

## BTP Futura

### New issuance for the economic recovery

#### *Third Issuance – Term Sheet*

<b>Issuer</b>	Republic of Italy
<b>Issuer ratings</b>	Baa3/BBB/BBB-/BBBh Moody's(stable)/S&P(stable)/Fitch(stable)/DBRS(neg)
<b>Issuance announcement</b>	29 <sup>th</sup> March 2021, with an Issuance Decree and a Press Release of the Ministry of Economy and Finance (MEF) where the characteristics of the bond are described as well as the guaranteed minimum interest rates. The Issuance Decree will refer to the legislative provisions aimed at increasing the State cash-borrowing requirement to face the Covid-19 emergency and contribute to the economic recovery, which this issuance will help to finance.
<b>Step up coupon rates</b>	<p>They are the coupon rates to compute the semi-annual coupon payments. For every year there is a specific coupon rate, based on an increasing pre-set path (4-4-4-4). For the first 4 years there will be a rate 'a', for the following 4 years a rate 'b', with <math>b &gt; a</math>, for the following 4 years there will be a rate 'c' with <math>c &gt; b</math> and for the last 4 years a rate d, with <math>d &gt; c</math>. The guaranteed minimum coupon rates will be released before the placement period to help investors' investment choices.</p> <p>The definitive coupon rates will be set at the end of the placement period: the coupon rate (rate 'a') of the first 4 years will be unchanged, while rates 'b', 'c' and 'd' might be revised according to market conditions, but they will not be lower than the coupon rates initially set.</p>
<b>Maturity</b>	16 years (27 <sup>th</sup> April, 2037)
<b>Structure</b>	Nominal bond with semi-annual coupons set according to an increasing coupon rates progression (step up).
- <i>Nominal principal redemption</i>	The nominal principal is reimbursed in a bullet format at maturity, at the nominal (face) value.
<b>Issue price</b>	100 (at par)
<b>MOT placement period</b>	5 business days of the Borsa Italiana calendar, from 19 <sup>th</sup> April to 23 <sup>rd</sup> April 2021, unless early closing.
<b>Persons<sup>1</sup> admitted</b>	Individual investors and other persons similarly classified.
<b>Closing of the Placement</b>	At 1 p.m. of 23 <sup>rd</sup> April, 2021, unless early closing. The early closing may take place not earlier than 5.30 p.m. of the third day of placement (April 21 <sup>st</sup> ). The irrevocable offers to purchase entered into the MOT within the date and time of the effectiveness of the

<sup>1</sup> For a complete description of persons who can participate in the placement period, see the annex attached to this Term Sheet.

closing, or of the early closing, will be met for the full amount of the contracts concluded on the MOT.

**Communication of the possible early closing**

In the event of early closing in the third day of placement (April 21<sup>st</sup>), the communication will be given at the end of the second trading day (April 20<sup>th</sup>) or by 1.00 p.m. of the same third day. In the event of early closing during the fourth day of placement (April 22<sup>nd</sup>) it will take place not before 2.00 p.m. and the relative communication will be given at the end of the previous trading day (April 21<sup>st</sup>). The relative press release, which will be given the broadest diffusion, will be issued simultaneously together by MEF and Borsa Italiana and it will be published in accordance to standard practices.

<b>Placement on the MOT</b>	Directly at par price on the MOT, the Borsa Italiana's screen-based market for securities and government bonds, through the four Dealers selected by the MEF among Specialists in Government bonds.
<b>How to purchase the bond by individual investors</b>	Through the bank (whether it is a direct MOT participant or not) where the investor has her/his securities account, addressing the bank desk, via home banking (normally with trading function available), or at post office.
<b>Minimum lot purchasable</b>	Euro 1,000
<b>Minimum lots</b>	Euro 1,000
<b>First accrual and settlement day</b>	Tuesday 27 <sup>th</sup> April, 2021
<b>Information available to the market during the placement period</b>	Issue price (at par) and the guaranteed annual minimum nominal coupon rates.
<b>Fees to be paid by investors for participating to the placement</b>	There are no fees to be borne by investors.
<b>Fees to be paid by MEF to intermediaries only during placement period</b>	0.90 per cent on the total amount issued paid by MEF to intermediaries who provide investment services to the final investors in proportion to the amount of bids collected during the placement period and on the basis of the technical procedures set out in the Issuance Decree.
<b>Dealers selected by the MEF among the Specialists in government bonds</b>	Intesa Sanpaolo S.p.A. Unicredit S.p.A.
<b>Co-Dealers selected by the MEF among participants in the MOT Market</b>	Banca Akros S.p.A. Banca Sella Holding S.p.A
<b>Fees to be paid by MEF to Dealers and Co-Dealers</b>	0.05 per cent paid by the MEF on the nominal total issued amount on the basis of the technical procedures set out in the Issuance Decree.
<b>Bonus payment<sup>2</sup></b>	Only investors who purchase the bond during the placement period and hold it until the end of the first eighth years (27 <sup>th</sup> April 2029) or until the final maturity, will receive a bonus payment related to the

<sup>2</sup> The detailed information about the final bonus for investors is available in the FAQs of BTP Futura on the website of the MEF ([www.tesoro.it](http://www.tesoro.it)) and on the website of the Public Debt Directorate of the Department of the Treasury ([www.publicdebt.it](http://www.publicdebt.it)).

country's economic growth during the life of the bond and paid in two different times.

In particular, at the end of the first eighth years, investors who purchase the bond at issuance will receive an intermediate bonus payment for a minimum of 0.4% and a maximum of 1.2% of the invested capital, equal to 40% of the average annual variation of the Italian nominal GDP over the first eight years of the bond's life.

This calculation will be based on the last updated series of the Italian nominal GDP published on the Istat website ([www.istat.it](http://www.istat.it)) at the end of the first eight years of bond's life.

At the final maturity (after the following eight years), investors who purchase the bond during the placement period and hold it until its final maturity seamlessly will receive a final bonus payment made of two components: the first one equal to 60% of the average annual variation of the Italian nominal GDP over the first eight years of the bond's life, with a minimum of 0.6% and a maximum of 1.8% of the invested capital; the second one calculated on the basis of the average annual variation of the Italian nominal GDP from the ninth year until the sixteenth year of the bond's life, with a minimum of 1% and a maximum of 3% of the invested capital.

This calculation will be based on the last updated series of the Italian nominal GDP published on the Istat website ([www.istat.it](http://www.istat.it)) before the bond's maturity.

<b>Quotation</b>	MOT (Borsa Italiana)
<b>Liquidity on the secondary market</b>	From the first accrual and settlement day, the bond will be tradable on the MOT and the liquidity will be guaranteed through the commitment of the Dealers and Co-Dealers, selected by the MEF among the most active participants in the MOT on the segment of Italian government bonds.
<b>MOT trading fees starting from 17<sup>th</sup> April 2020</b>	Set discretionally by the banks operating on the MOT.
<b>Taxation treatment</b>	12.5 per cent, as for all government securities.
<b>Information about the issuance</b>	The press releases concerning the issue and its results, together with all technical documentation, will be available on the website of the MEF and on the website of the Public Debt Directorate of the Department of the Treasury ( <a href="http://www.publicdebt.it">www.publicdebt.it</a> ).

## Timing for the BTP Futura third issuance

Date	Event
<b>Friday, April 16<sup>th</sup>, 2021</b>	MEF's drafting and publication of a Press Release and publication of the Issuance Decree which sets out the characteristics of the bond, announces the guaranteed annual minimum interest rates and the ISIN code of the bond.
<b>Monday, April 19<sup>th</sup>, 2021</b>	At 9.00 a.m. – Starting of the placement period on the MOT.
<b>Tuesday, April 20<sup>th</sup>, 2021</b>	9.00 a.m. – 5.30 p.m. – Second day of the placement period on the MOT.
<b>Wednesday, April 21<sup>st</sup>, 2021</b>	9.00 a.m. – 5.30 p.m. – Third day of the placement period on the MOT and last guaranteed day of the placement, even with early closing. The decision of the MEF to exercise the faculty of early closing in the third day of placement will be given the broadest diffusion by both the MEF and Borsa Italiana with simultaneous press releases that will be issued around the closing time of the trading day before or by 1.00 p.m. of the same trading day.
<b>Thursday, April 22<sup>nd</sup>, 2021</b>	9.00 a.m. – 5.30 p.m. – Fourth day of the placement period on the MOT, unless early closing. The decision of the MEF to exercise the faculty of early closing in the fourth day of placement (at 2.00 p.m.) will be given the broadest diffusion by both the MEF and Borsa Italiana with simultaneous press releases that will be issued around the closing time of the trading day before.
<b>Friday, April 23<sup>rd</sup>, 2021</b>	At 1.00 p.m. - Closing of the placement period, unless early closing. After the closing, the MEF issues a Special Decree setting the definitive annual coupon rates and the final nominal amount issued. In case of early closing at 5.30 p.m. of the third or fourth day of the placement period, the series of the annual coupon rates and the final nominal amount issued will be set, through a Special Decree, in the morning of the following day.
<b>Tuesday, April 27<sup>th</sup>, 2021</b>	First accrual date/settlement <sup>3</sup> First day of trading on the MOT <sup>4</sup>

<sup>3</sup>The settlement and first accrual dates coincide so as to prevent the subscriber from having to pay accrued interest/inflation in addition to the clean price.

<sup>4</sup>The settlement of the trades on the MOT secondary market is carried out two days after the trade date.

## ANNEX

Tables with the list of the types of investors that can purchase the BTP Futura

PERSONS ADMITTED TO THE PLACEMENT
A) Natural persons, anyhow classified
B) Retail clients, with the exclusion of qualified counterparties and investors qualified as professional clients by law (referred to in Annex 3 of Regulation CONSOB n. 20307/2018, as amended). Retail clients treated as professional customers on request (referred to num. II in Annex 3 of Regulation CONSOB n. 20307/2018, as amended) are included herein, but they should be identified as retail clients in connection with the distribution of BTP Italia by the intermediary sending or submitting the purchase order or in any case prove their status as retail clients to the intermediary.
C) Asset management companies authorised to provide portfolio management services on behalf of investors under points A) and B) above.
D) Intermediaries authorised to provide individual portfolio management services on behalf of investors under points A) and B) above.
E) Trust companies that provide portfolio management services, also through fiduciary registration, exclusively on behalf of investors under points A) and B) above.