporated by reference in this Prospectus).

With its decision of 22 December 2020, AGCM has authorized with conditions (behavioral remedies pursuant to article 75 of Law Decree 104/20) the acquisition of Nexive Group by the Issuer. The Issuer is due to present, on a half-yearly basis, a report on the implementation of the remedies although for the following years, the report shall be due on a yearly basis.

The imposition of administrative fines or other remedies against the Group’s companies by AGCom or AGCM and/or the European Commission in relation to possible abuses by the Group’s companies may have an impact on the Group’s business and prospects, and its financial condition and results of operations may be therefore adversely affected.

Risks related to litigation

Poste Italiane may be involved in disputes and litigation with European authorities, public authorities, supervisory authorities, tax authorities, competitors and other parties. Litigation and regulatory proceedings are inherently unpredictable. Legal or regulatory proceedings in which Poste Italiane is or comes to be involved (or settlements thereof) may adversely affect Poste Italiane’s results of operations and/or financial condition. For proceedings currently considered to involve material risks see also “*Description of the Issuer - Litigation*” of the EMTN Base Prospectus and paragraph 7.6 (*Proceedings pending and Principal Relations with the Authorities*) of the unaudited consolidated interim financial report of the Issuer as at and for the three months ended 31 March 2021, incorporated by reference in this Prospectus.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE SECURITIES

The factors which are material for the purpose of assessing the market risks associated with the securities have been classified into the following categories:

1. Risks related to the structure of the Securities;

2. Risks related to the Securities generally;
3. Risks related to the market generally; and
4. Risks relating to the taxation and accounting treatment of the Securities.

1. Risks related to the structure of the Securities

Set out below is a description of certain features of the Securities which contain particular risks for potential investors:

The Issuer's payment obligations in respect of the Securities are subordinated

The Securities will be unsecured and subordinated obligations of the Issuer (and are not obligations of the Issuer acting through Patrimonio BancoPosta, as defined in the Terms and Conditions of the Securities) and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims rank, or are expressed to rank, *pari passu* with the Securities. See Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Securities. By virtue of such subordination, upon the occurrence of any winding-up, insolvency, dissolution or liquidation of the Issuer, payments on the Securities will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer (excluding any liabilities of the Issuer acting through Patrimonio BancoPosta), except for payments in respect of any Parity Securities or Junior Securities.

The Issuer's assets and legal relationship relating to Patrimonio BancoPosta are designated exclusively to a pool of assets segregated in all respects from the residual assets of the Issuer. In the event of any liquidation or winding-up of the Issuer, any cash realised from the sale of Patrimonio BancoPosta would be used to pay Patrimonio BancoPosta's creditors before any payments could be made to the Issuer's other creditors, including the Securityholders. As the assets of Patrimonio BancoPosta are a separate pool of assets and ring-fenced capital, the Securityholders will have no recourse to Patrimonio BancoPosta, but only to the assets of the Issuer.

The obligations of the Issuer under the Securities are intended to be senior only to its obligations to the holders of (i) any class of the Issuer's share capital and (ii) any other securities issued by the Issuer or any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which securities of the Issuer, or guarantee or similar instrument granted by the Issuer, rank or are expressed to rank *pari passu* with any class of the Issuer's share capital and/or junior to the Securities. A Securityholder may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer which rank senior to the Securities.

Subject to applicable law, no Securityholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of or arising from the Securities and each Securityholder will, by virtue of being a Securityholder, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

Securityholders are advised that unsubordinated liabilities of the Issuer may also arise out of events that are not reflected in the statement of financial position of the Issuer, including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Issuer which, in a winding-up of the Issuer, will need to be paid in full before the obligations under the Securities may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

The Securities are perpetual securities and holders of the Securities may be required to bear the financial risks of an investment in the Securities for a long period

The Securities are perpetual securities and have no fixed date for redemption, and unless previously redeemed or purchased and cancelled by the Issuer as provided in the Terms and Conditions, the Securities will become due and payable on the Liquidation Event Date, including in connection with any Insolvency Proceedings in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders' meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the date of this Prospectus, is set in its by-laws at 31 December 2100). The Issuer is under no obligation to redeem or repurchase the Securities prior to such date, although it may elect to do so in certain circumstances. Securityholders have no right to call for the redemption of the Securities and the Securities will only become due and payable on the Liquidation Event Date. Securityholders should therefore be aware that they may be required to bear the financial risks associated with an investment in long-term securities and that they may not recover their investment in the foreseeable future.

Deferral of interest payments

The Issuer may elect to defer payment of interest in respect of the Securities accrued to that date by giving a Deferral Notice to Securityholders. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest will not constitute a default by the Issuer for any purpose. Any interest in respect of the Securities the payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest. Arrears of Interest will be payable as outlined in Condition 4.2 (*Interest Deferral*) of the Terms and Conditions of the Securities. No interest will accrue on any outstanding Arrears of Interest. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities and may, in certain limited circumstances, pay dividends or make distributions on, or redeem or repurchase, Junior Securities and Parity Securities (as further set out in Condition 4.2 (c) (*Interest Deferral – Mandatory Settlement of Arrears of Interest*)) without triggering the compulsory settlement of Arrears of Interest, and in such event, the Securityholders are not entitled to claim immediate payment of interest so deferred.

As a result, any deferral of interest payments, or perception that the Issuer will exercise its deferral rights, will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

Early Redemption Risk

The Issuer may redeem all the Securities (but not some only) on any Call Date (the first such date falling on 24 March 2029 (the date falling 3 months before the First Reset Date)) at their principal amount together with accrued interest to, but excluding, the relevant Call Date and any Arrears of Interest, as outlined in Condition 7.2 (*Optional Redemption*) of the Terms and Conditions of the Securities. The Issuer may furthermore redeem all (but not some only) of the Securities on any Business Day prior to the first Call Date at the Make-whole Redemption Amount, as outlined in Condition 7.7 (*Make-whole Redemption at the Option of the Issuer*) of the Terms and Conditions of the Securities.

The Issuer may also redeem all of the Securities (but not some only) at the applicable Early Redemption Price at any time following the occurrence of a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event, as outlined in Conditions 7.3 (*Early Redemption following a Withholding Tax Event*), 7.4 (*Early Redemption following a Tax Deductibility Event*), 7.5 (*Early Redemption following a Rating Methodology Event*) and 7.6 (*Early Redemption following an Accounting Event*) of the Terms and Conditions of the Securities. In addition, in the event that at least 75 per cent. of the aggregate amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and cancelled, the Issuer may redeem all of the outstanding Securities (but not some only) at the applicable Early Redemption Price. The applicable Early Redemption Price may be less than the then current market value of the Securities.

During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities, or if it no longer requires the Securities as part of its capital structure. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on an insolvency of the Issuer and/or may increase the likelihood of a deferral of interest payments under the Securities.

Resettable fixed rate securities have a market risk

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in the market rate. While the nominal remuneration rate of the Securities is fixed until the First Reset Date (with a reset of the initial fixed rate on every Reset Date as set out in the Terms and Conditions of the Securities), the current interest rate on the capital market (the **market interest rate**) typically changes on a daily basis. As the market interest rate changes, the price of the Securities also changes, but in the opposite direction. If the market interest rate increases, the price of the Securities would typically fall. If the market interest rate falls, the price of the Securities would typically increase. Securityholders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Securityholders if they sell the Securities.

Interest rate reset may result in a decline of yield

A holder of securities with a fixed interest rate that will be reset during the term of the securities (as will be the case for the Securities on each Reset Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income.

After the First Reset Date, the interest rate in respect of the Securities will be reset periodically by reference to a mid-swap rate, which may be affected by the regulation and reform of “benchmarks”

Commencing on the First Reset Date, the interest rate for each Reset Period will (if the Securities are not redeemed) be reset by reference to the prevailing EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 June 2034, 2.677 per cent. per annum; (B) in respect of the Reset Periods commencing on 24 June 2034 to but excluding 24 June 2049, 2.927 per cent. per annum; and (C) in respect of the Reset Periods commencing on 24 June 2049, 3.677 per cent. per annum.

The Terms and Conditions of the Securities include fall-back provisions as set out in Condition 4.1(b) (*Interest and Interest Deferral – Determination of EUR 5 year Swap Rate*) which apply in the event the EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date, which include requesting the EUR Reset Reference Banks to provide their EUR 5 year Swap Rate Quotations. Applying such fall-back provisions will result in the Securities performing differently (which may include payment of a lower Prevailing Interest Rate) than they would if the EUR 5 year Swap Rate were available.

The EUR 5 year Swap Rate references the annual mid-swap rate. Furthermore, as at the time of pricing of the Securities, the current market practice is to derive the EUR 5 year Swap Rate Quotations in part from the Euro interbank offered rate (**EURIBOR**). The EUR 5 year Swap Rate, EURIBOR and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national

and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Securities.

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Securities, in particular if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Securities.

The Terms and Conditions of the Securities provide for certain fallback arrangements as set out in Condition 5 (*Benchmark Discontinuation*) in the event that the annual mid-swap rate referred to in the definition of EUR 5 year Swap Rate or EURIBOR which is used to derive the EUR 5 year Swap Rate Quotations (each an **Original Reference Rate**) (including any page on which such benchmark rate may be published (or any successor service)) becomes unavailable, including the possibility that the Prevailing Interest Rate could be set by reference to a Successor Rate or an Alternative Rate determined by an Independent Adviser, acting in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer, and such Successor Rate or Alternative Rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be). The use of any such Successor Rate or Alternative Rate to determine the Prevailing Interest Rate will result in the Securities performing differently (which may include payment of a lower Prevailing Interest Rate) than they would do if the EUR 5 year Swap Rate were to continue to apply in its current form.

In certain circumstances the ultimate fallback of interest for a particular Reset Period may result in the effective application of a fixed rate based on the rate which was last observed on the EUR Reset Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser determines that amendments to the Terms and Conditions of the Securities and the Agency Agreement are necessary to ensure the proper operation of any Successor Rate or Alternative Rate and/or Adjustment Spread, then such amendments shall be made without any requirement for the consent or approval of Securityholders, as provided by Condition 5.4 (*Benchmark Discontinuation - Benchmark Amendments*).

Any such consequences could have an adverse effect on the value of and return on the Securities. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities. Investors should

consider these matters with their own independent advisers when making their investment decision with respect to the Securities.

There are no events of default.

The Terms and Conditions of the Securities do not provide for events of default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Securities, including the payment of any interest, investors will not have the right to require the early redemption of the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest. In the event of a winding-up, insolvency, dissolution or liquidation of the Issuer, the claims of the Securityholders will be subordinated as further described in Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Securities. Accordingly, the claims of holders of all obligations to which the Securities are subordinated will first have to be satisfied in any winding-up or analogous proceedings before the relevant Securityholders may expect to obtain any recovery in respect of the Securities and prior thereto relevant Securityholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

The Securities are subject to provisions relating to modification, including exchange or variation of the Securities upon a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event

The Terms and Conditions of the Securities provide that the Securities, the Coupons and these Conditions may be amended without the consent of the Securityholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Securityholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not prejudicial to the interests of the Securityholders.

Furthermore, the Terms and Conditions provide that the Issuer may, subject to the fulfilment of certain requirements as set out in Condition 8 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*), without any requirement for the consent or approval of the Securityholders, agree to the variation or the exchange of the Securities upon a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event, subject to certain conditions intended to protect the interests of the Securityholders, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they would be entitled as a consequence of the relevant event occurring. Whilst the Exchanged Securities or Varied Securities, as the case may be, are required to have terms which are (in the sole opinion of the Issuer (acting reasonably) not prejudicial to the interests of the Securityholders (as a class), there can be no assurance that the Exchanged Securities or Varied Securities, as the case may be, will not have a significant adverse impact on the price of, and/or market for, the Securities or the circumstances of individual Securityholders.

2. Risks related to the Securities generally

Set out below is a brief description of certain risks relating to the Securities generally:

Reliance on Euroclear and Clearstream, Luxembourg

The Securities may be represented by one or more Global Securities. Such Global Securities will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the relevant Global Security, investors will not be entitled to receive definitive Securities. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the

Global Securities and, while the Securities are represented by one or more Global Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

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

Holders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Decisions at Securityholders' meetings bind all Securityholders

The Terms and Conditions of the Securities contain provisions for convening meetings of Securityholders to consider and vote upon matters affecting their interests generally, including modifications to the terms and conditions relating to the Securities. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. Any such modifications to the Securities (which may include, without limitation, lowering the ranking of the Securities, reducing the amount of principal and interest payable on the Securities, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Securities and changing the amendment provisions) may have an adverse impact on Securityholders' rights and on the market value of the Securities.

Neither the Fiscal Agent nor the Agent Bank assumes any fiduciary duties or other obligations to Securityholders and neither is, in particular, obliged to make determinations which protect or further their interests.

Each of the Fiscal Agent and the Agent Bank is the agent of the Issuer and is required to act in accordance with the Agency Agreement and the Conditions in good faith and endeavour at all times to make necessary determinations in a commercially reasonable manner. Securityholders should however be aware that neither the Fiscal Agent nor the Agent Bank assumes any fiduciary or other obligations to the Securityholders and neither is, in particular, obliged to make determinations which protect or further the interests of the Securityholders.

Each of the Fiscal Agent and the Agent Bank may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. Neither the Fiscal Agent nor the Agent Bank shall be liable for the consequences to any person (including the Securityholders) of any errors or omissions in any determination made by the Fiscal Agent or the Agent Bank in relation to the Securities or interests in the Securities, in each case in the absence of bad faith, wilful misconduct, gross negligence or fraud.

Change of law

The Terms and Conditions of the Securities are based on English law, other than the provisions regarding subordination as set out in Condition 3 (*Status and Subordination*) of Terms and Conditions of the Securities, which are based on Italian law, in each case in effect as at the date of this Prospectus. In addition, Condition 14 (*Meetings of Securityholders and Modification*) and the provisions of the Agency Agreement concerning the meetings of Securityholders and the appointment of the Securityholder's representative (*rappresentante commune*) in respect of the Securities are subject to compliance with Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus and any such change could have a materially adverse impact on the value of any Securities affected by it.

Italian insolvency laws are applicable to the Issuer and may not be as favourable to holders of Securities as those of other jurisdictions with which investors may be more familiar

Under Italian law, if certain requirements are met, the Issuer could become subject to certain insolvency proceedings, as described in the section “*Overview of the Italian Insolvency Law Regime*” of this Prospectus. The Italian insolvency laws may not be as favourable to Securityholders’ interests as creditors as the laws of other jurisdictions with which the Securityholders may be familiar.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Securityholders prior to the commencement of the relevant proceeding may, in certain circumstances, be liable to claw-back by the relevant court appointed receiver (*curatore fallimentare*).

Furthermore, under Italian law, Securityholders would not have a right as a class to appoint a representative to a creditors’ committee. Consequently, Securityholders should be aware that they will generally have limited ability to influence the outcome of any insolvency proceedings which may apply to the Issuer under Italian law, especially in light of the current capital structure of the Issuer.

There are limited remedies available to Securityholders

Securityholders have limited rights to enforce payment or the performance of the Issuer's obligations in respect of the Securities. The Securities will only become due and payable if certain limited insolvency or liquidation events occur. In addition, in the event of a winding-up, insolvency, dissolution or liquidation of the Issuer, the claims of Securityholders will be subordinated as further described in Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Securities. Accordingly, the claims of holders of all obligations to which the Securities are subordinated will first have to be satisfied in any winding-up or analogous proceedings before the Securityholders may expect to obtain any recovery in respect of the Securities and prior thereto Securityholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

Minimum denominations of the Securities

As the Securities have denominations consisting of a minimum Specified Denomination of €100,000 (the **Minimum Denomination**) plus one or more higher integral multiples of €1,000 up to a maximum of €199,000, it is possible that the Securities may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the Minimum Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the Minimum Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of the Minimum Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the Minimum Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the Minimum Denomination.

If such Securities in definitive form are issued, holders should be aware that definitive Securities which have a denomination that is not an integral multiple of the Minimum Denomination may be illiquid and difficult to trade.

3. Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk and exchange rate risk:

There is no active trading market for the Securities, and if a market does develop, it may be volatile

Although application has been made to admit the Securities to trading on the Luxembourg Stock Exchange, the Securities will have no secondary market when issued, and one may never develop. If a market does

develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Securities.

Any decline in the credit ratings of the Issuer may affect the trading price of the Securities

The Securities are expected to be assigned a rating by Moody's and by S&P. Each of Moody's and S&P is established in the European Union and is registered under the CRA Regulation. As such each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The ratings granted by Moody's and S&P or any other rating assigned to the Securities will reflect only the views of the relevant rating agency and may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended, reduced or withdrawn by the assigning rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Securities may adversely affect the trading price for the Securities.

In addition, Moody's or S&P or any other rating agency may change its methodologies for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Securities.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement, action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

If the status of the rating agency rating the Securities changes, European regulated investors may no longer be able to use the rating for regulatory purposes in the EEA, and the Securities may have a different regulatory treatment. This may result in European regulated investors selling the Securities which may impact the value of the Securities and any secondary market.

The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated list.

Delisting of the Securities

Application has been made for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. If the listing of the Securities on such market becomes unduly burdensome, the Securities may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Securities as a result of listing, any delisting of the Securities may have a material effect on a Securityholder's ability to resell the Securities on the secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities 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 (1) the Investor's Currency-equivalent yield on the Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Securities and (3) the Investor's Currency-equivalent market value of the Securities.

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.

4. Risks relating to the taxation and accounting treatment of the Securities

Set out below is a brief description of the principal risks related to the taxation and accounting treatment of the Securities:

Qualification of the Securities under Italian tax law

The statements contained in the section headed “*Taxation*” regarding the applicability of the tax regime provided for by Decree No. 239 to the Securities are based on the interpretation of the applicable legislation as confined by clarifications given by the Italian tax authority in Circular No. 4/E of 18 January 2006, Circular No. 4/E of 6 March 2013, Resolution No.30/E of 26 February 2019 and reply to Ruling No. 291 of 31 August 2020, according to which (i) bonds may have a maturity which is not scheduled at a specific date, but which instead is linked (as is the case with the Securities) either to the duration of the issuing company or to certain events that would lead to the liquidation of the issuer, and that (ii) the accounting of bonds as equity instruments by the issuer does not affect the classification of the instruments for tax purposes. Prospective purchasers and holders of the Securities should be aware that the above clarifications (as well as the Italian tax provisions in effect as of the date of this Prospectus) are subject to changes, which could even apply retrospectively.

If the Securities were not classified as “bonds” or “debentures similar to bonds” for tax purposes, they would be classified as “atypical securities” pursuant to Article 5 of Law Decree No. 512 of 30 September 1983. In such case, interest and other proceeds in respect of the Securities could be subject to Italian withholding tax at a rate of 26 per cent. if owed to beneficial owners that are not resident in Italy for tax purposes or to certain categories of Italian resident beneficiaries, depending on the legal status of the beneficiary owner of such interest and other proceeds. The applicability of such a withholding tax in relation to interest and other proceeds paid to non-Italian resident beneficiaries would give rise to an obligation of the Issuer to pay additional amounts pursuant to Condition 9 (*Taxation*), and would, as a consequence, allow the Issuer to redeem the Securities pursuant to Condition 7.3 (*Redemption and Purchase – Redemption and Purchase following a Withholding Tax Event*).

The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the **DP/2018/1 Paper**) and the Financial Instruments with Characteristics of Equity project was recently moved to standard setting. If the proposals set out in the DP/2018/1 Paper are implemented in their current form, or if alternative changes are proposed and implemented, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an “Accounting Event” (as described in the Terms and Conditions of the Securities). In such an event, the Issuer may have the option

to redeem, in whole but not in part, the Securities pursuant to Condition 7.6 (*Redemption and Purchase – Early Redemption following an Accounting Event*). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is still uncertain.

At the December 2020 meeting of the IASB it was agreed that the Financial Instruments with Characteristics of Equity project would move to a standard setting project, but no final decisions have been made yet. At the April 2021 meeting of the IASB it was agreed to continue discussions on potential refinements to the disclosure proposal explored in the DP/2018/1 Paper. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Securities or to exchange the Securities or to vary the terms of the Securities pursuant to the Terms and Conditions of the Securities. The occurrence of an Accounting Event may result in Securityholders receiving a lower than expected yield.

The redemption of the Securities by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

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

All payments in respect of the Securities 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 Securityholders receiving such amounts as they would have received in respect of such Securities had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of customary exceptions, including withholding or deduction of *imposta sostitutiva* (Italian substitute tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996, a brief description of which is set out in the section headed "*Taxation*".

Prospective purchasers of Securities should consult their tax advisers as to the overall tax consequence of acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section headed "*Taxation*" below.

OVERVIEW

This Overview section must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in the Terms and Conditions of the Securities shall have the same meanings in this section.

Issuer:	Poste Italiane S.p.A.
Legal Entity Identifier (LEI):	815600354DEDBD0BA991
Description of Securities:	€800,000,000 Perpetual Subordinated Non-Call 8 Fixed Rate Reset Securities (the Securities)
Fiscal Agent and Agent Bank:	Deutsche Bank AG, London Branch
Structuring Agents to the Issuer:	Goldman Sachs International and J.P. Morgan AG
Global Co-ordinators:	Goldman Sachs International, Intesa Sanpaolo S.p.A. and J.P. Morgan AG
Joint Lead Managers:	BNP Paribas Deutsche Bank Aktiengesellschaft Goldman Sachs International Intesa Sanpaolo S.p.A. J.P. Morgan AG UniCredit Bank AG

No fixed date for redemption: The Securities are perpetual and have no fixed date for redemption. Unless previously redeemed or purchased and cancelled, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest on the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a Permitted Reorganisation is instituted (the **Liquidation Event Date**), including in connection with any Insolvency Proceedings, in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders' meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the Issue Date, is set in its by-laws at 31 December 2100).

Permitted Reorganisation means a solvent merger, reconstruction or amalgamation under which the

assets and liabilities of the Issuer are assumed by the entity resulting from such merger, reconstruction or amalgamation, provided that (1) such entity assumes the obligations of the Issuer in respect of the Securities and (2) an opinion of an independent legal adviser, appointed by the Issuer at its own expense, of recognised standing in the Republic of Italy, has been delivered to the Fiscal Agent confirming the same prior to the effective date of such merger, reconstruction or amalgamation.

Status of the Securities and Subordination:

The Securities and the Coupons will constitute direct, unsecured and subordinated obligations of the Issuer (and are not obligations of the Issuer acting through Patrimonio BancoPosta).

In the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, the payment obligations of the Issuer in respect of the Securities and the Coupons will rank (a) senior only to the Issuer's payment obligations in respect of Junior Securities, (b) *pari passu* among themselves and *pari passu* with the Issuer's payment obligations in respect of any Parity Securities and (c) junior to all other payment obligations of the Issuer, present and future, whether subordinated or unsubordinated, in each case, (i) except as otherwise provided by mandatory provisions of law, and (ii) excluding any obligations of the Issuer acting through Patrimonio BancoPosta.

Interest:

The Securities bear interest on their principal amount:

- (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.625 per cent. per annum; and
- (b) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus:
 - (A) in respect of the Reset Periods commencing on the First Reset Date to but excluding 24 June 2034, 2.677 per cent. per annum;
 - (B) in respect of the Reset Periods commencing on 24 June 2034 to but excluding 24 June 2049, 2.927 per cent. per annum; and
 - (C) in respect of the Reset Periods commencing 24 June 2049, 3.677 per cent. per annum.

Interest Payment Dates:

Subject as described under "*Optional Interest Deferral and Arrears of Interest*" below, interest in respect of the Securities will be payable annually in arrear on 24 June in each year (each an **Interest Payment Date**).

Optional Interest Deferral and Arrears of Interest:

The Issuer may, at its sole discretion, elect to defer in whole or in part, any payment of interest accrued on the Securities in respect of any Interest Period (a **Deferred Interest Payment**) by giving notice (a **Deferral Notice**) of such election to the Securityholders in accordance with Condition 13 (*Notices*) of the Terms and Conditions of the Securities, and to the Fiscal Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, 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 Securities.

Any Deferred Interest Payment will be deferred and shall constitute **Arrears of Interest**. Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

Optional Settlement of Arrears of Interest:

The Issuer may pay any outstanding Arrears of Interest (in whole or in part) at any time upon giving not less than ten and not more than 15 Business Days' notice to the Securityholders in accordance with Condition 13 (*Notices*) of the Terms and Conditions of the Securities (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice).

Mandatory Settlement of Arrears of Interest:

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of all Securities for the time being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

Mandatory Settlement Date means the earliest of:

- i. the tenth Business Day following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- ii. following any Deferred Interest Payment, the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and

- iii. the date on which the Securities are redeemed or repaid in accordance with Condition 7 (*Redemption and Purchase*) or become due and payable in accordance with Condition 11 (*Enforcement on the Liquidation Event Date and No Events of Default*), including at the Liquidation Event Date (unless otherwise required by mandatory provisions of applicable law).

A Compulsory Arrears of Interest Settlement Event shall occur if:

- (a) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, other distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities (including, for the avoidance of doubt, where such dividend, other distribution or payment was declared by the Issuer before the earliest notice given by the Issuer in accordance with Condition 4.2(a) (*Optional Interest Deferral*) in respect of the then outstanding Arrears of Interest); or
- (b) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities and, for the avoidance of doubt, where such dividend, other distribution or payment was declared by the Issuer before the earliest notice given by the Issuer in accordance with Condition 4.2(a) (*Optional Interest Deferral*) in respect of the then outstanding Arrears of Interest); or
- (c) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back programme existing

at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer (or, as applicable, its Subsidiary) or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or

- (d) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities) or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value,

provided that a Compulsory Arrears of Interest Settlement Event shall not occur pursuant to paragraph (b) above in respect of any pro rata payment of deferred or arrears of interest on any Parity Securities which is made simultaneously with a pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Security is not proportionately more than the pro rata settlement of any such Arrears of Interest.

Early Redemption:

The Issuer may redeem all, but not some only, of the Securities on any date during the period commencing on (and including) 24 March 2029 and ending on (and including) the First Reset Date or on any Interest Payment Date thereafter (each such date, a **Call Date**) in each case at their principal amount (together with any accrued interest to (but excluding) the relevant Call Date and any Arrears of Interest).

The Issuer may also redeem all, but not some only, of the Securities at the applicable Early Redemption Price at any time upon the occurrence of a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event, or an Accounting Event.

The Issuer may also redeem all, but not some only, of the Securities on any day prior to 24 March 2029 (the date falling 3 months before the First Reset Date) at the applicable Make-whole Redemption Amount.

In the event that at least 75 per cent. of the initial aggregate principal amount of the Securities issued on the Issue Date has been purchased by the Issuer or a Subsidiary and cancelled (a **Substantial Repurchase Event**), the Issuer may redeem all of the outstanding Securities (but not some only) at the applicable Early Redemption Price.

The Early Redemption Price will be determined as follows:

- (i) in the case of a Withholding Tax Event or a Substantial Repurchase Event, 100 per cent. of the principal amount of the Securities; or
- (ii) in the case of an Accounting Event, a Tax Deductibility Event or a Rating Methodology Event, either:
 - (a) 101 per cent. of the principal amount of the Securities if the Early Redemption Date is prior to 24 March 2029 (being the date falling three months prior to the First Reset Date); or
 - (b) 100 per cent. of the principal amount of the Securities if the Early Redemption Date is on or after 24 March 2029 (being the date falling three months prior to the First Reset Date),

in each case together with any accrued interest up to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest.

For further details, see Condition 7 (*Redemption and Purchase*) of the Terms and Conditions of the Securities.

Purchases:

The Issuer or any Subsidiary may at any time purchase Securities at any price in the open market or otherwise. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

Exchange or Variation:

If the Issuer determines that a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Fiscal Agent with the relevant certificate and opinion, or in the case of a Rating Methodology Event only, the Rating Agency Confirmation, referred to in Conditions 7.3 (*Early Redemption following a Withholding Event*), 7.4 (*Early*

Redemption following a Tax Deductibility Event), 7.5 (*Early Redemption following a Rating Methodology Event*) or 7.6 (*Early Redemption following an Accounting Event*) (as applicable), then the Issuer may, without any requirement for the consent or approval of the Securityholders or Couponholders and subject to the pre-conditions set out in Condition 8.2, which include that the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) are not prejudicial to the interests of the Securityholders (as a class) and having given not less than 10 nor more than 60 Business Days' notice to the Fiscal Agent and, in accordance with Condition 13 (*Notices*), to the relevant Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the relevant Securities at any time (i) exchange the Securities or (ii) vary the terms of the relevant Securities, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they would be entitled as a result of the relevant event occurring.

Withholding Tax and Additional Amounts:

The Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Securityholders and Couponholders after withholding or deduction for or on account of any Taxes imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of such withholding or deduction, subject to customary exceptions, as described in Condition 9 (*Taxation*) of the Terms and Conditions of the Securities.

Liquidation Event Date:

There are no events of default in relation to the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest.

On or following the Liquidation Event Date, each Securityholder may, at its discretion and without further notice, institute steps in order to obtain a judgment against the Issuer for any amounts due and payable in respect of the Securities, including the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer

(in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

Meetings of Securityholders:

The Terms and Conditions of the Securities and the Agency Agreement contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

Listing, admission to trading and approval:

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Governing Law:

The Securities, the Coupons and the Agency Agreement and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law, save for the provisions contained in Conditions 3.1 (*Status*) and 3.2 (*Subordination*) of the Terms and Conditions of the Securities in respect of subordination which will be governed by Italian law. Condition 14.1 (*Meetings of the Securityholders*) of the Terms and Conditions of the Securities and the provisions of the Agency Agreement concerning the meeting of Securityholders and the appointment of the Securityholder's representative (*rappresentante comune*) are subject to compliance with Italian law.

Form and denomination:

The Securities will be issued in bearer form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

Credit Rating:

The Securities are expected to be rated "Ba2" by Moody's and "BB+" by S&P. Each of Moody's and S&P is established in the European Union and is registered under the CRA Regulation. As such each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

Selling Restrictions:

There are restrictions on the offer and sale of the Securities and the distribution of offering material, including in the United States of America, the United Kingdom, the Republic of Italy, Singapore and Canada.

Use of Proceeds:

The proceeds of the issue of the Securities will be applied by the Issuer for its general corporate purposes and to strengthen the regulatory capital structure of the Group.

Intention regarding redemption and repurchase of the Securities:

The following text shall not form part of the Terms and Conditions of the Securities:

The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer (or by any Subsidiary of the Issuer) prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer (or by such Subsidiary) to third party purchasers (other than group entities of the Issuer) which was assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

- (a) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the rating assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P an "equity credit" similar to the Securities and the Issuer is of the view that such rating, would not fall below this level as a result of such redemption or repurchase, or*
- (b) the "stand-alone credit profile" (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the stand-alone credit profile assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P an "equity credit" similar to the Securities and the Issuer is of the view that*

such "stand-alone credit profile" would not fall below this level as a result of such redemption or repurchase, or

- (c) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of 10 consecutive years, or*
- (d) the Securities are redeemed pursuant to a Tax Deductibility Event or a Withholding Tax Event, or an Accounting Event or a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P; or*
- (e) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (f) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its then prevailing methodology; or*
- (g) such redemption or repurchase occurs on or after the Reset Date falling on 24 June 2049.*

Terms used but not defined in the preceding text shall have the meanings set out in the Terms and Conditions of the Securities.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities, including risks relating to the structure of the Issuer, industry and business-related risks, financial risks, insurance services risks and regulatory and legal risks. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Securities, including risks related to the structure of the Securities, risks related to the Securities generally, risks related to the market generally and risks related to the taxation and accounting treatment of the Securities. These are set out under "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the CSSF, shall be deemed to be incorporated by reference in, and to form part of, this Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019 available at www.posteitaliane.it / <https://www.posteitaliane.it/en/debtrating.html>, as included on the following pages:

Information incorporated by reference	Page number(s)
Report on Operations	Pages 4 to 283
1. Introduction	Page 290
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- (b) the auditors' report and consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2020 (the **2020 Consolidated Annual Financial Statements**) available at www.posteitaliane.it / <https://www.posteitaliane.it/en/debt-rating.html> / <https://www.posteitaliane.it/files/1476538096024/annual-financial-report-2020.pdf>, as included on the following pages:

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4. Strategy	Pages 72 to 89
5. Risks and Opportunities	Pages 90 to 131
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Financial statements of Poste Italiane at 31 December 2020.....	
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4.1 Consolidated financial statements	
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7. Determination of fair value.....	Pages 606 to 610
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- (c) the Issuer’s unaudited interim report for the three months ended 31 March 2021, available at www.posteitaliane.it / <https://www.posteitaliane.it/en/debt-rating.html> / <https://www.posteitaliane.it/files/1476539187421/Interim-report-for-the-three-months-ended-31-march-2021.PDF>, as included on the following pages:

Information incorporated by reference	Page number(s)
1. Introduction	Page 4
2. Ownership, Group and Organisational Structures	Pages 5 – 41
2.1 Ownership, Group and Organisational Structure	Pages 5 - 7
2.2 Management and Supervisory Bodies	Pages 8 - 10
2.3 Group Structure at 31 March 2021	Pages 10 – 17
- Group Structure chart at 31 March 2021	Pages 10 – 11
- Description of activities of the Group companies	Pages 12 – 14
- Corporate actions during the period	Pages 15 - 16
- Other intra-group transactions	Page 16

- Other transactions	Page 17
3. Macroeconomic Context	Pages 42 – 43
4. Risk Management	Pages 44 – 53
5. Financial Review	Pages 54 – 92
6. Outlook	Pages 93 – 95
7. Other Information	Pages 96 – 100
8. Consolidated Financial Statements at 31 March 2021	Pages 101 – 106
10. Appendix	Pages 108 -118
11. Alternative Performance Indicators	Pages 119 – 120

- (d) the section “*Description of the Issuer*” in EMTN Programme Base Prospectus of the Issuer dated 6 November 2020, as supplemented by the Second Supplement dated 18 May 2021 (as supplemented, the **Base Prospectus**), as included on the following pages:

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Introduction.....	Page 86
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Business of the Group	Pages 92 to 107
Regulatory Framework (3)	Pages 107 to 117
Management	Pages 117 to 128
External auditors	Page 129
Conflicts of interest	Page 129
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Litigation (4).....	Pages 129 to 137
Corporate Governance	Pages 137 to 138
Relevant Internal Committees	Pages 138 to 139
Employees.....	Page 139
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Summary Financial Information relating to the Issuer (5).....	Pages 139 to 143
Key events during 2019 and the first half of 2020	Pages 143 to 149
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(1) this paragraph has been updated to 31 December 2020 by the Second Supplement to the Base Prospectus dated 18 May 2021. See paragraph 1 of the section “*Description of the Issuer*” in the Second Supplement.

(2) this paragraph has been updated by the Second Supplement to the Base Prospectus dated 18 May 2021. See paragraph 2 of the section “*Description of the Issuer*” in the Second Supplement.

(3) this paragraph has been updated by the Second Supplement to the Base Prospectus dated 18 May 2021. See paragraph 3 of the section “*Description of the Issuer*” in the Second Supplement.

(4) this paragraph has been updated by the Second Supplement to the Base Prospectus dated 18 May 2021. See paragraph 4 of the section “*Description of the Issuer*” in the Second Supplement.

(5) please refer to the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of cash flows as at and for the year ended 31 December 2020, and the comparative figures as at and for the year ended 31 December 2019, appearing in the 2020 Consolidated Annual Financial Statements (pages 486 – 495 of item (b) above), incorporated by reference in this Prospectus .

(6) please refer to the paragraph “*Recent Events*” in the “*Description of the Issuer*” section of this Prospectus and the press releases referred to under item (f) below that are incorporated by reference in this Prospectus.

(e) the First Supplement to the Base Prospectus dated 30 November 2020 and the Second Supplement to the Base Prospectus dated 18 May 2021;

(f) the following press releases:

Information incorporated by reference **page number(s)**

Press release dated 28 May 2021 entitled “*Poste Italiane: Resolutions of the Shareholders Meeting 2021*”, and available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476539672363/Poste-Italiane-resolutions-of-the-Shareholders-Meeting-2021.pdf> All

Press release dated 12 May 2021 entitled “*Poste Italiane: the Board of Directors approves Nexive re-organization plan within the framework of the Group*”, and available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476538095344/poste-italiane-the-board-of-directors-approves-nexive-re-organization-plan-within-the-framework-of-the-group.pdf>..... All

Press release dated 29 January 2021 entitled “*Poste Italiane completes the acquisition of Nexive Group*”, and available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476538096247/poste-italiane-completes-the-acquisition-of-nexive-group.pdf>..... All

Press release dated 19 January 2021 entitled “*Poste Italiane to acquire 51% of Sengi Express, a company specialised in cross-border logistics services for the Chinese e-commerce market*”, available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476538096270/poste-italiane-to-acquire-51-of-sengi-express-a-company-specialised-in-cross-border-logistics-services-for-the-chinese-e-commerce-market.pdf>..... All

Press release dated 11 January 2021 entitled “*Poste Italiane to acquire a 40% stake in BNL Finance, a company specialised in salary backed loans*”, available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476538096709/poste-italiane-to-acquire-a-40-stake-in-bnl-finance-a-company-specialised-in-salary-backed-loans.pdf> All

Press release dated 2 December 2020 entitled “*Poste Italiane €1 billion bond issuance, investor demand exceeding the offer by over 5 times*”, available on Poste Italiane’s website at: <https://www.posteitaliane.it/files/1476538096868/poste-italiane-euro-1-billion-bond-issuance-investor-demand-exceeding-the-offer-by-over-5-times.pdf> All

(g) the company presentation (the **Company Presentation**) entitled Poste Italiane Company Presentation dated 4 June 2021, available at www.posteitaliane.it / <https://www.posteitaliane.it/files/1476539739964/Poste-Italiane-Company-Presentation-040621.pdf>

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The information contained in the documents incorporated by reference that is not included in the cross reference list above is considered to be additional information and is not required by the relevant Annexes of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

Only information present in the cross-reference list is incorporated by reference in this Prospectus. Any information contained in (or incorporated by reference in) any of the documents incorporated by reference in this Prospectus that is not included in the cross-reference list is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference in this Prospectus, information contained on the website does not form part of this Prospectus. Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus (unless they are being separately incorporated by reference in this Prospectus under this section).

Any websites included in this Prospectus are for information purposes only and do not form part of the Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and will also be published on the website of the Issuer's website as indicated above.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the Terms and Conditions of the Securities which (subject to modification) will be endorsed on each Security in definitive form (if issued). The terms and conditions applicable to any Security in global form will differ from those terms and conditions which would apply to the Security were it in definitive form to the extent described under “Overview of Provisions relating to the Securities in Global Form”.

Text set out within the Terms and Conditions of the Securities in italics is provided for information only and does not form part of the Terms and Conditions of the Securities.

The €800,000,000 Perpetual Subordinated Non-Call 8 Fixed Rate Reset Securities (the **Securities**, which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Securities) of Poste Italiane S.p.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 24 June 2021 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer and Deutsche Bank AG, London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and as agent bank (the **Agent Bank**) and any other initial paying agents named in the Agency Agreement (together with the Fiscal Agent and the Agent Bank, the **Paying Agents**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Securities (the **Securityholders**) and the holders of the interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Securities (the **Couponholders** and the **Coupons** (which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons) at the specified office of each of the Paying Agents. The Securityholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent, the Agent Bank and the Paying Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Securities are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons and one Talon attached on issue. Securities of one denomination may not be exchanged for Securities of another denomination.

1.2 Title

Title to the Securities and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Security or Coupon as the absolute owner for all purposes (whether or not the Security or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Security or Coupon or any notice of previous loss or theft of the Security or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. DEFINITIONS AND INTERPRETATION

As used in these Conditions:

An **Accounting Event** shall occur if as a result of a change in the accounting practices or principles applicable to the Issuer, which currently are the international accounting standards (International Accounting Standards — IAS and International Financial Reporting Standards — IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), adopted by the European Union pursuant to Regulation (EC) 1606/2002 (**IFRS**), or any other accounting standards that may replace IFRS which becomes effective or applicable on or after the Issue Date (the **Change**), the obligations of the Issuer in respect of the Securities following the official adoption of such Change, which may fall before the date on which the Change will come into effect, can no longer be recorded as “equity” (*strumento di capitale*), in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements (following such Change), and a recognised accountancy firm of international standing, acting upon instructions of the Issuer, has delivered an opinion, letter or report addressed to the Issuer to that effect, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

Accrual Period has the meaning given to it in Condition 4.1(c) (*Interest – Calculation of Interest*).

Additional Amounts has the meaning given to it in Condition 9.1 (*Payment without Withholding*).

Adjustment Spread means either (a) a spread (which may be positive, negative or zero) or (b) the formula or methodology for calculating a spread, in either case which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) if no recommendation under paragraph (A) has been made, or in the case of an Alternative Rate, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) if the Issuer determines that no such industry standard is recognised or acknowledged, the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5.2 (*Successor Rate or Alternative Rate*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in Euro and with an interest period of a comparable duration to the relevant Reset Period.

Arrears of Interest has the meaning given to it in Condition 4.2(a) (*Optional Interest Deferral*).

Benchmark Amendments has the meaning given to it in Condition 5.4 (*Benchmark Amendments*).

Benchmark Event means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or to be administered; or
- (B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will, by a specified date on or prior to the next Reset Interest Determination Date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date on or prior to the next Reset Interest Determination Date, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally, or in respect of the Securities; or
- (E) it has become unlawful for the Agent Bank, Paying Agents, the Issuer or other party to calculate any payments due to be made to the Securityholders using the Original Reference Rate; or
- (F) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used, in each case in circumstances where the same shall be applicable to the Securities,
- (G) the European Commission or the competent national authority of a Member State having designated one or more replacement benchmarks for an Original Reference Rate pursuant to Article 23b (2) and Article 23c (1) of Regulation (EU) No. 2016/1011.

provided that in the case of sub-paragraphs (B), (C) and (D), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (ii) the date of the relevant public statement.

Business Day means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Rome and a TARGET2 Settlement Day.

Calculation Amount has the meaning given to it in Condition 4.1(c) (*Calculation of Interest*).

Calculation Date means the third Business Day preceding the Make-whole Redemption Date.

Call Date has the meaning given to it in Condition 7.2 (*Optional Redemption*).

Code has the meaning given to it in Condition 6.4 (*Payments subject to Applicable Laws*).

A **Compulsory Arrears of Interest Settlement Event** shall have occurred if:

- (A) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, other distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities (including, for the avoidance of doubt, where such dividend, other distribution or payment was declared by the Issuer before the earliest notice

given by the Issuer in accordance with Condition 4.2(a) (*Optional Interest Deferral*) in respect of the then outstanding Arrears of Interest); or

- (B) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities and, for the avoidance of doubt, where such dividend, other distribution or payment was declared by the Issuer before the earliest notice given by the Issuer in accordance with Condition 4.2(a) (*Optional Interest Deferral*) in respect of the then outstanding Arrears of Interest); or
- (C) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back programme existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer (or, as applicable, its Subsidiary) or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or
- (D) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities) or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value,

provided that a Compulsory Arrears of Interest Settlement Event shall not occur pursuant to paragraph (B) above in respect of any pro rata payment of deferred or arrears of interest on any Parity Securities which is made simultaneously with a pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Security is not proportionately more than the pro rata settlement of any such Arrears of Interest.

Decree No. 239 means Italian Legislative Decree No. 239 of 1 April 1996, as amended and/or supplemented.

Decree No. 917 means Italian Presidential Decree No. 917 of 22 December 1986, as amended and/or supplemented.

Deferral Notice has the meaning given to it in Condition 4.2(a) (*Optional Interest Deferral*).

Deferred Interest Payment has the meaning given to it in Condition 4.2(a) (*Optional Interest Deferral*).

Determination Period has the meaning given to it in Condition 4.1(c) (*Calculation of Interest*).

Early Redemption Date means the date of redemption of the Securities pursuant to Condition 7.3 (*Early Redemption following a Withholding Tax Event*), Condition 7.4 (*Early Redemption following a Tax Deductibility Event*), Condition 7.5 (*Early Redemption following a Rating Methodology Event*) and Condition 7.6 (*Early Redemption following an Accounting Event*).

Early Redemption Price will be the amount determined on the Redemption Calculation Date as follows:

- (A) in the case of a Withholding Tax Event or a Substantial Repurchase Event, 100 per cent. of the principal amount of the Securities then outstanding; or
- (B) in the case of an Accounting Event, a Tax Deductibility Event or a Rating Methodology Event, either:
 - (i) 101 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls prior to 24 March 2029 (being the date falling three months prior to the First Reset Date); or
 - (ii) 100 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls on or after 24 March 2029 (being the date falling three months prior to the First Reset Date),

and in each case together with any accrued interest up to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest.

equity credit shall include such other nomenclature as any Rating Agency may use from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share.

EUR 5 year Swap Rate has the meaning given to it in Condition 4.1(b) (*Determination of EUR 5 year Swap Rate*).

EUR 5 year Swap Rate Quotation means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

EUR Reset Reference Bank Rate means the percentage rate determined by the Agent Bank on the basis of the EUR 5 year Swap Rate Quotations provided by the EUR Reset Reference Banks to the Issuer and notified to the Agent Bank at approximately 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

EUR Reset Reference Banks means five major banks in the Euro-zone interbank market selected by the Issuer.

EUR Reset Screen Page means the Thomson Reuters screen "ICESWAP2 / EURSFIXA" (or such other page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Reuters providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the EUR 5 year Swap Rate).

EURIBOR means the Euro-zone interbank offered rate.

Exchanged Securities has the meaning given to it in Condition 8.1 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*).

Financial Statements means either of:

- (A) audited annual consolidated financial statements of the Issuer; or
- (B) unaudited condensed consolidated half-year financial statements of the Issuer which are subject to a formal "review" from an independent auditor,

in each case prepared in accordance with IFRS or any successor accounting standards applicable to the Issuer.

First Reset Date means 24 June 2029.

Group means the Issuer and its Subsidiaries from time to time.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.1 (*Benchmark Discontinuation – Independent Adviser*);

Interest Payment Date means 24 June in each year.

Interest Period means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, ending on the date fixed for redemption.

Insolvency Proceedings means any insolvency proceedings (*procedura concorsuale*) or proceedings equivalent or analogous thereto under the laws of any applicable jurisdiction, including, but not limited to, bankruptcy (*fallimento*), composition with creditors (*concordato preventivo*) (including *pre concordato* pursuant to Article 161(6) of the Italian Bankruptcy Law), forced administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), debt restructuring agreements (*accordo di ristrutturazione*) pursuant to Article 182-bis of the Italian Bankruptcy Law (including the procedure described under Article 182-bis(6) of the Italian Bankruptcy Law) and Articles 57 ff. of the Italian Bankruptcy Law Reform, reorganisation plans pursuant to Article 67(3)(d) of the Italian Bankruptcy Law and Article 56 of the Italian Bankruptcy Law Reform, judicial liquidation pursuant to articles 121 ff. of the Italian Bankruptcy Law Reform, the undertaking of any court approved restructuring with creditors or the making of any application (or filing of documents with a court) for the appointment of an administrator or other receiver (*curatore*), manager administrator (*commissario straordinario o liquidatore*) or other similar official, under any applicable law.

Issue Date means 24 June 2021.

Italian Bankruptcy Law means Royal Decree No. 267 of 1942, as amended from time to time, including pursuant to the Italian Bankruptcy Law Reform.

Italian Bankruptcy Law Reform means the crisis and insolvency code set out under the Legislative Decree No. 14 of 2019, as amended from time to time.

Junior Securities means:

- (A) the ordinary shares (*azioni ordinarie*) of the Issuer;
- (B) any other class of the Issuer's share capital (including savings shares (*azioni di risparmio*) and preferred shares (*azioni privilegiate*)); and
- (C)
 - (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and
 - (ii) any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (C)(i)) or guarantee or similar instrument (in the case of (C)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or junior to the Securities.

Liquidation Event Date has the meaning given to it in Condition 7.1 (*No fixed redemption*).

Make-whole Margin means 0.45 per cent. per annum.

Make-whole Redemption Amount means the amount which is equal to (i) the greater of (a) the principal amount of the Securities and (b) the sum of the then present values of the remaining scheduled payments of principal and interest on the Securities (determined on the basis of redemption of the Securities at their principal amount on 24 March 2029 (the date falling 3 months before the First Reset Date), and excluding any interest accrued up to (but excluding) the Make-whole Redemption Date and any outstanding Arrears of Interest) discounted to the Make-whole Redemption Date on an annual basis at a discount rate equal to the Make-whole Redemption Rate plus the Make-whole Margin, plus (ii) any interest accrued up to (but excluding) the Make-whole Redemption Date and any outstanding Arrears of Interest, all as determined by the Reference Dealers and as notified on the Calculation Date by the Reference Dealers to the Issuer.

Make-whole Redemption Date has the meaning given to it in Condition 7.7 (*Make-whole Redemption at the Option of the Issuer*).

Make-whole Redemption Rate means (a) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make-whole Screen Page at 11:00 a.m. (Central European Time) on the Calculation Date or (b) to the extent that the mid-market yield to maturity does not appear on the Relevant Make-whole Screen Page at such time, the arithmetic average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security at or around 11:00 a.m. (Central European Time) on the Calculation Date.

Mandatory Settlement Date means the earliest of:

- (A) the tenth Business Day following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (B) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (C) the date on which the Securities are redeemed or repaid in accordance with Condition 7 (*Redemption and Purchase*) or become due and payable in accordance with Condition 11 (*Enforcement on the Liquidation Event Date and No Events of Default*), including at the Liquidation Event Date (unless otherwise required by mandatory provisions of applicable law).

Mid-Swap Benchmark Rate means the annual mid-swap rate referred to in the definition of EUR 5 year Swap Rate in Condition 4.1(b) (*Determination of EUR 5 year Swap Rate*).

Mid-Swap Floating Leg Benchmark Rate means the 6-month EURIBOR rate referred to in paragraph (iii) of the definition of EUR 5 year Swap Rate Quotation used in the determination of the EUR Reset Reference Bank Rate.

Moody's means Moody's Italia S.r.l..

Original Reference Rate means the Mid-Swap Benchmark Rate and/or the Mid-Swap Floating Leg Benchmark Rate.

Parity Securities means:

- (A) any securities or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Securities; and
- (B) any securities or other instruments issued by a company or entity other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Securities.

Patrimonio BancoPosta means such assets as from time to time form part of the asset pool denominated "Patrimonio BancoPosta" and separated from the other assets of the Issuer pursuant to Italian Law Decree No. 225 of 29 December 2010, together with the related business carried on by the Issuer known as "BancoPosta" and all rights and obligations of the Issuer arising in connection with the carrying-on of such business.

Prevailing Interest Rate means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4 (*Interest and Interest Deferral*).

Rating Agency means any of Moody's or S&P, or any other rating entity belonging to the same group that replaces Moody's or S&P as the entity issuing the rating on the Securities or any of their respective successors to the rating business thereof.

Rating Agency Confirmation means a written confirmation from a Rating Agency which has assigned ratings to the Issuer on a basis sponsored by the Issuer which is either received by the Issuer directly from the relevant Rating Agency or indirectly via publication by such Rating Agency.

A **Rating Methodology Event** shall be deemed to have occurred if the Issuer has received a Rating Agency Confirmation stating that:

- (A) due to an amendment, clarification or change in the "equity credit" (or such similar nomenclature then used by such Rating Agency) criteria of such Rating Agency, which amendment, clarification or change has occurred after the Relevant Rating Date, (a) the Securities are eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date or (b) the period of time during which such Rating Agency assigns to the Securities a particular level of equity credit will be shortened as compared to the period of time for which such Rating Agency had assigned to the Securities that level of equity credit on the Relevant Rating Date; or
- (B) following a Refinancing Event, the Securities would have become eligible (had such Refinancing Event not occurred), due to an amendment, clarification or change in the "equity credit" (or such similar nomenclature then used by such Rating Agency) criteria, for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date.

Redemption Calculation Date means the fourth Business Day prior to the relevant Early Redemption Date.

Reference Dealers means 5 major investment banks in the swap, money or securities market as may be selected by the Issuer.

Reference Security means Bund DBR 0.25% Feb-29 (ISIN DE0001102465). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Reference Dealers at 11:00 a.m. (Central European Time) on the Calculation Date, quoted in writing by the Reference Dealers to the Issuer and published in accordance with Condition 13 (*Notices*), and such Similar Security shall replace the previous Reference Security for the purposes of determination of the Make-whole Redemption Amount.

Refinancing Event means the refinancing, in whole or in part, of the Securities following the Relevant Rating Date and, as a result of such refinancing, the Securities having become eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date.

Relevant Date means the date on which any payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Securityholders in accordance with Condition 13 (*Notices*).

Relevant Make-whole Screen Page means the relevant Bloomberg screen page (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security.

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (A) the European Central Bank, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the European Central Bank, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

Relevant Rating Date means the Issue Date or, if later, the date on which the Securities are assigned equity credit by the relevant Rating Agency for the first time;

Reset Date means the First Reset Date and each date falling on the fifth anniversary thereafter.

Reset Interest Determination Date means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period.

Reset Period means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

S&P means S&P Global Ratings Europe Limited;

Similar Security means a reference security or reference securities issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Securities that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the first Call Date of the Securities.

Subsidiary means, in relation to any company (the **First Company**) at any particular time, any other company (the **Second Company**) where at least one of the following conditions is satisfied, pursuant to the provisions of Article 2359 of the Italian Civil Code:

- (a) the First Company holds the majority of votes in ordinary shareholders' meetings of the Second Company; or
- (b) the number of votes held by the First Company is sufficient to give the First Company a dominant influence in ordinary shareholders' meetings of the Second Company; or

- (c) the Second Company is under the dominant influence of the First Company by virtue of certain contractual relationships existing between the First Company and the Second Company,

provided, however, that for the purposes of paragraphs (a) and (b) above, account shall be taken of votes held by the First Company in ordinary shareholders' meetings of the Second Company through subsidiaries, trust companies (*società fiduciarie*) or nominees (but not of votes held by the First Company held on behalf of third parties).

A **Substantial Repurchase Event** shall be deemed to have occurred if, prior to the giving of the relevant notice of redemption, at least 75 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and has been cancelled.

Successor Rate means the rate that the Independent Adviser determines is a successor to or replacement of the Original Reference Rate and which is formally recommended by any Relevant Nominating Body.

TARGET2 Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

A **Tax Deductibility Event** shall be deemed to have occurred if, as a result of a Tax Law Change, payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of any opinion provided pursuant to Condition 7.4(b)(ii) (*Early Redemption following a Tax Deductibility Event*) will no longer be, deductible in whole or in part for Italian corporate income tax purposes (or entitlement to make such deduction shall be materially delayed), and the Issuer cannot avoid the foregoing by taking reasonable measures available to it. For the avoidance of doubt, a Tax Deductibility Event shall not occur if payments of interest by the Issuer in respect of the Securities are not deductible in whole or in part for Italian corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 96 of Decree No. 917 as at (and on the basis of the general tax deductibility limits calculated in the manner applicable as at) the Issue Date.

Tax Jurisdiction means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Securities or Coupons.

Tax Law Change means (i) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of a Tax Jurisdiction affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action (including an amendment, clarification or change resulting from a publicly available reply to a ruling or circular letter issued by a governmental authority) that differs from the previously generally accepted position (or interpretation resulting from a publicly available reply to a ruling or a circular letter), in each case, by any legislative body, court, governmental authority or regulatory body, which amendment, clarification, change or governmental action is effective, on or after the Issue Date.

Taxes means any present or future taxes, levies, imposts, duties or other charges or withholdings of whatever nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Varied Securities has the meaning given to it in Condition 8.1 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*).

A **Withholding Tax Event** shall be deemed to have occurred if, following the Issue Date:

- (A) as a result of a Tax Law Change, the Issuer has or will become obliged to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) a person into which the Issuer is merged or to whom it has conveyed, transferred or leased all or substantially all of its assets and who has been substituted in place of the Issuer as principal debtor under the Securities is required to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by such person taking reasonable measures available to it, unless the sole purpose of such a merger, conveyance, transfer or lease would be to permit the Issuer to redeem the Securities.

3. STATUS AND SUBORDINATION

3.1 Status

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (and are not obligations of the Issuer acting through Patrimonio BancoPosta) and rank and will at all times rank *pari passu* without any preference among themselves and with the Issuer's payment obligations in respect of any Parity Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 *et seq.* of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2 (*Subordination*).

3.2 Subordination

The obligations of the Issuer to make payment in respect of principal and interest on the Securities and the Coupons, including its obligations in respect of any Arrears of Interest, will, in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:

- (a) senior only to the Issuer's payment obligations in respect of any Junior Securities;
- (b) *pari passu* among themselves and with the Issuer's payment obligations in respect of any Parity Securities; and
- (c) junior to all other payment obligations of the Issuer, present and future, whether subordinated (including any claims pursuant to Article 2411, first paragraph, of the Italian Civil Code) or unsubordinated,

in each case (i) except as otherwise required by mandatory provisions of applicable law, and (ii) excluding any obligations of the Issuer acting through Patrimonio BancoPosta.

3.3 No Set-off

To the extent and in the manner permitted by applicable law, no Securityholder or Couponholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Securities or the Coupons and each Securityholder and Couponholder will, by virtue of his holding of any Security or Coupon, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. The Issuer may not set off any claims it may have against the Securityholders against any of its obligations under the Securities or the Coupons.

4. INTEREST AND INTEREST DEFERRAL

4.1 Interest

(a) *Interest Rates and Interest Payment Dates*

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Securities will bear interest on their principal amount as follows:

- (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.625 per cent. per annum, payable annually in arrear on each Interest Payment Date commencing on 24 June 2022; and
- (ii) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus:
 - (A) in respect of the Reset Periods commencing on the First Reset Date to but excluding 24 June 2034, 2.677 per cent. per annum;
 - (B) in respect of the Reset Periods commencing on 24 June 2034 to but excluding 24 June 2049, 2.927 per cent. per annum; and
 - (C) in respect of the Reset Periods commencing on 24 June 2049, 3.677 per cent. per annum,

all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, commencing on 24 June 2022 (being the **First Interest Payment Date**).

(b) *Determination of EUR 5 year Swap Rate*

- (i) For the purposes of these Conditions, the relevant **EUR 5 year Swap Rate**, in respect of a Reset Period, shall be the annual mid-swap rate as displayed on the EUR Reset Screen Page as at 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.
- (ii) If the relevant EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date (other than as a result of a Benchmark Event), the Issuer shall request each of the EUR Reset Reference Banks to provide it with its EUR 5 year Swap Rate Quotation (such EUR 5 year Swap Rate Quotation to be notified by the Issuer to the Agent Bank) and the Agent Bank will determine the EUR 5 year Swap Rate as the EUR Reset Reference Bank Rate on the relevant Reset Interest Determination Date.
- (iii) If at least three quotations are provided by the EUR Reset Reference Banks, the EUR 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).
- (iv) If only two quotations are provided, the EUR 5 year Swap Rate will be the arithmetic mean of the quotations provided.
- (v) If only one quotation is provided, the EUR Reset Reference Banks Rate will be the quotation provided.
- (vi) If no quotations are provided, the EUR Reset Reference Bank Rate for the relevant period will be equal to the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page.

(c) ***Calculation of Interest***

The interest payable on each Security on any Interest Payment Date shall be calculated per €1,000 in principal amount of the Securities (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The day-count fraction will be calculated on the following basis:

- (a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (b) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:
 - (i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (ii) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

Accrual Period means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

Determination Period means the period from and including 24 June in any year to but excluding the next 24 June.

4.2 **Interest Deferral**

Subject to the provisions of the following paragraphs, on each Interest Payment Date, the Issuer shall pay interest on the Securities accrued to (but excluding) that date in respect of the Interest Period ending immediately prior to such Interest Payment Date.

(a) ***Optional Interest Deferral***

The Issuer may, at its sole discretion, elect to defer in whole, or in part, any payment of interest accrued on the Securities in respect of any Interest Period (a **Deferred Interest Payment**) by giving notice (a **Deferral Notice**) of such election to the Securityholders in accordance with Condition 13 (*Notices*) and to the Fiscal Agent at least 5, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, 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 Securities or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute **Arrears of Interest**. Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

(b) ***Optional Settlement of Arrears of Interest***

The Issuer may pay any outstanding Arrears of Interest (in whole or in part) at any time upon giving not less than 10 and not more than 15 Business Days' notice to the Securityholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Fiscal Agent at least 5, but not more than 30, Business Days prior to the relevant due date for payment.

(c) ***Mandatory Settlement of Arrears of Interest***

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of all Securities for the time being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Securityholders in accordance with Condition 13 (*Notices*) and to the Fiscal Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

4.3 Accrual of Interest

The Securities will cease to bear interest from (and including) the calendar day on which they are due for redemption, unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Prevailing Interest Rate until whichever is the earlier of: (a) the date on which all amounts due in respect of the Securities have been paid; and (b) five days after the date on which full amount of the moneys payable in respect of the Securities have been received by the Fiscal Agent and notice to that effect has been given to the Securityholders in accordance with Condition 13 (*Notices*).

5. BENCHMARK DISCONTINUATION

5.1 Independent Adviser

If a Benchmark Event occurs (as determined by the Issuer) in relation to an Original Reference Rate to be used in the determination of the EUR 5 year Swap Rate when the Prevailing Interest Rate (or any component part thereof) remains to be determined by reference to such EUR 5 year Swap Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.2 (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.3 (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 5.4 (*Benchmark Amendments*)) by no later than ten Business Days prior to the Reset Interest Determination Date relating to the next Reset Period for which the Prevailing Interest Rate (or any component part thereof) is to be determined by reference to such EUR 5 year Swap Rate.

An Independent Adviser appointed pursuant to this Condition 5 shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agent Bank, any Paying Agent, the Securityholders or the Couponholders for any determination made by it pursuant to this Condition 5.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.1 prior to the date which is ten Business Days prior to the relevant Reset Interest Determination Date, the EUR 5 year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page. For the avoidance of doubt, this Condition 5.1 shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.1.

5.2 Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.3 (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the EUR 5 year Swap Rate by reference to which the Prevailing Interest Rate (or the relevant component part thereof) is to be determined for all future payments of interest on the Securities (subject to the operation of this Condition 5); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.3 (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the EUR 5 year Swap Rate by reference to which the Prevailing Interest Rate (or the relevant component part thereof) is to be determined for all future payments of interest on the Securities (subject to the operation of this Condition 5).

5.3 Adjustment Spread

The Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Advisor, in circumstances where it is required to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, is unable to determine the quantum of (or a formula or methodology for determining) such Adjustment Spread, then the Successor Rate or Alternative Rate (as the case may be) will apply without an Adjustment Spread.

5.4 Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5 and the Independent Adviser determines (i) that amendments to these Conditions and the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.5 (*Benchmark Event Notices*), without any requirement for the consent or approval of Securityholders or Couponholders, vary these Conditions and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.4, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Benchmark Amendments may comprise, by way of example, the following amendments: (A) amendments to the definition of "EUR 5 year Swap Rate" or "EUR 5 year Swap Rate Quotation"; (B) amendments to the day-count fraction and the definitions of "Business Day", "Interest Payment Date", "Prevailing Interest Rate", and/or "Interest Period" (including the determination of whether the Alternative Rate will be determined in advance of or prior to the relevant Interest Period or in arrear on or prior to the end of the relevant Interest Period); and/or (C) any change to the business day convention.

Notwithstanding any other provision of this Condition 5, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Methodology Event to occur.

Notwithstanding any other provision of this Condition 5, none of the Fiscal Agent, any Paying Agent or the Agent Bank shall be obliged to concur with the Issuer in respect of any Benchmark

Amendments which, in the sole opinion of the Fiscal Agent, any Paying Agent or the Agent Bank, would have the effect of increasing the obligations or duties, or decreasing the rights or protections, of the Fiscal Agent, any Paying Agent or the Agent Bank in the Agency Agreement and/or these Conditions.

Notwithstanding any other provision of this Condition 5, if in the Agent Bank's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5, the Agent Bank shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent Bank shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

5.5 Benchmark Event Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5 will be notified promptly by the Issuer to the Fiscal Agent and each Paying Agent and, in accordance with Condition 13 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

5.6 Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5.1 (*Independent Adviser*) to Condition 5.4 (*Benchmark Amendments*), any Original Reference Rate and the fallback provisions provided for in Condition 4.1(b) (*Determination of EUR 5 year Swap Rate*) will continue to apply in relation to the EUR 5 year Swap Rate and the EUR 5 year Swap Rate Quotation unless and until a Benchmark Event has occurred (as determined by the Issuer).

6. PAYMENTS AND EXCHANGES OF TALONS

Provisions for payments in respect of Global Securities are set out under "Overview of Provisions Relating to the Securities in Global Form" below.

6.1 Payments in respect of Securities

Payments of principal and interest in respect of each Security will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Security, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

6.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

6.3 Missing Unmatured Coupons

Upon the date on which any Security becomes due and repayable, all unmatured Coupons appertaining to the Security (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

6.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Securities are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471 of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Security or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest and Interest Deferral*), be entitled to any further interest or other payment if a Presentation Date is after the due date for payment of any amount in respect of any Security or Coupon.

Presentation Date means a day which (subject to Condition 10 (*Prescription*)):

- (a) is or falls after the relevant due date for payment of any amount in respect of any Security or Coupon;
- (b) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Security or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

6.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

6.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Fiscal Agent and an Agent Bank;
- (b) so long as the Securities are listed on any stock exchange or admitted to trading by any relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Securityholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Securityholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

7. REDEMPTION AND PURCHASE

7.1 No fixed redemption

Unless previously redeemed or purchased and cancelled as provided below, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a Permitted Reorganisation) is instituted (the **Liquidation Event Date**), including in connection with any Insolvency Proceedings, in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders' meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the Issue Date, is set in its by-laws at 31 December 2100).

Permitted Reorganisation means a solvent merger, reconstruction or amalgamation under which the assets and liabilities of the Issuer are assumed by the entity resulting from such merger, reconstruction or amalgamation, provided that (1) such entity assumes the obligations of the Issuer in respect of the Securities and (2) an opinion of an independent legal adviser, appointed by the Issuer at its own expense, of recognised standing in the Republic of Italy, has been delivered to the Fiscal Agent confirming the same prior to the effective date of such merger, reconstruction or amalgamation.

For the purposes of this Condition 7.1, references to the **Issuer** shall be deemed to include any facts, matters or circumstances arising or subsisting in connection with the carrying-on by the Issuer of the business of Patrimonio BancoPosta.

7.2 Optional Redemption

The Issuer may redeem all of the Securities (but not some only) on any date during the period commencing on (and including) 24 March 2029 and ending on (and including) the First Reset Date or on any Interest Payment Date thereafter (each such date, a **Call Date**), in each case at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest, on giving not less than 10 and not more than 60 calendar days' notice to the Securityholders in accordance with Condition 13 (*Notices*).

7.3 Early Redemption following a Withholding Tax Event

- (a) If a Withholding Tax Event occurs, the Issuer may redeem all of the Securities (but not some only), at any time at the applicable Early Redemption Price and upon giving not less than 10 and not more than 60 calendar days' notice to the Securityholders in accordance with Condition 13 (*Notices*), provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Securities then due.
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 7.3, the Issuer will deliver to the Fiscal Agent:
 - (i) a certificate signed by a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to

the right of the Issuer to redeem the Securities in accordance with this Condition 7.3 have been satisfied; and

- (ii) an opinion of independent legal or tax advisers, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of (in the case of paragraph (A) of the definition of Withholding Tax Event) a Tax Law Change or (in the case of paragraph (B) of the definition of Withholding Tax Event) the relevant merger, conveyance, transfer or lease.

The documents referred to above shall be available for inspection by Securityholders during normal business hours at the specified office of the Fiscal Agent.

7.4 Early Redemption following a Tax Deductibility Event

- (a) If a Tax Deductibility Event occurs, the Issuer may redeem all of the Securities (but not some only), at any time at the applicable Early Redemption Price and upon giving not less than 10 and not more than 60 calendar days' notice of redemption to the Securityholders in accordance with Condition 13 (*Notices*).
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 7.4, the Issuer will deliver to the Fiscal Agent:
 - (i) a certificate signed by a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 7.4 have been satisfied; and
 - (ii) an opinion of an independent legal or tax advisers, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of that opinion will no longer be, deductible in whole or in part for Italian corporate income tax purposes as a result of a Tax Law Change.

The documents referred to above shall be available for inspection by Securityholders during normal business hours at the specified office of the Fiscal Agent.

7.5 Early Redemption following a Rating Methodology Event

- (a) If a Rating Methodology Event occurs, the Issuer may redeem all of the Securities (but not some only), at any time at the applicable Early Redemption Price and upon giving not less than 10 and not more than 60 calendar days' notice of redemption to the Securityholders in accordance with Condition 13 (*Notices*).
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 7.5, the Issuer will deliver to the Fiscal Agent:
 - (i) a certificate signed by a member of the Board of Directors (**Director**) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 7.5 have been satisfied; and
 - (ii) a copy of the Rating Agency Confirmation relating to the applicable Rating Methodology Event unless the delivery of such Rating Agency Confirmation would constitute a breach of the terms on which such confirmation is delivered to the Issuer.

The documents referred to above shall be available for inspection by Securityholders during normal business hours at the specified office of the Fiscal Agent.

7.6 Early Redemption following an Accounting Event

- (a) If an Accounting Event occurs, the Issuer may redeem all (but not some only) of the Securities, at any time at the applicable Early Redemption Price upon giving not less than 10 and not more than 60 calendar days' notice of redemption to the Securityholders in accordance with Condition 13 (*Notices*).

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the date on which the Change is officially adopted, which may fall before the date on which the Change will come into effect.

- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 7.5, the Issuer will deliver to the Fiscal Agent:
- (i) a certificate signed by a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 7.5 have been satisfied; and
 - (ii) a copy of the opinion, letter or report of a recognised accountancy firm of international standing, appointed by the Issuer at its own expense, as set forth in the definition of "Accounting Event".

The documents referred to above shall be available for inspection by Securityholders during normal business hours at the specified office of the Fiscal Agent.

7.7 Make-whole Redemption at the Option of the Issuer

The Issuer may redeem all (but not some only) of the Securities on any day prior to 24 March 2029 (the date falling 3 months before the First Reset Date) at the applicable Make-whole Redemption Amount on giving not less than 10 and not more than 60 calendar days' notice (which shall specify the date fixed for redemption (the **Make-whole Redemption Date**)) to the Securityholders in accordance with Condition 13 (*Notices*).

7.8 Purchases and Substantial Repurchase Event

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

If a Substantial Repurchase Event occurs, the Issuer may redeem all (but not some only) of the outstanding Securities at any time at the applicable Early Redemption Price, subject to the Issuer having given the Securityholders not less than 10 and not more than 60 calendar days' notice to the Securityholders in accordance with Condition 13 (*Notices*).

7.9 Cancellations

All Securities which are redeemed or exchanged pursuant to Condition 8 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*) will forthwith be cancelled, together with all unmatured Coupons attached to the Securities or surrendered with the Securities at the time of redemption. All Securities so cancelled and any Securities purchased and cancelled pursuant to

Condition 7.8 (*Purchases and Substantial Repurchase Event*) above shall be forwarded to the Fiscal Agent and accordingly may not be held, reissued or resold.

7.10 Notices Final

A notice of redemption given pursuant to any of Conditions 7.2 (*Optional Redemption*), 7.3 (*Early Redemption following a Withholding Tax Event*), 7.4 (*Early Redemption following a Tax Deductibility Event*), 7.5 (*Early Redemption following a Rating Methodology Event*), 7.6 (*Early Redemption following an Account Event*), 7.7 (*Make-whole Redemption at the Option of the Issuer*) or 7.8 (*Purchases and Substantial Repurchase Event*) shall be irrevocable and upon the expiry of any such notice, the Issuer shall be bound to redeem the Securities in accordance with the terms of the relevant Condition.

8. EXCHANGE OR VARIATION UPON A WITHHOLDING TAX EVENT, TAX DEDUCTIBILITY EVENT, RATING METHODOLOGY EVENT OR ACCOUNTING EVENT AND PRECONDITIONS TO SUCH EXCHANGE OR VARIATION

8.1 If the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Fiscal Agent with the relevant certificate and opinion, or in the case of a Rating Methodology Event only, the Rating Agency Confirmation, referred to in Conditions 7.3 (*Early Redemption following a Withholding Tax Event*), 7.4 (*Early Redemption following a Tax Deductibility Event*), 7.5 (*Early Redemption following a Rating Methodology Event*) or 7.6 (*Early Redemption following an Account Event*) (as applicable), then the Issuer may, subject to Condition 8.2 below (without any requirement for the consent or approval of the Securityholders or Couponholders), having given not less than 10 nor more than 60 Business Days' notice to the Fiscal Agent, the Agent Bank and, in accordance with Condition 13 (*Notices*), to the Securityholders (which notice shall be irrevocable and shall specify the date for the relevant exchange or, as the case may be, variation of the Securities), as an alternative to an early redemption of the Securities, at any time:

- (a) exchange the Securities for new securities (such new securities, the **Exchanged Securities**), or
- (b) vary the terms of the Securities (the Securities as so varied, the **Varied Securities**),

so that:

- (A) in the case of a Tax Deductibility Event, the Issuer is entitled to claim, in respect of the Exchanged Securities or Varied Securities, a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities for Italian corporation income tax purposes as compared with the entitlement after the occurrence of the relevant Tax Deductibility Event;
- (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities, the Issuer is only required to pay lesser or no Additional Amounts in respect of the Exchanged Securities or Varied Securities;
- (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) will be recorded as "equity" in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements of the Issuer; or
- (D) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Relevant Rating Date.

Upon expiry of such notice, the Issuer shall vary the terms of or, as the case may be, exchange the Securities in accordance with this Condition 8 and, in the case of any exchange, cancel the Securities which have been exchanged for Exchanged Securities.

The Fiscal Agent and Paying Agents shall (at the expense of the Issuer) enter into a supplemental agency agreement with the Issuer (including indemnities satisfactory to the Fiscal Agent and Paying Agents) solely in order to effect the exchange of the Securities, or the variation of the terms of the Securities, provided that the Fiscal Agent and Paying Agents shall not be obliged to enter into such supplemental agency agreement if the terms of the Exchanged Securities or the Varied Securities would impose, in the Fiscal Agent's and Paying Agents' opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Fiscal Agent does not enter into such supplemental agency agreement (and the Fiscal Agent shall have no liability or responsibility to any person if it does not do so), the Issuer may elect to redeem the Securities as provided in Condition 7 (*Redemption and Purchase*).

8.2 Any such exchange or variation shall be subject to the following conditions:

- (a) for as long as the Securities are listed on any stock exchange, the Issuer complying with the rules of the relevant stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities were admitted to trading immediately prior to the relevant exchange or variation;
- (b) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation or providing for the accrual of an amount equal to the Arrears of Interest under the terms of the Exchanged Securities or the Varied Securities (as applicable);
- (c) the Exchanged Securities or Varied Securities shall be issued directly by the Issuer and: (A) rank at least *pari passu* with the ranking of the Securities prior to the exchange or variation; (B) benefit from the same interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), a maturity date which shall not be longer than the maturity date of the Issuer as provided from time to time under the relevant by-laws, the same rights to accrued interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Securityholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable); (C) not contain terms providing for the mandatory deferral or cancellation of interest and (D) not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (d) the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) not being prejudicial to the interests of the Securityholders (as a class), including compliance with (c) above, as certified to the Fiscal Agent by a Director of the Issuer, having consulted in good faith with an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets, and any such certificate shall be final and binding on all parties;
- (e) a legal opinion shall have been delivered to the Fiscal Agent (copies of which shall be made available to the Securityholders by appointment at the specified offices of the Fiscal Agent

during usual office hours or at the Fiscal Agent's option may be provided by email to such holder requesting copies of such documents, subject to the Fiscal Agent being supplied by the Issuer with copies of such documents) from one or more international law firms of good reputation selected by the Issuer and confirming (x) that the Issuer has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities;

- (f) the delivery to the Fiscal Agent of a certificate signed by a Director of the Issuer certifying each of the points set out in paragraphs (a) to (e) above.

The Fiscal Agent may rely absolutely upon and shall be entitled to accept such certificates and any such opinions, as are referred to in this Condition 8, without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in such paragraphs, in which event it shall be conclusive and binding on the Securityholders and the Couponholders.

9. TAXATION

9.1 Payment without Withholding

All payments of principal and interest in respect of the Securities and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any Taxes imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the Securityholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Security or Coupon:

- (a) presented for payment in the Tax Jurisdiction;
- (b) the holder of which is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with any Tax Jurisdiction other than the mere holding of such Security or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for an exemption; or
- (e) in relation to any payment or deduction of any interest, principal or other proceeds on or from any Securities or Coupons on account of *imposta sostitutiva* pursuant to Decree No. 239 or future similar law and any related implementing regulations (each as amended or supplemented from time to time) and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or
- (f) in the event of payment to a non-Italian resident legal entity or individual, to the extent that interest or other amounts are paid to such legal entity or individual which is resident in a

country which does not allow for a satisfactory exchange of information with the Republic of Italy; or

- (g) where such withholding or deduction is required pursuant to an agreement described in Section 1471 of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition.

10. PRESCRIPTION

The Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date in respect of the Securities or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments and Exchange of Talons*). There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 6 (*Payments and Exchange of Talons*).

11. ENFORCEMENT ON THE LIQUIDATION EVENT DATE AND NO EVENTS OF DEFAULT

11.1 No Events of Default

There are no events of default in relation to the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest.

11.2 Enforcement on the Liquidation Event Date

On or following the Liquidation Event Date, each Securityholder may, at its discretion and without further notice, institute steps in order to obtain a judgment against the Issuer for any amounts due and payable in respect of the Securities, including the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

11.3 Limitation on remedies

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the the Securityholders and the Couponholders, whether for the recovery of amounts due in respect of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Coupons.

12. REPLACEMENT OF SECURITIES AND COUPONS

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of such costs and expenses as may be incurred in connection with the replacement and on such terms as to evidence and indemnity

as the Issuer may reasonably require. Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued.

13. NOTICES

All notices regarding the Securities will be deemed to be validly given (a) if published in a leading English language daily newspaper of general circulation in London or (b) if and for so long as the Securities are admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the official list of the Luxembourg Stock Exchange, if published in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange: *www.bourse.lu*. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders will be deemed for all purposes to have notice of the contents of any notices given to the Securityholders in accordance with this paragraph.

14. MEETINGS OF SECURITYHOLDERS AND MODIFICATION

14.1 Meetings of Securityholders

All meetings of the Securityholders will be held in accordance with applicable provisions of Italian law in force at the time.

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Resolution (as defined in the Agency Agreement) of a modification of the Securities (except for any modification to give effect to the Benchmark Amendments in accordance with Condition 5 (*Benchmark Discontinuation*) and any variation pursuant to Condition 8 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*)) or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at its discretion and, in any event, shall be convened by the Issuer upon the request in writing by any Securityholder(s) holding not less than one-twentieth of the aggregate principal amount of the Securities for the time being remaining outstanding. If the meeting has not been convened following such request of the Securityholders, the same may be convened by a decision of the competent court in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held in the town, city or country in which the registered office of the Issuer is situated, unless its by-laws provide differently, pursuant to Article 2363 of the Italian Civil Code.

In accordance with the laws and legislation applicable to the Issuer, as a company with listed shares, a meeting shall be validly held if attended by one or more persons being or representing Securityholders holding:

- (a) in the case of a single call meeting (*convocazione unica*), at least one fifth of the aggregate principal amount of the outstanding Securities; and
- (b) in the case of multiple call meetings:
 - (i) in the case of an initial meeting, at least one half of the aggregate principal amount of the outstanding Securities;

- (ii) in the case of a meeting convened following adjournment of the initial meeting for want of quorum, more than one third of the aggregate principal amount of the outstanding Securities; and
- (iii) in the case of any subsequent adjourned meeting, at least one fifth of the aggregate principal amount of the outstanding Securities,

provided that, to the extent permitted under applicable provisions of Italian law, the Issuer's By-laws (*statuto*) may in each case provide for higher quorums which shall be indicated in the notice convening the relevant meeting.

The majority required at any meeting (including any adjourned meeting) convened to vote on any resolution (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) will be one or more persons being or representing Noteholders holding:

- (a) for voting on any matter other than a Reserved Matter, at least two thirds of the aggregate principal amount of the outstanding Securities represented at the meeting; or
- (b) for voting on a Reserved Matter, the higher of:
 - (i) not less than one half of the aggregate principal amount of the outstanding Securities; and
 - (ii) not less than two thirds of the aggregate principal amount of the outstanding Securities represented at the meeting,

provided that, to the extent permitted under applicable provisions of Italian law, the Issuer's By-laws may in each case provide for higher majorities which shall be indicated in the notice convening the relevant meeting.

14.2 Modification

The Securities, the Coupons and these Conditions may be amended without the consent of the Securityholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Securityholders, to any such modification unless:

- (a) it is to cure or correct any ambiguity or defective or inconsistent provision contained in the Agency Agreement, or which is of a formal, minor or technical nature; or
- (b) if the modification is not, in the sole opinion of the Issuer, prejudicial to the interests of the Securityholders and/or the Couponholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Securityholders were held to consider such modification); or
- (c) it is made to correct a manifest or proven error; or
- (d) it is made to comply with mandatory provisions of the law.

Notice of any such modification shall be given to the Securityholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variations of the Conditions and the Agency Agreement to give effect to the Benchmark Amendments in accordance with Condition 5 (*Benchmark Discontinuation*) or pursuant to Condition 8 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*) shall not require the consent or approval of Securityholders or Couponholders.

15. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Securityholders or Couponholders to create and issue further Securities having the same terms and conditions as the Securities (save for the Issue Date, the Issue Price and the amount and date of the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Securities.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Agency Agreement, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 (*Status*) and 3.2 (*Subordination*), which shall each be governed by Italian law. Condition 14.1 (*Meetings of Securityholders*) and the provisions of the Agency Agreement concerning the meeting of Securityholders and the appointment of the Securityholder's Representative (*rappresentante comune*) in respect of the Securities are subject to compliance with Italian law.

16.2 Jurisdiction of English Courts

- (a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Securities and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Securities and/or the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 16.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Securityholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer appoints Intesa Sanpaolo S.p.A., London Branch at 90 Queen Street, London EC4N 1SA, England or, if different, its registered office for the time being as its agent for service of process, and undertakes that, in the event of Intesa Sanpaolo S.p.A., London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Security under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

The following does not form a part of the Terms and Conditions of the Securities:

The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer (or by any Subsidiary of the Issuer) prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer (or by such Subsidiary) to third party purchasers (other than group entities of the Issuer) which was assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

- (a) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the rating assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P an "equity credit" similar to the Securities and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (b) the "stand-alone credit profile" (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the stand-alone credit profile assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P an "equity credit" similar to the Securities and the Issuer is of the view that such "stand-alone credit profile" would not fall below this level as a result of such redemption or repurchase, or*
- (c) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of 10 consecutive years, or*
- (d) the Securities are redeemed pursuant to a Tax Deductibility Event or a Withholding Tax Event, or an Accounting Event or a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P; or*
- (e) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (f) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its then prevailing methodology; or*
- (g) such redemption or repurchase occurs on or after the Reset Date falling on 24 June 2049.*

OVERVIEW OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The following is an overview of the provisions to be contained in the Global Securities which will apply to, and in some cases modify the Terms and Conditions of the Securities while the Securities are represented by the Global Securities.

Words and expressions defined in Terms and Conditions of the Securities shall have the same meanings in this “Overview of Provisions relating to the Securities in Global Form”.

Temporary Global Security exchangeable for Permanent Global Security

The Securities will initially be in the form of the Temporary Global Security, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg. The Securities will not be issued in new global note (NGN) form. Interests in the Temporary Global Security will be exchangeable, in whole or in part, for interests in the Permanent Global Security, without Coupons, which will also be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg, on or after the date which is 40 days after the closing date for the Securities (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Securities cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Security is to be exchanged for an interest in the Permanent Global Security, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of the Permanent Global Security, duly authenticated, to the bearer of the Temporary Global Security or (in the case of any subsequent exchange of a part of the Temporary Global Security) an increase in the principal amount of the Permanent Global Security in accordance with its terms against:

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Security to or to the order of the Fiscal Agent; and
- (b) in either case, receipt by the Fiscal Agent of confirmation from the Clearing Systems that a certificate or certificates of non-U.S. beneficial ownership have been received,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Security shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Security exceed the initial principal amount of the Temporary Global Security.

Permanent Global Security exchangeable for Definitive Securities

Interests in the Permanent Global Security will be exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Security, for Definitive Securities, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so and no successor clearing system is available.

Interests in the Permanent Global Security will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Securities if, by reason of any change in the laws of the Republic of Italy, the Issuer will be required to make any withholding or deduction from any payment in respect of the Securities which would not be required if the Securities are in definitive form.

Definitive Securities will bear serial numbers and have attached thereto at the time of their initial delivery Coupons. Definitive Securities will also, if necessary, have attached thereto at the time of their initial delivery Talons and the expression Coupons shall, where the context so requires, include Talons.

Whenever the Permanent Global Security is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Securities, duly authenticated and with Coupons and, if necessary, Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Security to the bearer of the Permanent Global Security against the surrender of the Permanent Global Security to or to the order of the Fiscal Agent in accordance with the terms.

Terms and Conditions applicable to the Securities

The Terms and Conditions applicable to any Definitive Security will be endorsed on that Security and will consist of the Terms and Conditions set out under Terms and Conditions of the Securities above.

The Terms and Conditions applicable to the Securities represented by the one or more Global Securities will differ from those Terms and Conditions which would apply to the Securities were they in definitive form to the extent described in this “Overview of Provisions relating to the Securities in Global Form”.

Each Global Security will contain provisions which modify the Terms and Conditions of the Securities as they apply to the relevant Global Security. The following is a summary of certain of those provisions:

Payments: The holder of a Global Security shall be the only person entitled to receive payments in respect of the Securities represented by such Global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Securities represented by such Global Security must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security. For the purpose of any payments made in respect of a Global Security, the relevant place of presentation shall be disregarded in the definition of Presentation Date set out in Condition 6 (*Payments and Exchanges of Talons*).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Securities are represented by one or more Global Securities and such Global Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Securityholders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Securityholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, provided that, so long as the Securities are listed on the Luxembourg Stock Exchange, notice will also be given by publication on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Legend concerning United States persons

Permanent Global Securities, Definitive Securities and any Coupons and Talons appertaining thereto 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.”

The sections referred to in such legend provide that a United States person who holds a Security, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Security, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the Securityholders.

USE OF PROCEEDS

The net proceeds of the issue of the Securities will amount to €799,976,700 (being the proceeds from the issue of the Securities net of the listing agent and the admission to listing expenses).

These proceeds will be used by the Issuer for general corporate purposes and to strengthen the regulatory capital structure of the Group.

DESCRIPTION OF THE ISSUER

Please refer to the information on Poste Italiane and the Poste Italiane Group in the documents incorporated herein by reference as set out in the “*Documents Incorporated by Reference*” section.

Group structure at 31 March 2021

For a description of the structure of the Group at 31 March 2021, please refer to “*Group structure at 31 March 2021*” on pages 10 and 11 of the consolidated interim financial statements of Poste Italiane as at and for the three months ended 31 March 2021, incorporated by reference in this Prospectus.

Recent Events

Approval of 2021 1Q results

On 12 May 2021, the Board of Directors of Poste Italiane approved the unaudited condensed consolidated interim financial statements as at and for the three months ended 31 March 2021, incorporated by reference in this Prospectus.

Approval of the 2020 non-consolidated financial statements

On 28 May 2021, the shareholders meeting approved the non-consolidated financial statements as at and for the year ended 31 December 2020, and the other items on the agenda of the shareholders’ meeting, as further described in the press release dated 28 May 2021 incorporated by reference in this Prospectus.

OVERVIEW OF THE ITALIAN INSOLVENCY LAW REGIME

Italian insolvency laws are applicable to the Issuer and, if certain requirements are met, the Issuer could become subject to any of the following insolvency proceedings:

- (a) bankruptcy (*fallimento*), which is governed by the provisions of Royal Decree No. 267 of March 16, 1942 (the **Bankruptcy Law**), as amended;
- (b) composition with creditors (*concordato preventivo*), which is also governed by the provisions of the Bankruptcy Law, as recently amended;
- (c) extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese insolventi*), which is governed by Legislative Decree No. 270 of 8 July 1999, as amended (**Decree 270**) and by certain provisions of the Bankruptcy Law; and
- (d) extraordinary administration for the industrial restructuring of large insolvent companies (*amministrazione straordinaria per la ristrutturazione industriale delle grandi imprese insolventi*), which is governed by Law Decree No. 347 of December 23, 2003, converted into law, with amendments, by Law No. 39 of 18 February 2004, as amended (**Decree 347**), as well as certain provisions of the Bankruptcy Law and the Decree 270. For businesses performing essential public services this type of proceedings would also be subject to Law Decree 134 of 28 August 2008 (**Decree 134**).

Also, the Issuer could enter into the following procedures which, although disciplined by the Bankruptcy Law, are not generally qualified as insolvency procedures:

- (a) reorganization plans pursuant to Article 67, Paragraph 3(d) of Bankruptcy Law; and
- (b) debt restructuring agreements pursuant to Article 182 *bis* of the Bankruptcy Law, as recently amended.

In addition to the above, certain public interest entities (including, inter alia, insurance companies, credit institutions and other financial institutions) are not technically subject to ordinary bankruptcy proceeding and may be subject to a specific insolvency proceeding called forced administrative liquidation procedure (*procedura di liquidazione coatta amministrativa*).

The proceedings indicated in paragraphs (a), (b) and (c) would be initiated by petition to the competent court.

As to the proceedings indicated in paragraph (d): (i) pursuant to the Decree 270, the extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese insolventi*), would be initiated by petition for the declaration of insolvency to the competent court that, after the assessment of the insolvency status and the existence of concrete perspectives for the restructuring of the insolvent company, may open the proceeding, in which is involved also the Ministry of Economic Development; and (ii) in the case of an extraordinary administration to which Decree 134 would apply, the proceeding would be initiated by the debtor company that shall submit a joint request, in the form of a motivated and well-documented application, to both (x) the Ministry of Economic Development so that it admits the insolvent company to the extraordinary administration proceeding; and (y) the competent court so that it declares the company's insolvency. For the companies operating in the businesses performing essential public services sector, the extraordinary administration for the industrial restructuring of large insolvent companies (*amministrazione straordinaria per la ristrutturazione industriale delle grandi imprese insolventi*) may be commenced directly by decree of the Italian Prime Minister or the Minister of Economic Development.

The opening of the forced administrative liquidation procedure (*procedura di liquidazione coatta amministrativa*) is ordered by the competent Ministry on the proposal of the supervisory authority of the economic sector in which the entity operates.

Below is a summary of certain relevant features of each type of proceedings. For the sake of clarity, the following analysis will focus on the Italian insolvency laws already applicable and into force as the date hereof.

(a) **Bankruptcy:** Pursuant to the Bankruptcy Law, a company may be declared bankrupt recurring two requirements: (i) an objective requirement, which is met if any of the following thresholds are met: (a) annual balance sheet assets (*attivo patrimoniale*) greater than Euro 300,000 in the last three financial years (from the date on which the petition for bankruptcy was filed) or from the establishment of the company if it has been incorporated less than three years before the petition for bankruptcy; (b) annual gross proceeds (*ricavi lordi*) greater than Euro 200,000 over the last three financial years (from the date on which the petition for bankruptcy was filed) or from the establishment of the company if it has been incorporated less than three years before the petition for bankruptcy; or (c) indebtedness (including debt that is not overdue and payable) greater than Euro 500,000; and (ii) a subjective requirement, which is met when a company carries out a commercial activity and is “insolvent”. Under Italian law the concept of insolvency is defined as the inability of the debtor to regularly settle its obligations as they become due. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors or of the public prosecutor) if it is insolvent (i.e. it is unable to regularly pay its debts as they fall due). As a consequence of the declaration of bankruptcy, the debtor loses control over all its assets and over the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*). Once the bankruptcy proceeding is commenced, no enforcement and interim proceedings can be brought or continued against the debtor over the assets included in the bankruptcy estate.

Moreover, all action brought and proceedings already initiated by creditors are automatically stayed, any act (including payments, pledges and issuances of guarantees) made by the debtor, other than those made through the receiver, after (and in certain cases even before for a limited period of time) a declaration of bankruptcy is (or could be if made before) ineffective vis-à-vis the creditors; also, under Italian law, there are claw-back provisions that may lead to, inter alia, the revocation of payments made or security interests granted or transactions entered into by the debtor before the declaration of bankruptcy.

Bankruptcy Law distinguishes between acts or transactions carried out in the two years before the declaration of bankruptcy, which are automatically considered ineffective vis-à-vis the creditors, and acts or transactions which may be clawed back in case they have been performed within either one year or six months before the declaration of bankruptcy. The first category, disciplined by Articles 64 and 65 of the Bankruptcy Law includes, for example, transactions entered into under no consideration and advanced payments of debts falling due on the day of the declaration of insolvency or thereafter. The second category, disciplined by Article 67 of the Bankruptcy Law, includes, for instance transactions entered into for consideration in case the value of the debts or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor, payments of due and payable debts which were not paid in cash or by other customary means of payment in the year preceding the declaration of bankruptcy, granting of liens for pre-existing debts not yet due and payable, granting of liens for debts due and payable (whose suspect period is reduced to six months, instead of one year) (in these cases, it is the creditor the one bearing the burden to prove that it had no actual or constructive knowledge of the debtor’s insolvency at the time the transaction was entered into), and transactions made in the “ordinary course” (i.e. conveyances for adequate consideration, payment of due debts, and granting of security interests securing debts (even those of third parties) simultaneously incurred) if made during the six months preceding the declaration of bankruptcy (in these cases, the receiver will need to give evidence that the creditor had actual or constructive knowledge of the debtor’s insolvency at the time the transaction was entered into).

In addition to the above, under Article 66 of the Bankruptcy Law, which refers to Article 2901 of the Italian Civil Code (that – in turn - provides for a general and ordinary claw back action (*revocatoria ordinaria*) – that may be brought against the debtor (and its counterparty) also in case no bankruptcy proceedings are pending), acts by which the debtor disposes of its assets (other than payments of due and payable amounts)

may be clawed back if the receiver in bankruptcy can prove that the debtor was aware of the prejudice that such act would cause to its creditors (including future creditors, to the extent that the act was made in order to create such prejudice) and, to the extent that the act was non-gratuitous act, the counterparty was aware of such prejudice.

Certain specific transactions are exempted from the claw-back and set-aside actions, including, but not limited to: (i) payment of goods and services made in the ordinary course of business on customary market terms and conditions; (ii) payment of salaries to employees; and (iii) transactions, payments, guarantees and securities in the context of a restructuring plan certified by an expert pursuant to Article 67, paragraph 3, let. (d) of the Bankruptcy Law, a Court-supervised composition with creditors or a debt restructuring agreement pursuant to Article 182bis of the Bankruptcy Law ratified by the Court.

Continuation of business may be authorized by the court if an interruption would cause a prejudice, but only if the continuation of the company's business does not damage the creditors. The execution of certain contracts and/or transactions whose obligations have not been performed in full by both parties at the date in which bankruptcy is declared is suspended until the receiver decides whether or not take them over, unless differently provided for under the Bankruptcy Law.

As far as receivables vis-à-vis the bankruptcy proceedings are concerned, each creditor must lodge his claims with the competent court; the judge delegated by the court (*giudice delegato*), upon proposal of the receiver, will decide which claims are admitted to the statement of liabilities, for which amount they are admitted and whether the claims are to be qualified as secured or not. Each creditor may challenge (*opposizione*) the decision of the judge in front of the court. The same procedure applies also to individuals and entities claiming the right to obtain the restitution of assets. The sale of the debtor's assets is carried out by the receiver through public auctions in compliance with a liquidation program proposed by the receiver and approved by the creditors' committee. The Bankruptcy Law provides for the formation of a creditors' committee composed of three or five members, which consults with the receiver. These proceedings are ultimately aimed at the distribution of the proceeds of sale of the debtor's assets among creditors admitted to the statement of liabilities, in accordance with statutory priority.

Under Italian law neither the debtor nor the court can deviate from the rules of statutory priority proposing alternative priorities of claims or subordinating specific claims on the basis of equitable principles. Consequently, contractually granted priorities such as those commonly provided for in intercreditor contractual arrangements may not be enforceable against Italian bankruptcy proceedings on the grounds that they may be considered inconsistent with mandatory provisions.

The Securityholders would not have a right as a class to appoint a representative to a creditors' committee.

Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy arrangement proposal with creditors. The relevant petition may be filed by one or more creditors or third parties immediately after the declaration of bankruptcy, whereas the debtor (or its subsidiaries) are allowed to file such proposal only after one year following the declaration but within two years from the decree granting effectiveness to the bankruptcy's estate. The petition may provide for the subdivision of creditors into different classes (thereby proposing different treatments among the classes), debts' rescheduling and the satisfaction of creditors' claims in any manner. The petition may provide for the possibility that secured claims are paid only in part. The concordato fallimentare proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Secured creditors are not entitled to vote on the proposal of concordato fallimentare, unless (i) they waive their security; or (ii) the concordato fallimentare provides that they will not receive full satisfaction of the fair market value of their secured assets (please note that such value must be assessed by an independent expert), in which case they can vote only in respect of the portion of their debt affected by the proposal. Final court confirmation is also required.

(b) Composition with creditors: prior to the declaration of bankruptcy, a debtor that is insolvent or in a situation of crisis (e.g., facing financial difficulties which do not yet amount to insolvency) may file for a

composition with creditors by submitting to the competent court a plan for the composition with its creditors which may provide, inter alia, for:

- the restructuring of debts and the satisfaction of creditors in any manner even through assignments of debts, assumption (*accollo*) or extraordinary transactions, including the issue of shares, quotas, bonds (also convertible into shares) or other financial instruments and securities;
- the assumption of all debts and assets by a of a third-party (which may also be a creditor); tax settlement for the partial or deferred payment of certain taxes;
- the division of the creditors into different classes; and/or
- different treatments for creditors belonging to different classes.

The petition must be accompanied and supported by a restructuring plan proposed to the creditors and by an independent expert report assessing, inter alia, the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is grounded. After the filing, the petition is published by the court in the companies' register. Between the publishing in the companies' register of the proposal for composition with creditors and its homologation by the court, the debtor enjoys an automatic stay of actions. In addition, mortgages registered within 90 days preceding the date on which the petition for is published in the companies' register are ineffective *vis-à-vis* pre-existing creditors. In case continuation of business is provided for, the report of the independent expert shall also certify that it will ensure a higher satisfaction of creditors' claims than other insolvency proceedings.

The court determines whether the proposal for the composition is admissible, in which case the court, inter alia, delegates a judge to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls the creditors' meeting.

In accordance with article 177 of the Bankruptcy Law, the composition with creditors is considered approved by the creditors if it is approved, at the creditors meeting or within 20 days thereafter, by the majority of the creditors entitled to vote (and, in case of different classes of creditors, also by the majority of the creditors within each class). The court may also approve the composition with creditors in case of challenges brought by dissenting creditors; please consider that the convenience of the composition with creditors may only be challenged by dissenting creditors pertaining to one or more dissenting classes or, in case of a sole class, by dissenting creditors representing at least 20 per cent. of the credits admitted to the vote. In such case, the composition with creditors may nevertheless be approved if the court deems that the composition with creditors would satisfy the interests of the dissenting creditors for an amount not less than that which would have been achieved under other practicable solutions.

The debtor is allowed to carry out urgent extraordinary transactions only upon the prior court's authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are preferred pursuant to Article 111 of the Bankruptcy Law.

Law Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative proposal and plan to the debtor's proposal, subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims in case of proposal for composition with creditors with liquidation purpose; or (ii) 30% of the unsecured claims in case of proposal for composition with creditors based on the continuation of the going concern.

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that, in order to be admissible, composition with creditors with liquidation purpose must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to composition with creditors based on the continuation of the going concern. To the extent the alternative plan is approved by the creditors and homologated, the court may grant special powers to the judicial

commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Bankruptcy Law, introduced by Law Decree 83/2015, as amended by Law 132/2015, provides that, if the plan includes an offer for the sale of the debtor's assets or of the debtor's going concern (or of parts of it) to a specific third party, the court must open a competitive bidding process concerning the assets. After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the proposal for composition with creditors issuing a confirmation order. If the approval fails, the court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

The provisions of Article 161, 6th paragraph of the Bankruptcy Law, as amended by Law 134 now allow a debtor to file a petition for admission to the composition with creditors (together with the financial statements of the last three financial years and the list of creditors with the reference to the amount of their respective receivables) asking the court to set a deadline of a maximum of up to 120 days (such term may be postponed for further 60 days in the presence of justified reasons) in order to file a composition plan for court approval or, as an alternative, to reach a court approved private restructuring as addressed by Article 182bis of the Bankruptcy Law. During such period, the debtor enjoys a stay of actions.

If the court accepts the pre-application, (i) it appoints a judicial commissioner to overview the company, who, if the debtor has carried out one of the activities under Article 173 of Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for composition with creditors; and (ii) sets forth reporting and information duties of the debtor during the above mentioned period; please note that the debtor is mandatorily required to file, on a monthly basis, the company's financial position, which is published, the following day, in the companies register. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the debtor(s) into bankruptcy. The debtor cannot file such pre-application in case it filed a pre-petition in the previous two years without the admission to the composition with creditors (or the homologation of a debt restructuring agreement) having followed.

If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and – if appointed – the judicial commissioner, reduce the time for the filing of additional documents. Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may (i) carry out acts pertaining to its ordinary activity and (ii) seek the court's authorization to carry out acts relating to its extraordinary activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company are treated as super senior (prededucibili) pursuant to Article 111 of the Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of Bankruptcy Law.

The procedure of the composition with creditors will end with a decree which is to be issued by the competent court. If the court or the creditors reject the offer, to the extent the relevant conditions are met, the debtor may be declared bankrupt by the court upon petition by any creditor and/or by the public prosecutor.

For the analysis of the rules regulating the new financial resources please see the specific section under paragraph (e) below.

(c) Extraordinary administration: Decree 270 introduced a specific extraordinary administration proceeding, otherwise known as the "Prodi-bis" (the **Prodi-bis procedure**), applicable to insolvencies of major companies (the **Extraordinary Administration**).

The aim of the Prodi-bis procedure is to ensure continuation of the business operated by the debtor by either enabling the same to regain the ability to meet its obligations in the ordinary course of business by the end of the procedure or by transferring the business (on a going concern basis) to third parties.

To qualify for the Prodi-bis procedure, the company must have:

- employed at least 200 employees in the year before the procedure was commenced; and
- debts equal to at least two-thirds of the value of its assets as shown in its financial statements and two-thirds of income from sales and the provision of services during the last financial year.

Insolvent companies, belonging to the group of a company that qualifies for the Prodi-bis, may be submitted to the Prodi-bis, if certain conditions are met, also if they do not qualify per-se for the Prodi-bis.

The Prodi-bis procedure is divided into two main phases:

- following a petition, (which may be filed by one or more creditors, the debtor or the public prosecutor), the court will determine whether the company meets the criteria for admission and, in particular whether the company is insolvent. If the company is insolvent, the court will issue a decision to that effect and appoint one or three judicial receiver(s) to evaluate whether the business has serious prospects of recovery (either through a sale of assets or a reorganisation of its business) and to report back to the court within 30 days. Following receipt of the report of the judicial receiver, the court has a further 30 days to decide whether to admit the company to the Extraordinary Administration procedure or place it into bankruptcy;
- once the Extraordinary Administration procedure has been approved, the extraordinary commissioner(s) appointed by the Minister of Economic Development shall prepare a plan (the **Recovery Plan**), to be approved by the Minister of Economic Development, for either: (i) a full asset liquidation by means of the sale of the company businesses as going concerns within one year or (ii) a reorganisation of the business leading to the economic and financial recovery of the company or group within two years, in each case, unless extended by the Minister of Economic Development.

The proceedings are administered by the extraordinary commissioner(s) who acts under the supervision of the Minister of Economic Development. While unsecured creditors may appoint one or two members to the supervisory committee for the proceedings, the majority of the supervisory committee, and also the chair, will be appointed by the Minister of Economic Development.

Once the Extraordinary Administration procedure has been approved, the principal effects are as follows:

- the company continues to carry out its business and debts incurred during the Extraordinary Administration are treated as priority claims which rank ahead of the claims of creditors whose rights accrued prior to the commencement of the Extraordinary Administration procedure and may be paid as they fall due;
- the Extraordinary Commissioner(s) is/are entitled to terminate pending contracts to which the company is a party.

Furthermore, in the context of the Prodi-bis a debt restructuring plan is approved exclusively by the Minister of Economic Development but is not subject to any vote by creditors.

Decree 347 introduced a specific extraordinary set of rules for companies meeting certain size requirements. Decree 347 is complementary to the Prodi-bis and except as otherwise provided in Decree 347, the provisions of the Prodi-bis shall apply. Decree 347 only applies to insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure was commenced and at least Euro 300 million of outstanding debt.

Under Decree 347, the decision whether to open the procedure is taken by the Minister of Economic Development that, upon request of the debtor (who at the same time must file with the relevant court an application for the declaration of its insolvency), assesses whether the relevant requirements are met and if such requirements are met appoints the extraordinary commissioner(s). The extraordinary commissioner(s) immediately becomes responsible for the management of the company. The court decides on the insolvency of the company.

Within 180 days of his appointment (or 270 days if so agreed by the Minister of Economic Development) the extraordinary commissioner(s) must submit a plan for the rescue of the business by way of an asset liquidation or restructuring to the Minister of Economic Development for approval and at the same time must file with the competent court a report on the state of the business.

A restructuring plan proposed in the context of proceedings subject to Decree 347 may include a composition plan, with the possibility to divide creditors into classes, with different treatment applicable to creditors belonging to different classes and with proposals for a write-off of any obligations owed by the debtor and/or a conversion of debt securities (such as the Securities) into shares of the debtor company or any of its group companies. Decree 347 provides that a composition plan is approved by creditors according to the same majority voting rules as those which apply in the context of proceedings for composition with creditors, as described above. If the restructuring plan is not approved by the Minister of Economic Development, the extraordinary commissioner(s) may propose a plan for the disposal of the assets. If the asset disposal program is not approved, the company is to be placed into liquidation.

Where Decree 134 applies to an extraordinary administration, its purpose is broadly to widen the powers of sale. For this purpose, the insolvency administrator is granted powers to identify and compose lines of business or partial lines of business, even if not pre-existing, which may be made subject to sale.

(d) Reorganization plan pursuant to Article 67, Paragraph 3(d) of the Bankruptcy Law: the procedure at hand is based on a reorganization plan drafted by the debtor for the purpose of restructuring its indebtedness and ensuring the recovery of its financial equilibrium; the feasibility of reorganization plans (i.e. their suitability to ensure the above mentioned objectives) must be assessed by an independent expert directly appointed by the debtor, together with the truthfulness of debtor's business (and accounting) data. The expert can only be selected and appointed among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar) and meeting the requirements under Article 2399 of the Italian Civil Code. The expert may be subject to liability in case of misrepresentation or false certification.

Reorganization plans are not subject to any form of judicial control or approval and, therefore, no application for approval must be filed. Reorganization plans do not require to be approved by a specific majority of outstanding claims either. The entering into a reorganization plan does not determine the entrusting of debtor's business to another entity.

Terms and conditions of reorganization plans are freely negotiable; on the other hand, they do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third party creditors. The Bankruptcy Law provides that, should these plans fail, and the debtor be declared bankrupt, payments and/or acts carried out for, and/or security interest granted for, the implementation of the reorganization plan, subject to certain conditions (i) are not subject to claw-back actions; and (ii) are exempted from the application of certain criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although, upon request of the debtor, reorganization plans can be published in the relevant companies' register and such publication may trigger, upon precise circumstances, certain tax implications).

(e) Debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law: Article 182bis of the Bankruptcy Law deals with agreements between the debtor and creditors representing at least 60 per cent of outstanding claims, but subject to court homologation. Since external creditors remain extraneous to the restructuring plan, a report is required to be provided by an independent expert as to feasibility, particularly with relevance to the ability of the debtor to continue to satisfy non-participating creditors.

Changes introduced to the Bankruptcy Law allow the debtor a term of 120 days to make payment of outstanding claims of non-participating creditors; the term is to be counted from (i) the homologation of the debt restructuring agreement by the court, in case the relevant claims are already due and payable to the non-participating creditors as at the date of the homologation by the court; or (ii) from the date on which the relevant debts fall due, in case the claims are not yet due and payable to the non-participating creditors as of the date of the homologation. The debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law may also contain, inter alia, a proposed tax settlement for the partial or deferred payment of certain taxes.

Article 182bis of the Bankruptcy Law also specifies that from the date of publication of the court approved plan in the companies' registry creditors are prohibited from initiating or pursuing interim and/or executory actions against the debtor or his assets for a period of 60 days.

Moreover, as in the case of the composition with creditors, the debtor is allowed to petition the court for a stay on rights of enforcement even prior to the final restructuring agreement being filed, provided that, among other required documentation, an affidavit of the debtor is filed by the debtor attesting that negotiations are ongoing with creditors representing at least 60 per cent of outstanding claims and a declaration by an independent expert attests to the feasibility of such plan.

The application for the automatic stay of actions must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for the hearing within 30 days from the filing and orders the company to file the relevant documentation in relation to the moratorium to the creditors. During the hearing, the court assesses whether the conditions provided for by the law exist and, if they do, orders the stay of actions and sets the deadline within which the debtor must file the debtor restructuring agreement. The court's order may be challenged within 15 days of its publication.

Without prejudice to the effect of the stay, the debtor may file a petition of composition with creditors within the deadline set by the court.

Creditors may challenge the agreement within 30 days from the publication in the companies' register.

After having settled the oppositions (if any) the court will validate the agreement issuing a decree, which can be appealed within 15 days of its publication.

It may be worth noting that, pursuant to the new Article 182-septies of Italian Law Decree 83/2015, as amended by Law 132/2015, in case debts accrued towards banks and other financial institutions represent at least 50% of the overall indebtedness, the debtor may enter into debt restructuring agreements with financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the non-adhering financial creditors belonging to the same category (so called "cram down"). Such effects are subject to certain conditions, including that all creditors (adhering and non-adhering) have been informed about the negotiations and have been allowed to take part to them in good faith. If the required conditions are met, upon the assessment of the fact that the remaining 25% of non-participating financial creditors have homogeneous judicial position and economic interest compared with the participating financial creditors, the Court may homologate the restructuring agreement and the non-adhering financial creditors belonging to the same class of creditors are crammed down. However, crammed down creditors can challenge the deal and refuse to be forced into it, for instance arguing that they have been incorrectly included in a specific class of creditors, since their juridical situation and their economic interests are not in line with those of the other creditors of the same class. Similarly, a standstill agreement entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also be binding for non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met.

Such debt restructuring agreements and standstill agreements do not affect the rights of non-financial creditors (e.g. trade creditors) who cannot be crammed down and must be paid within 120 days (unless they adhere to a separate debt restructuring agreement with the debtor).

New financial resources: Article 182quater and Articles 182quinquies of the Bankruptcy Law apply both to debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law and composition with creditors.

Article 182quater provides that claims arising under loans with respect to either the implementation of a Court-ratified composition with creditors or a Court-ratified debt restructuring agreement pursuant to Article 182bis of the Bankruptcy Law are to be deemed super-senior (*prededucibili*) under Article 111 of the Bankruptcy Law. Under 182quater, super seniority also applies to claims arising under loans in anticipation of a filed application for composition with creditors or the application for the ratification of a restructuring agreement pursuant to Article 182bis, but only to the extent that: (i) the loans fall within either the plan underlying the composition with creditors or the debt restructuring agreement; and (ii) the Courts admits the company to the composition with creditors proceeding or ratifies the debt restructuring agreement expressly recognizing the super-seniority of such loans. Same provisions apply to financing granted by shareholders up to 80% of their amount.

Pursuant to Article 182quinquies of the Bankruptcy Law, the debtor, when making a request for admission to the composition with creditors proceeding or for the approval of a debt restructuring agreement (or of a proposal of debt restructuring agreement) may ask the Court for the authorization to execute new super-senior facility agreements provided that an expert (in possession of certain criteria), once it has verified the company's financial needs up until the approval from the Court, certifies that such facilities are aimed at the best resolution for the creditors. Such authorization may also concern facilities identified only by type and amount, the terms of which have not yet even been agreed upon, as well as the granting of a pledge, mortgage or the assignment of claims in order to secure the facilities themselves, provided that: (i) a debtor that has filed a request for admission to the composition with creditors proceeding with going concern is entitled to ask the Court to be authorized to pay credits for the supply of goods or services which have arisen prior to the composition with creditors proceeding, provided that it submits a specific certification made by an expert in possession of the criteria provided by the Bankruptcy Law. Such a certification will not be necessary in case of payments made up to an amount equal to the one granted to the debtor as new financial resources, that are not to be repaid or that are subordinated to the other creditors' claims; (ii) a debtor that has filed for an approval of a debt restructuring agreement or a proposal of a debt restructuring agreement pursuant to the Bankruptcy Law is entitled to ask the Court to be authorized, provided that the conditions listed under para (i) above are satisfied, to pay credits for supply of goods or services that have arisen prior to filing. In such a case, these payments will not be subject to claw-back action pursuant to the Bankruptcy Law.

Furthermore, Article 182quinquies of the Bankruptcy Law also provides that companies which have filed a petition for the composition with creditors under Article 161 paragraph 6 of the Bankruptcy Law or request for approval of a debt restructuring agreement (or a draft agreement) can be authorized by the Court to incur further indebtedness on an emergency basis provided it is required to meet urgent financing needs relating to the company's business. The Court can authorize such "new interim borrowings" in the absence of the professional report that is usually required to certify that the plan is viable in terms of maximizing creditor value. The authorization is subject to the petition for taking on such new interim borrowings: (i) specifying the use of proceeds, (ii) stating that other sources of finance are not available and (iii) stating that without such new finance the company would face imminent and irreparable financial damage. To mitigate the lack of professional report in relation to the restructuring proposals, the Court shall accept summary statements regarding the plan and the financing proposal based on evidence presented by the appointed insolvency official and the main creditors. These provisions also apply in circumstances when the debtor's request relates to the maintenance of an existing credit line.

(f) Forced administrative liquidation procedure (*procedura di liquidazione coatta amministrativa*): such proceeding is only available for certain public interest entities such as public entities (enti pubblici), insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. The forced administrative liquidation procedure provides for the liquidation of the entity to be commenced and managed by the relevant administrative authority that oversees the industry in which the entity is active, while the possible litigation relating to the statement of liabilities and certain procedural

matters are devolved to the competent Court. The procedure is governed by the Bankruptcy Law as well as the provisions contained in specific laws applicable to the entities subject to the forced administrative liquidation procedure. Such procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions). The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The effect of the forced administrative liquidation procedure on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to the forced administrative liquidation procedure.

The Bankruptcy Law reform

Pursuant to the principles set out in Law No. 155/2017, it has been enacted Legislative Decree no. 14/2019 (the **Code**) which sets out, inter alia, an overall reform of the Bankruptcy Law.

Except for certain provisions which are applicable starting from 16 March 2019 (including, inter alia, with reference to certain organizational duties for Italian corporates), the Code had to apply in its entirety after the date falling 18 months after 14 February 2019 (i.e. 15 August 2020). However, following the outbreak of Covid-19, by means of the Law Decree No. 23/2020, the Italian Government has postponed the entry into force of the Code to 1 September 2021. Moreover, there are pending discussions about the adoption of a relevant number of amendments to the Code. Indeed, by means of the Law No. 20/2019, the Government has been delegated to adopt supplementary and corrective provisions to the Code. It shall be noted, however, that all the insolvency proceedings started before / pending as of 1 September 2021 will continue to be governed by the provisions of the Italian laws that are currently in force.

Moreover, special provisions have been enacted due to the outbreak of Covid-19 also in relation to insolvency proceedings, pursuant to Law No. 40/2020 (that enacted Italian Law Decree No. 23/2020). Such rules include, inter alia: (i) a 6-months extension for the fulfillment of obligations under composition with creditors (*concordato preventivo*) and debt-restructuring agreements under Article 182-bis of the Bankruptcy Law already homologated as of 23 February 2020; (ii) the possibility, subject to certain conditions, to amend/supplement composition with creditors (*concordato preventivo*) proposals or debt-restructuring agreement under Article 182-bis of the Bankruptcy Law still pending for homologation; (iii) the possibility, subject to certain conditions, to obtain an additional extension of the deadline set forth under Article 161 para. 6 of the Bankruptcy Law; and (iv) the possibility, upon certain requirements, to “switch” from composition with creditors (*concordato preventivo*) under Article 161 para. 6 of the Bankruptcy Law to a reorganization plan pursuant to Article 67, Paragraph 3(d) of the Bankruptcy Law.

Alerts measures

The Code provides for alert measures and early warning tools with the purpose to timely address distress and insolvency situations at an early stage by imposing reporting obligations on statutory auditors, auditors and certain public creditors (including tax authority, social security authority and tax collectors) vis-à-vis distress composition bodies to be set up at each Chamber of Commerce. A consultation procedure, or upon the debtor's request, an assisted restructuring procedure before a panel of experts to be appointed from time to time should be started with the purpose to assist the debtor in the management of the restructuring process.

In case the consultation procedure or the assisted restructuring procedure is not successful, and the debtor is deemed as insolvent, the public prosecutor will be informed in order to file for the opening of a judicial liquidation procedure.

Judicial liquidation

The Code provides that the term “bankruptcy” and any other word deriving therefrom shall be replaced by “judicial liquidation”. It also includes several innovations including in respect of, inter alia, the subjects

entitled to file for the commencement of the judicial liquidation procedure, the procedure for the sale of the assets, the procedure for the verification of liabilities, claw back rules and claw back exemptions, the regime for pending contracts and the regime for judicial liquidation (and for the composition with creditors).

Definition of crisis

The Code provides for a new definition of the “state of crisis”.

Composition with creditors (concordato preventivo)

According to the Code, the plan on the basis of which the request for composition with creditors is submitted may be classified as (i) on a going concern basis (direct or indirect) or (ii) liquidatory. Specific rules are set out to determine whether the plan is to be classified on a going concern basis. In case of liquidatory plan an external contribution is required to increase the expected recovery of unsecured creditors by at least 10% in comparison with the expected recovery of a judicial liquidation, provided that the recovery percentage of unsecured creditors must be at least 20%.

In addition, the Code includes certain significant innovations in respect of, inter alia, sale of assets and lease of business during the concordato procedure, majority rules and treatment of secured creditors.

Certified restructuring plans

The Code set forth a comprehensive regime concerning, inter alia, documentation requirements and claw back regime in respect of certified restructuring plans.

Debt restructuring agreements

Among the main innovations of the Bankruptcy Law, the Code provides, inter alia, that the debt restructuring agreements can be entered into with creditors representing at least 30% of the overall credits (instead of the ordinary 60% threshold) provided that (a) no delay for the payment of third party creditors is provided and (b) no temporary protective measures are requested and the debtor has waived his right to request them. In addition cram down of non-consenting creditors for debt restructuring agreements and standstill agreements is no longer limited to financial creditors if, inter alia, the agreement is non-liquidatory and the creditors are satisfied significantly or predominantly by the proceeds of the business continuity.

Corporate group restructuring

The Code introduces a set of rules for the groups of companies whose center of main interests is located in Italy in respect of composition with creditors, debt restructuring agreements, certified restructuring plans and judicial liquidations.

TAXATION

The statements herein regarding Italian taxations are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

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 Securities or Coupons 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. Potential investors and sellers of Securities should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In addition, payments of interest on the Securities, or income derived from the Securities, may be or may become, subject to taxation, including withholding taxes, in the jurisdictions of the Issuers, in the jurisdiction of the holder of Securities, or in other jurisdictions in which the holder of Securities is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Securities.

Prospective purchasers of the Securities or Coupons are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities or Coupons. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

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Italian Taxation

In this Italian Taxation section any reference to (i) the Securities includes also the Coupons and (ii) the Securityholders includes also the Couponholders, where the context so requires.

Tax treatment of the Securities

Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented (**Decree No. 239**) sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **Interest**) from securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued by, *inter alios*, joint stock companies with shares negotiated on EU regulated markets or multilateral trading facilities. For this purpose, pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 (**Decree No. 917**) bonds or debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption or maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) the management of the issuer.

The tax regime set forth by Decree No. 239 also applies to Interest from corporate perpetual subordinated bonds – hybrid bonds (other than shares and assimilated instruments) - as also clarified by Ruling No. 291 of 31 August 2020 issued by the Italian Tax Authority.

Italian resident Securityholders

Where an Italian resident Securityholder is the beneficial owner of Interest payments under the Securities and is:

- (i) an individual not engaged in entrepreneurial activity to which the Securities are connected;
- (ii) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities;

- (iii) a private or public institutions (other than companies), a trust not carrying out mainly or exclusively commercial activities; or
- (iv) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Securities are subject to a substitutive tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Securities), unless the relevant investor has entrusted the management of his financial assets, including the Securities, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the **Asset Management Regime**) according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended (**Decree No. 461**)).

Where the resident holders of the Securities described above under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, management companies (*società di gestione del risparmio*), stock brokers and other qualified entities identified by a decree of the Ministry of Finance (together the **Intermediaries** and each an **Intermediary**). An Intermediary must (a) be (i) resident in Italy, (ii) a permanent establishment in Italy of a non-Italian resident Intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities and the relevant coupons are not deposited with an Intermediary meeting the requirements under (a) and (b) above, the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Securities or, absent that, by the Issuer.

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Securityholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law.

Where (a) an Italian resident Securityholder is (i) a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, and (ii) the beneficial owners of payments of Interest on the Securities and (b) the Securities are deposited with an authorised intermediary, Interest from the Securities will not be subject to *imposta sostitutiva* but must be included in the relevant Securityholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the status of Securityholder, also to regional tax on productive activities – **IRAP**).

Italian resident real estate investment funds and Italian resident real estate investment companies with fixed capital (*società di investimento a capitale fisso*, **Real Estate SICAFs**, and, together with the Italian real estate investment funds, the **Real Estate Funds**) qualifying as such from a legal and regulatory perspective and subject to the regime provided for by, *inter alia*, Law Decree No. 351 of 25 September 2001 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of such Real Estate Funds, provided that the Real Estate Fund is the beneficial owner of the payments under the Securities and the Securities, together with the relevant coupons, are timely deposited with an authorised Intermediary. A withholding tax

may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Where an Italian resident Securityholder is an open-ended or a closed-ended investment fund, an investment company with variable capital (*società di investimento a capitale variabile* (SICAV)), an investment company with fixed capital (SICAF) other than a Real Estate SICAF (together, the **Funds**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the Securities are deposited with an authorised intermediary, payments of Interest on such Securities beneficially owned by the Fund will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. may in certain circumstances apply to distributions made in favour of unitholders or shareholders or in case of redemption or sale of the units or shares in the Fund (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, payments of Interest relating to the Securities beneficially owned by the pension fund and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of each tax period, subject to a 20 per cent. annual *imposta sostitutiva* (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Securities). Subject to certain conditions (including a minimum holding period requirement) and limitations, Interest relating to the Securities may be excluded from the taxable base of the Pension Fund Tax if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Non-Italian resident Securityholders

According to Decree No. 239, payments of Interest in respect of the Securities will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to either (a) to beneficial owners or (b) certain institutional investors, even if not possessing the status of taxpayers in their own country of incorporation, who, in either case, are non Italian resident holders of the Securities with no permanent establishment in Italy to which the Securities are effectively connected provided that:

- (a) such beneficial owners or institutional investors are resident for tax purposes in a State or territory which allows for an adequate exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended and supplemented (lastly by Ministerial Decree of 23 March 2017) and possibly further amended by future decrees to be issued pursuant to Article 11(4)(c), of Decree No. 239 (the **White List**); and
- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Securities made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; and (ii) central banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Securities without the application of 26 per cent. *imposta sostitutiva*, non Italian resident investors indicated above must:

- (a) be either (a) the beneficial owners of payments of Interest on the Securities or (b) qualify as one of the above institutional investors, even if not possessing the status of taxpayers in their own country of incorporation;

- (b) deposit the Securities in due time together with the coupons relating to such Securities, directly or indirectly, with an resident bank or SIM, or a permanent establishment in Italy of a non Italian resident bank or SIM, or with a non Italian resident entity participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the countries included in the White List. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), shall be valid until withdrawn or revoked and does not need be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non Italian resident investors that are international entities or organisations established in accordance with international agreements ratified in Italy or central banks or entities which manage, *inter alia*, the official reserves of a foreign State.

Failure of a non-Italian resident holder of the Securities to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementing rules will result in the application of *imposta sostitutiva* on Interests payments to such non resident holder of the Securities.

Non-Italian resident holders of the Securities who are subject to *imposta sostitutiva* may, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of tax residence of the relevant holder of the Securities, provided all conditions for its application are met.

Capital gains tax

Italian resident Securityholders

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the status of the Securityholder, 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 permanent establishment in Italy of foreign entities to which the Securities are effectively connected, or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is (i) an individual holding the Securities not in connection with an entrepreneurial activity, (ii) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities, or (iii) a private or public institution (other than a company), a trust not carrying out mainly or exclusively commercial activities, any capital gain realised by such Securityholder from the sale or redemption of the Securities would be subject to *imposta sostitutiva*, levied at the rate of 26 per cent..

Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Securities may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Securityholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law.

In respect of the application of *imposta sostitutiva*, taxpayers under (i) to (iii) above may opt for one of the three regimes described below.

- a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Securityholders under (i) to (iii) above, *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 investor holding the Securities not in connection with an entrepreneurial activity pursuant to all sales or

redemptions of the Securities carried out during any given tax year. The relevant Securityholder 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.

- b) As an alternative to the tax declaration regime, Securityholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (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 Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities 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 *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.
- c) Any capital gains realised by Italian Securityholders under (i) to (iii) above entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the Asset Management Regime 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 Asset Management Regime, any decrease in value 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. Under the Asset Management Regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Securityholder that is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund. However, a withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Any capital gains realised by an Italian Securityholder that is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. Such result will not be taxed at the level of the Fund, but income realised by unitholders or shareholders in case of distributions, redemption or sale of the units or shares, may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Securityholder that is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to Pension Fund Tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains on the Securities may be excluded from the taxable base of the Pension Fund Tax if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Non-Italian resident Securityholders

Capital gains realised by non-Italian resident Securityholders, not having a permanent establishment in Italy to which the Securities are effectively connected, from the sale or redemption of Securities traded on

regulated markets are not subject to *imposta sostitutiva* (subject, in certain cases, to the filing of the required documentation).

Capital gains realised by non-Italian resident Securityholders, not having a permanent establishment in Italy to which the Securities are effectively connected, from the sale or redemption of the Securities not traded on regulated markets are not subject to *imposta sostitutiva* provided that the beneficial owner (i) is resident for income tax purposes in a country included in the White List; or (ii) is an international entity or body set up in accordance with international agreements ratified in Italy; or (iii) is a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of incorporation, in any case, to the extent all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time, if applicable. In this case, if the non-Italian Securityholders have opted for the *risparmio amministrato* regime or the Asset Management Regime, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirements indicated above.

If none of the conditions described above is met, capital gains realised by non-Italian resident Securityholders from the sale or redemption of the Securities not traded on regulated markets are subject to *imposta sostitutiva* at the current rate of 26 per cent..

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are effectively connected that may benefit from a double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of the Securities provided all the conditions for its application are met. In this case, if the non-Italian resident Securityholders have opted for the *risparmio amministrato* regime or the Asset Management Regime, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian Securityholders.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in "case of use" (*caso d'uso*) or upon occurrence of an "explicit reference" (*enunciazione*) or voluntary registration.

Inheritance and gift taxes

The transfers of any valuable asset (including the Securities) as a result of death or donation (or other transfers for no consideration) are taxed as follows:

- (i) transfers in favour of the spouse and of direct descendants or ascendants are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000 (per beneficiary);
- (ii) transfers in favour of the brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the value of the inheritance or the gift exceeding €100,000 (per beneficiary);
- (iii) transfers in favour of all other relatives up to the fourth degree or relatives-in-law up to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift; and
- (iv) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Securities) received in excess of € 1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

The transfer of financial instruments (including the Securities) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Stamp duties

Pursuant to Article 13(2-ter) of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by an Italian based financial intermediary to its clients in respect of any financial product and instrument (including the Securities) which may be deposited with such financial intermediary in Italy. The stamp duty is collected by resident banks and other financial intermediaries applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers other than individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which it is not mandatory. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy 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 29 July 2009, as subsequently amended, supplemented and restated) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted with amendments by Law No. 227 of 4 August 1990, as amended, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return the amount of investments directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

No disclosure requirements exist, *inter alia*, for investments and financial activities (including the Securities) under management or administration entrusted to Italian resident intermediaries and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subject to Italian withholding or substitute tax by intermediaries themselves.

Wealth tax on financial products held abroad

In accordance with Article 19 of Decree No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011, as amended, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes holding financial products – including the Securities – outside of the Italian territory are required to declare in its own annual tax return and pay a wealth tax at the rate of 0.2 per cent. (**IVAFE**). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial products held outside of the Italian territory. Taxpayers can generally deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be classified as foreign financial institution.

A number of jurisdictions (including Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, are uncertain and may be subject to change. On 13 December 2018, the Treasury and the Internal Revenue Service (**IRS**) issued Proposed Regulations (REG-132881-17) under FATCA, eliminating withholding on the payments of gross proceeds and deferring withholding on foreign passthru payments.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Securities that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Securities.

SUBSCRIPTION AND SALE

Goldman Sachs International and J.P. Morgan AG (together the **Structuring Agents to the Issuer**), Intesa Sanpaolo S.p.A. (together with the Structuring Agents to the Issuer, the **Global Co-ordinators**), BNP Paribas, Deutsche Bank Aktiengesellschaft and UniCredit Bank AG (together with the Global Co-ordinators, the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 21 June 2021, jointly and severally agreed to subscribe for the Securities at the issue price of 100 per cent. of the principal amount of the Securities, less certain commissions. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers to subscribe for the Securities may be subject to certain conditions precedent. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 or not subject to from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Securities (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 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 any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to UK retail investors

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA

to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA;

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (b) 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 FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Republic of Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Italian laws and regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws and regulations.

Any offer, sale or delivery of the Securities or distribution of copies of the Prospectus or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must:

- (i) be 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, as amended (the **Financial Services Act**), CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Prohibition of sales to EEA retail investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Canada

The Securities will not be qualified for sale under the securities laws of any province or territory of Canada. Each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Securities, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Joint Lead Manager has also represented and agreed that it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of Securities in Canada, other than in compliance with applicable securities laws.

General

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Securities or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer nor any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Issuer nor the Joint Lead Managers represents that the Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of the Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 11 May 2021 and by a determination (*determina*) of the Chief Financial Officer dated 16 June 2021.

Listing, Admission to Trading and Approval

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Expenses Related to Admission to Trading

The total expenses in relation to the admission to trading are estimated by the Issuer to be €23,300.

Clearing Systems

The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Securities is XS2353073161 and the Common Code is 235307316.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

No Significant Change and No Material Adverse Change

There has been no significant change in the financial performance or position of the Group since 31 March 2021 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020.

Legal and Arbitration Proceedings

Save as disclosed under the paragraph "*Litigation*" of the section "*Description of the Issuer*" in the Base Prospectus and in paragraph 7.6 (*Proceedings pending and Principal Relations with the Authorities*) of the consolidated interim financial statements as at and for the three months ended 31 March 2021, incorporated by reference in this Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

Auditors

The consolidated financial statements of the Issuer for the year ended 31 December 2019, prepared in accordance with IFRS, were audited, without qualification and in accordance with generally accepted auditing standards in Italy, by PricewaterhouseCoopers S.p.A., independent registered public accounting firm, as set forth in their report thereon and included therein, and incorporated by reference herein.

PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A., which is located at Via Monte Rosa 91, 20149, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

The consolidated financial statements of the Issuer for the year ended 31 December 2020, prepared in accordance with IFRS, were audited, without qualification and in accordance with generally accepted auditing standards in Italy, by Deloitte & Touche S.p.A. which has been appointed as auditor of the Issuer for the financial year ended 31 December 2020 onwards. Deloitte & Touche S.p.A. is registered under No. 132587 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. Deloitte & Touche S.p.A., which is located at Via Tortona 25, 20144, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

U.S. tax

The Securities and Coupons will contain the following legend: "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."

Documents Available

So long as the Securities are outstanding, copies of the following documents will, when published, be available for inspection on the Issuer's website (www.posteitaliane.it):

- (1) the by-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (2) the auditors' report and audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2020;
- (3) the auditors' report and audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019;
- (4) the Issuer's unaudited interim report for the three months ended 31 March 2021;
- (5) the Company Presentation;
- (6) the Base Prospectus;
- (7) the First Supplement to the Base Prospectus dated 30 November 2020;
- (8) the Second Supplement to the Base Prospectus dated 18 May 2021;
- (9) this Prospectus; and
- (10) the Agency Agreement.

This Prospectus and each document incorporated by reference herein shall remain publicly available on the website of the Issuer at <https://www.posteitaliane.it/en/debt-rating.html> for at least 10 years after its publication. In addition, copies of this Prospectus and each document incorporated by reference herein are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Joint Lead Managers transacting with the Issuer

Certain of the Joint Lead Managers and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates (including parent companies) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates

(including parent companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such short positions could adversely affect future trading prices of the Securities. The Joint Lead Managers and their affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, please note that:

- on 11 April 2018, the Issuer and Intesa Sanpaolo S.p.A. signed a three-year framework agreement for the distribution of selected products and services of the two groups through a range of non-exclusive specific agreements with the aim of expanding both entities' product offering to their customers; and
- the Issuer and UniCredit S.p.A. (parent company of UniCredit Bank AG) have in place an agreement for distribution of UniCredit consumer loan products through Poste Italiane S.p.A. network.

Yield

The yield on the Securities from (and including) the Issue Date to (but excluding) the First Reset Date will be 2.625 per cent. per annum. The Yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Website

The website of Poste Italiane is <https://www.posteitaliane.it/en/index.html>. The information on <https://www.posteitaliane.it/en/index.html> does not form part of this Prospectus, except where that information has been incorporated by reference in this Prospectus.

Any information contained in any other website specified in this Prospectus does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Ratings

Moody's defines "Ba2" as follows: Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security. (Moody's Rating Symbols and Definitions, 26 January 2021).

S&P defines "BB+" as follows: Obligations rated 'BB', 'B', 'CCC', 'CC' and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. (S&P Global Ratings Definitions, 5 January 2021).

The brief explanations on the ratings expected to be assigned by Moody's and S&P have been extracted from www.moody's.com and www.spratings.com. The Issuer does not take responsibility for these explanations. The information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by Moody's and S&P (as applicable), no facts have been omitted which would render the reproduced information inaccurate or misleading.

ISSUER

Poste Italiane S.p.A.
Viale Europa, 190
00144 Rome
Italy

FISCAL AGENT AND AGENT BANK

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISERS

To the Issuer as to Italian law

Studio Legale Cappelli RCCD
Via Boschetti, 1
20121 Milan
Italy

To the Joint Lead Managers as to English and Italian law

Allen & Overy – Studio Legale Associato	
Via Ansperto, 5	Corso Vittorio Emanuele II, 284
20123 Milan	00186 Rome
Italy	Italy

STRUCTURING AGENTS TO THE ISSUER

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

J.P. Morgan AG

Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

GLOBAL CO-ORDINATORS

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

Intesa Sanpaolo S.p.A. – Divisione IMI Corporate & Investment Banking

Via Manzoni 4
20121 Milan
Italy

J.P. Morgan AG

Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

OTHER JOINT LEAD MANAGERS

BNP Paribas

16, boulevard des Italiens
75009 Paris
France

Deutsche Bank Aktiengesellschaft

Mainzer Landstr. 11-17
60329 Frankfurt am Main
Germany

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

Intesa Sanpaolo S.p.A. – Divisione IMI Corporate & Investment Banking

Via Manzoni 4
20121 Milan
Italy

J.P. Morgan AG

Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

UniCredit Bank AG

Arabellastrasse 12
81925 Munich
Germany

AUDITORS

Deloitte & Touche S.p.A.

Via Tortona 25

20144 Milan

Italy

LUXEMBOURG LISTING AGENT

Deutsche Bank Luxembourg S.A.

2, Boulevard Konrad Adenauer

L-1115 Luxembourg