

## BTP Italia – New issuance

### Nineteenth Issuance – Term Sheet

<b>Issuer</b>	Republic of Italy
<b>Issuer ratings</b>	Baa3 neg / BBB stable / BBB stable / BBBH stable (Moody's / S&P's / Fitch / DBRS)
<b>Issuance announcement</b>	March 3 <sup>rd</sup> , 2023, with an Issuance Decree and a Press Release of the Ministry of Economy and Finance (MEF) where the characteristics of the bond are described.
<b>Guaranteed minimum annual (real) coupon rate</b>	It is indicative and it is released before the First Phase of the placement period to help investors' investment choices. The definitive annual (real) coupon rate is set before the opening of the Second Phase and it cannot be below that level.
<b>Maturity</b>	5 years (March 14 <sup>th</sup> , 2028)
<b>Structure</b>	Bond indexed to Italian inflation (Indices of Consumer Prices for blue and white-collar households with the exclusion of tobacco, FOI ex-tobacco index)
- <i>Coupon: calculation methodology and payment</i>	<p>Semi-annual, indexed to the FOI ex-tobacco index of the semester, paid in arrears, and calculated by multiplying the real fixed semi-annual coupon rate (definitive annual real coupon rate/2) for the revalued principal.</p> <p>In case of deflation in a semester, the coupon for the same semester is calculated by multiplying the fixed semi-annual coupon rate for the nominal principal amount (floor on the coupon), thereby guaranteeing for the same semester a minimum return given by the semi-annual real coupon rate. In case of inflation during the following semesters, the revaluation of the principal will take place only if the index goes above the maximum level reached in the previous semesters.</p>
- <i>Principal revaluation: calculation methodology and payment</i>	<p>Paid semi-annually, based on the FOI ex-tobacco index, applied to the nominal principal purchased; it is paid together with the semi-annual coupon.</p> <p>In case of deflation in a semester, there is no payment due on the part of the investor at the end of the same semester. In case of inflation during the following semesters, the revaluation of the principal will take place only if the index goes above the maximum level reached in the previous semesters.</p>
- <i>Nominal principal redemption</i>	The nominal principal is reimbursed in a bullet format at maturity, at the nominal value, therefore non-revalued.
<b>Issue price</b>	100 (at par)
<b>MOT placement period</b>	4 business day of the Borsa Italiana calendar, from March 6 <sup>th</sup> to March 9 <sup>th</sup> , 2023
<b>First phase of the placement period</b>	From March 6 <sup>th</sup> to March 8 <sup>th</sup> , 2023

<b>Persons<sup>1</sup> admitted</b>	Individual investors and other persons similarly classified
<b>Closing of the First Phase</b>	At 5.30 p.m. of March 8 <sup>th</sup> , 2023. The irrevocable bids entered into the MOT within the date and time of the effectiveness of the closing, will be met for the full amount of the contracts concluded on the MOT.
<b>Early closing</b>	In the event of early closing at 5.30 p.m. of the second day of placement (March 7 <sup>th</sup> ), the communication will be given at the end of the first trading day (March 6 <sup>th</sup> ) or by 1.00 p.m. of the same second day. In the event of early closing during the third day of placement (March 8 <sup>th</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. 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 with standard practices.
<b>Second Phase of the placement period</b>	March 9 <sup>th</sup> , 2023, from 10 a.m. to 12 p.m.
<b>Persons<sup>2</sup> admitted</b>	Institutional investors
<b>Closing of the Second Phase</b>	At 12 p.m. of March 9 <sup>th</sup> , 2023. At the closing, the purchase proposals will be satisfied entirely or, if their amount will be in excess of that the MEF plans to offer, Borsa Italiana will proceed to apply a mechanism of proportional allocation.
<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 two Dealers selected by the MEF among Specialists in Government bonds.
<b>How to purchase the bond by individual investors during the First Phase</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 during the First Phase</b>	Euro 1,000
<b>Minimum lot purchasable during the Second Phase</b>	Euro 100,000
<b>Minimum lots</b>	Euro 1,000
<b>First accrual and settlement day</b>	Tuesday March 14 <sup>th</sup> , 2023
<b>Information available to the market during the placement period</b>	Issue price (at par) and the guaranteed minimum annual (real) coupon rate. Before the opening of the last day of the placement period (March 9 <sup>th</sup> ), a Press Release will communicate to the market the definitive annual (real) coupon rate.
<b>Mechanism for setting the definitive annual (real) coupon rate</b>	Based on market conditions of the day March 9 <sup>th</sup> , 2023, at a level not less than the guaranteed minimum annual (real) coupon rate announced on March 3 <sup>rd</sup> , 2023.

<sup>1</sup> For a complete description of persons who can participate in the First and in the Second Phases of the placement period, see the annex attached to this term sheet.

<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 the First Phase of placement</b>	0.5 per cent on the non-revalued nominal 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 First Phase of 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. Crédit Agricole Corp. Inv. Bank
<b>Fees to be paid by MEF to Dealers and Co-Dealers</b>	0.075 per cent paid by the MEF on the non-revalued 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 retail investors who purchase the bond during the First Phase of the placement period and hold it until its final maturity (March 14 <sup>th</sup> , 2028) will receive a bonus payment equal to 0.8 per cent on a pre-tax basis on the non-revalued principal nominal amount.
<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 March 14<sup>th</sup>, 2023</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 ( <a href="http://www.mef.gov.it">www.mef.gov.it</a> ) and of the Public Debt Directorate of the Department of the Treasury ( <a href="http://www.publicdebt.it">www.publicdebt.it</a> ).

<sup>2</sup>The detailed information about the bonus payment for investors will be available in the FAQs of BTP Italia on the website of the MEF ([www.mef.gov.it](http://www.mef.gov.it)) and on the website of the Public Debt Directorate of the Department of the Treasury ([www.publicdebt.it](http://www.publicdebt.it)).

## Timing for the nineteenth issuance

Date	Event
<b>Friday, March 3<sup>rd</sup>, 2023</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 minimum annual (real) coupon rate and the ISIN code of the bond for the First Phase of the placement period.
<b>Monday, March 6<sup>th</sup>, 2023</b>	At 9.00 a.m. - Starting of the First Phase of the placement period on the MOT.
<b>Tuesday, March 7<sup>th</sup>, 2023</b>	9.00 a.m. – 5.30 p.m. – Second 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 second day of placement will be given the broadest diffusion with press release 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>Wednesday, March 8<sup>th</sup>, 2023</b>	At 5.30 p.m. - Closing of the First Phase of the placement period, unless early closing. The decision of the MEF to exercise the faculty of early closing in the third 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. The MEF announces the ISIN code of the bond for the Second Phase of the placement period.
<b>Thursday, March 9<sup>th</sup>, 2023</b>	By 10.00 a.m. – The MEF announces by Press Release the definitive annual (real) coupon rate. At 10.00 a.m. - Starting of the Second Phase of the placement period on the MOT that lasts 2 hours. At 12.00 p.m. - Closing of the Second Phase of the placement period. At the closing, the purchase proposals will be satisfied entirely or, if their amount will be in excess of that the MEF plans to offer, Borsa Italiana will proceed to apply a mechanism of proportional allocation releasing the relative coefficient. Then, the MEF issues a Special Decree setting the final nominal amount issued during the First and in the Second Phase and the definitive annual (real) coupon rate already announced during the morning.
<b>Tuesday, March 14<sup>th</sup>, 2023</b>	First accrual date/settlement <sup>3</sup> First day of trading on the MOT <sup>4</sup>

*The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America. The materials do not constitute an offer of securities for sale in the United States. The securities discussed herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act") and the securities November not be offered or sold in the United States of America absent registration or an exemption from registration as provided in the U.S. Securities Act, and the rules and regulations thereunder. No public offering of securities is being or will be made in the United States of America. Accordingly, the securities are being offered, sold or delivered only to persons outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act.*

<sup>3</sup>The settlement and first accrual dates coincide in order 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 participate  
to the two Phases of the Period of Placement

<b>PERSONS ADMITTED TO FIRST PHASE OF THE PERIOD OF PLACEMENT (6-7-8<sup>th</sup> March 2023)</b>	
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.	

**PERSONS ADMITTED TO  
SECOND PHASE OF THE PERIOD OF PLACEMENT**  
(9<sup>th</sup> March 2023)

F) Qualified counterparties, not being natural persons, even if treated as retail or professional clients on request, referred to in Annex 3 of Regulation CONSOB n. 20307/2018\*

G) Investors, not being natural persons, qualified as professional clients by law, even if treated as retail customers on request, referred to in Annex 3 of Regulation CONSOB n. 20307/2018\*

H) Authorities and bodies included in the Public Administrations

\* A list of investors included in points F) e G) above is set out below:

Persons authorised and regulated to operate in Italian and foreign financial markets
Investment firms
Banks
Insurance companies
Collective investment undertakings
Asset management companies not admitted to the first phase of distribution
Harmonised asset management companies
Pension funds and management companies for such funds
Financial intermediaries registered in the lists pursuant to Articles 106, 107 and 113 of the Italian Consolidated Law on Banking
Financial companies subject to mutual recognition
E-money institutions
Banking foundations
National governments and their offices, including public bodies established to manage public debt
Central Banks
International public organisations
Persons whose main business consists of dealing on own account in commodities and commodity derivatives

Persons whose exclusive business consists of dealing on own account on derivative financial instrument markets and, merely for hedging purposes, on spot markets, providing such persons are guaranteed by members of the central counterparties of the relevant markets, when the responsibility for the settlement of the contracts entered into by such persons falls under the competence of members of the central counterparties of the relevant markets.
Investors corresponding to those of previous paragraphs for persons in non-EU countries
Other authorized or regulated financial institutions
Persons dealing exclusively on their own account on financial instruments markets with indirect membership of clearing and settlement services and the local clearing and guarantee system
Other institutional investors, including companies dedicated to the securitization of assets or other financial transactions
Foreign institutional investors
<p>Large undertakings meeting two of the following size requirements on a company basis:</p> <ul style="list-style-type: none"> <li>- balance sheet total: 20,000,000 euro,</li> <li>- net revenues: 40,000,000 euro,</li> <li>- own funds: 2,000,000 euro.</li> </ul>